



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org

21536

Distr.
RESTRICTED

HED/R.9
14 March 1996

UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

ENGLISH
ORIGINAL: PORTUGUESE

**HIGH-LEVEL ADVISORY SERVICES FOR THE PROMOTION OF THE
INDUSTRIAL DEVELOPMENT PROGRAMME**

XA/MOZ/94/601

MOZAMBIQUE

Technical report: Industrial Development Finance Institution*

Prepared for the Government of the Republic of Mozambique
by the United Nations Industrial Development Organization

*Based on the work of Carlos de Faro Passos,
UNIDO consultant*

Programme Manager: Ph. R. Scholtès
Industrial Policies and Private Sector Development Branch

* This document has not been edited.

V.96 81495

List of abbreviations

ADCR	Associação para o Desenvolvimento de Comunidades Rurais
AfDB	African Development Bank
AIMO	Associação Industrial de Moçambique
BAD	Banco Africano de Desenvolvimento
BCM	Banco Comercial de Moçambique
BEI	Banco Europeu de Investimentos
BFE	Banco de Fomento e Exterior
BM	Banco de Moçambique
BPA	Banco Português do Atlântico
BPD	Banco Popular de Desenvolvimento
BSTM	Banco Standard Totta de Moçambique
CCADR	Caixa de Crédito Agrário e Desenvolvimento Rural
CDC	Commonwealth Development Corporation
CFD	Caisse Française de Développement
CMDI	Companhia Moçambicana para o Desenvolvimento Industrial
DEG	Deutsche Investitions - und Entwicklungsgesellschaft mbH
DM	Deutsche Mark
EDESA	Economic Development for Equatorial and Southern Africa
EDFUND	Fundo internacional para investimentos em capital social e apoio financeiro a empresas de locação financeira
EMOSE	Empresa Moçambicana de Seguros
FAO	Food and Agriculture Organisation
FFPI	Fundo de Fomento da Pequena Indústria
GAPI	Sociedade para Apoio a Pequenos Projetos de Investimento
GPD	Grupo de Promoção do Emprego
GPE	Employment Promotion Office
IDA	International Development Association (Banco Mundial)
IDIL	Instituto para Desenvolvimento da Indústria Local
IDS	Institute of Development Studies, Sussex University
IFAD	(UN) International Fund for Agricultural Development
IFC	International Finance Corporation (Banco Mundial)
IMPAR	Empresa Privada de Seguros em Moçambique
KfW	Kreditanstalt für Wiederaufbau
MOLISV	ONG Italiana
Mt	Metical / Meticais (moeda de Moçambique)
PDPME	Programa de Desenvolvimento da Pequena e Média Empresas
PRE	Programa de Reabilitação Económica e Social
PREI	Programa de Reabilitação de Empresas Industriais
PROPARCO	Société de Promotion et de Participation pour la Cooperation Économique
PRU	Programa de Reabilitação Urbana
SBSA	Standard Bank of South Africa
SOCIEF	Sociedade de Investimentos e Estudos Financeiros
SPELM	Society for the Promotion of Luso-Mozambican Companies
SWEDFUND	Swedfund International AB
UGC	União Geral de Cooperativas de Crédito e Poupança
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Women's Office
USAID	United States Agency for International Development
UTRE	Unidade Técnica para a Reestruturação de Empresas

List of tables

Table 2.1 - balance of payments	6
Table 3.1 - the banking system:	8
Table 3.2 - distribution of credits	9
Table 3.3 - bank deposits	10
Table 3.4 - evolution of the annual discount rate	10
Table 3.5 - average annual nominal interest rates	11
Table 4.1 - demand for industrial credit	15
Table 5.1 - potential financial institution partners	23

Table of contents

1. Introduction	5
2. The Mozambican industrial sector	5
3. Financial system structure and credits	7
3.1. The banking system	7
3.2. Non-banking financial institutions	11
3.3. Special credit lines	13
4. Industrial financing	13
4.1. Industrial credit supply	13
4.2. Industrial credit demand	14
5. Industrial credit financial institution	15
5.1. Principal operations	15
5.2. Mozambican industrial credit institution	16
5.3. Capitalization and potential sponsors	19
6. Conclusions and recommendations	24
6.1. Conclusions	24
6.2. Recommendations	25
Annex 1: terms of reference	27
Annex 2: list of people met	28
Annex 3: special credit lines	31
Annex 4: bibliography	32

1. Introduction

Since the eighties, UNIDO (United Nations Organization for Industrial Development) has developed several studies and projects to support the recovery and modernization of the Mozambican industrial sector. More recently, the "Industrial Policy and Institutional Adjustments" project (MOZ/86/014) identified various concrete areas of operation by which to combat the principal obstacles to the country's industrial development and proposed the implementation of the necessary sectorial adjustments.

While the studies were being made, UNIDO found there was a need to create mechanisms that would permit the capitalization and financing of the industrial sector at the medium and long term, and possibly through forming a financial intermediary that could count with stockholder participation of the private sector, local and international, of the public sector (minority), of foreign governmental organizations, and multilateral development institutions. Consequently, the Ministry of Industry and Energy, backing a Mozambican Industrial Association (AIMO) initiative, requested UNIDO cooperation in carrying out a study of the creation of this private institution to provide credit and capital, with priority being given to the industrial sector. Therefore, this report presents the main conclusions and recommendations of the mission to Mozambique, Swaziland, and South Africa, in September 1995, in compliance with the Terms of Reference for the project (Annex I).

2. The Mozambican industrial sector

Development of domestic industry began in the sixties - with fifties' equipment - principally through the import of used equipment brought in by the Portuguese colonists, who were able to install a diversified and relatively large industrial base, by African standards; consequently, at the outset of the seventies, the country's per capita industrial added value ranked 6th among the sub-Saharan countries of Africa.

Initially, development occurred principally in agroindustry exporting cotton, sugar, tea, cashew nuts, and sisal. Before the country's independence in 1975, the sector grew rapidly. It had South African investments in intermediate and consumer goods such as food, building materials, furniture, clothing, metal products, cigarettes, and soap. In 1972, according to World Bank data, the sector employed almost 100,000 workers in 1,400 companies.

After independence, a state-planned economy was implemented that - despite heavy investments made in the eighties (in aluminum, iron, chemical products, textiles, and state farms) and improvement in social conditions - was unable to avoid a drop in the GNP, which in 1986 slid to one-third of its level in 1973. The main reasons for this poor performance were the exodus of Portuguese immigrants, loss of business competence, the lack of foreign exchange to purchase raw material and industrial components, in addition to intensification of the civil war.

Beginning in 1987, the government decided to implement the Economic and Social Rehabilitation Program (PRE), the objective of which was to create conditions to develop the private sector in the heart of a market economy.

The reforms introduced by the PRE made possible the recovery of many economic sectors (agriculture, commerce, construction), with the exception of the frustrating performance of industry, which remained below the level reached in 1986, because it operates at an average rate of only 25 to 30% of installed capacity. This fact caused the drop in exports of light manufactured goods and industrialized agricultural products; it generated a small inflow of foreign exchange to finance the imports necessary for economy to function well. In 1994, the country exported only US\$149.5 million (FOB) against imports totaling US\$1,018.5 million (CIF), as the following table shows:

Table 2.1 - balance of payments
(US\$ million)

	1992	1994
TRADE BALANCE	(715.7)	(869.0)
Exports	139.3	149.5
Imports	(855.0)	(1018.5)
SERVICES BALANCE	(132.9)	(138.5)
Receipts	222.6	245.9
Payments	(355.5)	(384.4)
PRIVATE TRANSFERS	110.0	137.5
CURRENT ACCOUNT	(738.6)	(870.0)
OFFICIAL TRANSFERS	499.4	564.6
CAPITAL BALANCE	(155.1)	(22.1)
ERRORS AND OMISSIONS	(12.3)	7.0
OVERALL BALANCE	(406.6)	(320.5)

Source: Ministry of Finance

Several studies carried out by UNIDO, the World Bank, and other international institutions present various reasons for this low industrial performance, among them: (i) low efficiency and competitiveness of state-owned companies (little management competence, low technical performance, inadequate equipment maintenance, excessive work force, and a high level of loans in arrears) and of private companies (unequal tax treatment for they have to pay taxes while competitor products enter the country illegally without paying import taxes; excessive bureaucracy and untransparent regulations that raise operational costs, excessive obligatory labor employment, etc.); (ii) the need to recover and/or modernize business; (iii) the dramatic lack of trained industrial workers; (iv) the difficulty to access, at international prices, the necessary production inputs in order to compete on foreign markets; (v) the lack of drawback operations or of temporary admission regime for manufactured products to be exported; and (vi) insufficient funds for long term credits and business capitalization (according to the majority of the businessmen interviewed in Mozambique).

3. Financial system structure and credits

To be able to assess the insufficiency of capital for the industrial sector, and the possible need to create a specialized credit institution, we have analyzed both the current structure and the credits granted the economy by banking and nonbanking institutions. In the process it was found that the Mozambican financial system is still underdeveloped and little diversified, and presents the following characteristics:

- *concentration of credits* in three sole banking organizations with 92% of the loans supplied by only two state banks;
- predominance of *short-term funding*, with sight deposits representing 86% of the total in June 1994;
- *concentration of loans* for short-term working capital, with limited investment credit supply - domestic or international - at medium and long term (only 18% of the total in mid-1994);
- *non-existence of a security market*, neither primary nor secondary, to issue or trade stocks or bonds;
- Still negligible development of the *non-banking financial institutions*.
- lack of a sufficient number of *qualified professionals* to carry out banking operations and services, even those that are neither technically nor operationally complex;
- *very high default rate* on loans by banking debtors (which, in the case of state banks, reaches 50% of the loans granted).

3.1. The banking system

To meet the credit needs of the Mozambican economy, in 1991, the government initiated a banking system reform by means of dividing the monetary authority into two principal institutions: Bank of Mozambique (central bank) and the Commercial Bank of Mozambique, which granted 75% of the bank credits in mid-1994. Thus, the banking system is composed, of the following principal institutions:

Table 3.1 - the banking system

INSTITUTION	STATE- OWNED COMPANY	LOANS GRANTED	
		Billions Mt	%
Banco Comercial de Moçambique (BCM)	YES	669.8	75.0
Banco Popular de Desenvolvimento (BPD)	YES	152.7	17.0
Banco Standard Totta de Moçambique (BSTM)	NO	70.3	8.0
Banco Português do Atlântico (BPA)	NO	(n.d.)	-
Banco de Fomento e Exterior (BFE)	NO	(n.d.)	-
Totals:		829.8	100.0
(US\$ Millions)		158.1	

Source: Banco de Moçambique, May 1994

The BCM and BPD are two state-owned banks that are going to be privatized¹. The BCM operates with the largest companies in Mozambique through branches located in the province capitals and also through 45 branches / agencies throughout the country.

The BPD operated originally as a state bank for rural credit and development. After the recent banking reform, it began to grant loans to commerce and other more profitable sectors, reducing loans to less profitable state agricultural companies. It also acts as the main foreign credit relender for the World Bank, the European Investment Bank (BEI), and other multilateral loan institutions.

Founded in 1966, the BSTM is the oldest private bank in Mozambique and was formed by the association of the Banco Totta & Açores (Portugal) with the Standard Chartered Bank (London): early on, the BSTM took over two branches of the Standard Bank of South Africa Ltda., established in the country in 1894.

The BPA and BFE are banks of Portuguese origin that began operating in the country in 1993 and have capital stock: at the actual minimum of US\$4 million, set by the Central Bank for foreign banks.

In addition to the commercial banks in operation in the country, 2 (two) foreign banks opened representative offices to deal basically with merchant banking and foreign trade operations. The banks opening these offices were the Standard Bank of South Africa (SBSA) and Equator Bank.

After making an overall analysis of the banking system, it is appropriate to study the main factors that interfere in the supply of loans to industry. Thus, the following are analyzed: (i) sectorial distribution of credits; (ii) sources of funds that allow, or not, the realization of medium and long term operations; and (iii) the interest rates, active and passive, that may inhibit supply -- when the spreads are negative for the banking system -- or discourage demand when the real rates are too high for borrowers.

3.1.1. Distribution of credits

The majority of the bank credits is funneled into commercial, agricultural, and industrial activities, as can be observed below:

Table 3.2 - distribution of credits
(December 1994)

ACTIVITY SECTORS	Billions Mt	%
Domestic Trade	423.3	36.6
Agriculture and Livestock Raising	292.3	25.3
Industry	171.7	14.8
Construction and Public Works	54.9	4.7
Transport	51.2	4.4
Electricity, water, gas	36.4	3.1
Fishing	30.9	2.7
Nonmonetary financial institutions	17.1	1.5
Other Credits	79.7	6.9
Total	1.157.5	
US\$ Millions (*)	178.18	

Source: Banco de Moçambique - "Statistics Bulletin" (No. 6/ Year 2 /)

(*) 1 US\$ = 6497 meticaís

Another characteristic to remark on is the distribution of credits is that the most significant amount (75.3% of the total) is directed to the financing of business working capital, therefore restricting long term financing for industrial expansion and recovery.

3.1.2. Sources of funds

As in the case of credits granted the economy, there is a heavy concentration of deposits in the 3 (three) largest banks in operation (BCM, BPD, and BSTM) that raise mainly short-term deposits (86% of the total), as can be seen from the following:

Table 3.3 - bank deposits
(as of June 1994)

INSTITUTION	SIGHT BANK DEPOSITS		TIME DEPOSITS	
	Billions Mt	%	Billions Mt	%
BCM	738.9	48.2	176.3	66.0
BPD	581.9	37.6	82.8	32.6
BSTM	190.0	12.4	3.5	1.4
BFE	2.4	0.2	--	--
BPA	21.1	1.4	--	--
Total	1534.3	100.0	253.6	100.0
%	86.0		14.0	

Source: Banco de Moçambique

3.1.3. Interest rates

To stimulate the mobilization of domestic resources, the government freed interest rates on June 1, 1995: while the rediscount rate, which remained negative in real terms for the major part of the year, was kept under its control:

Table 3.4 - evolution of the annual discount rate
(1994)

RATES (%)	JAN	MAR	JUN	SEP	DEC
Rediscount	43.0	43.0	55.0	55.0	69.7
Inflation (1)	43.86	54.6	57.9	69.5	68.7
Real Rate	(0.6)	(7.5)	(1.8)	(8.6)	0.6

Source: "Balance of the Execution of the 1994 Plan," Finance Ministry, May 1995.

(1) Moving average for the last 3 months.

The interest rates in effect in the banking system, in turn, in spite of being high in nominal value terms, were negative in relation to inflation for the entire last half of 1994, as may be observed below:

**Table 3.5 - average annual nominal interest rates
(1994)**

OPERATIONS(%)	JUN	AUG	SEP	NOV	DEC
LENDING	44.31	42.20	45.19	44.14	44.65
DEPOSITS	42.85	42.67	32.10	32.00	32.00
INFLATION (1)	57.90	67.40	69.50	67.40	68.70

Source: Bank of Mozambique;

(1) Moving average of the last 3 months.

The spreads charged by the banking system were, therefore, almost always positive, taking into consideration the balance between the interest rate of loans and deposits.

3.2. Non-banking financial institutions

Many developing countries have diverse nonbanking institutions to provide services not offered by the banking system, such as: stock and bond issuance, leasing and venture capital operations, equity financing, trade financing, government and foreign fund transfers, and other contractual savings. In Mozambique, however, the non-banking system is still underdeveloped, hampering business capitalization and the supply of medium and long term credits for investments.

To understand the role of the non-banking financial institutions as creditors of the economy, an assessment of the following was attempted: (i) the capital market that permits business capitalization and long-term financing through the issuance of stocks and other corporate securities; (ii) the types of institutions in operation to measure the offer potential for industrial credits; and (iii) the institutional investors - important in financing the economy of more developed countries -- limited to practically two insurance companies in Mozambique.

3.2.1. Capital markets

Despite the government's initiative to stimulate capital market development by creating the Investment and Financial Studies Society (SOCIEF) in the eighties, results have been modest because there is still no secondary market for short- or long-term securities -- nor a primary market for stock or bond issuance.

3.2.2. Non-banking financial institutions

Several local entrepreneurs in association with foreign investors, are trying to form non-banking institutions to grant credits and carry out venture capital operations. Among them, we may mention: Credicoop, AJM - Banco de Investimento, Society for the Promotion of Luso-Mozambican Companies (SPELM), Lunat Invest, and ULC Leasing.

Information available indicates that among the institutions mentioned only the leasing company, set up by EDESA (Economic Development for Equatorial Africa), is going ahead well and should begin operating by the end of 1995; its main features should be:

- | Shareholders | (% of voting capital) |
|-------------------------------------------------------|-----------------------|
| - UDC Limited (Zimbabwe, controlled by EDESA and IFC) | 15% |
| - EDFUND (Luxembourg) | 25% |
| - Banco Exterior de Portugal | 10% |
| - Commonwealth Development Corporation (CDC) | 15% |
| - PROPARCO / France | 5% |
| - IMPAR (private insurance company) | 25% |
| - EMOSE (state insurance company) | 5% |
| | 100% |
- subscribed capital: US\$2.5 million, which should reach US\$5 million in December 1996;
 - operational target: US\$10 million per year, for a current market estimated at US\$15 million/year, which may reach US\$20-30 million in 2 years;
 - sources of funds: own capital, foreign governmental and private loans, and local currency time deposits;
 - estimated spread over foreign funding costs: 5% to 8%;
 - estimated debt-equity ratio: 8 ÷ 1;
 - financing term: up to ten years, with two-year grace period;
 - exchange risk: to be assumed by customers;
 - potential customers: transportation (trucks), fishing companies, industries, water meters, etc.

3.2.3. Insurance companies

The Mozambican insurance market is formed by only two companies (EMOSE and IMPAR), as the Companhia de Seguros de Moçambique closed its doors in early 1994.

EMOSE (Empresa Moçambicana de Seguros) was transformed into a state-owned company after the country became independent by means of the merger of four Portuguese insurance houses and twenty-eight brokerage houses in 1977. It operates in every area of insurance and should soon be privatized.

IMPAR, a private company established in the first quarter of 1993, through Portuguese (Império, Grupo Marconi, and Companhia Prevident) and local companies, operates in every area except life insurance.

The insurance market, therefore, is still a modest instrument for long-term financing of the domestic economy. Nonetheless, it is trying to obtain governmental authorization to make real estate investments and to participate in the capital of other local firms -- as happened recently with ULC Leasing -- because the legislation in force steers investments basically toward time deposits. EMOSE and IMPAR annual insurance policy sales reach about US\$2.5 million and US\$8 million, respectively.

The insurance companies visited emphasized the urgent need to modernize insurance legislation,

particularly in relation to control policies and market regulation, insurance intermediation, and the diversified investment of technical reserves.

3.3. Special credit lines

In the last ten years, several lines of credit were created by foreign government agencies, donor countries, and non-governmental organizations (NGOs) to grant long-term loans through the banking system or directly to local borrowers.

The main objectives to be achieved foresee the increasing competitiveness of the banking system, business recovery and modernization, production growth, and the diversification of exports. The principal Special Credit Lines are indicated in Annex III. As may be noted, there are various fund suppliers -- focused on the various companies and economic sectors -- that are not able to conclude and disburse the major part of the loans offered.

Thus, the main credit lines available, PDPME (for small and medium-sized formal companies) and PREI (large companies to be rehabilitated before privatization) have had a lower disbursement level than expected: 18% and 0% of funds available (US\$50 million and US\$41.6 million), respectively, up to the beginning of 1994. The principal reasons for this weak performance are: excessive bureaucracy, delay in processing letters of credit, delays in the importation of goods, little clarity in the indication of eligible companies, the counterpart funds required of the customers (30% of the loan), etc.

Another actual creditor bank worry is the nonpayment of the loans supplied -- with PDPME funds or from other banking sources -- that vary from 20% to 50% of the credits granted commerce and industry by the two largest commercial state banks (BCM and BPD).

4. Industrial financing

To assess the real need of a specialized financial institution, the supply and demand for capital and industrial loans in Mozambique was searched out:

4.1. Industrial credit supply

The banking system does not adequately meet credit demand for financing fixed asset investments and underwriting the capital stock of companies operating in the country.

Additionally, in chapter III it was found that the industrial sector received less than 15% of the bank credits in 1994, equivalent to US\$26.4 million (Table 3). These credits are mainly for the financing of working capital, because many firms are attempting to raise the level of installed capacity utilization (77% of them operate at less than 50% of available capacity) before upgrading or substituting their obsolete equipment. It was further noted that the banking system operated basically with sight deposits (86% of total deposits, in table 4), limiting, therefore, the offer of long-term term loans.

The other sources of available industrial credit are part of the funds furnished by institutions and donor countries and loaned via the banking system in compliance with the PDPME programs (small and medium-size firms, PREI (large industrial companies in the process of privatization), GAPI / GPE / FFPI (emerging companies), or granted directly by the non-governmental organizations -NGOs (informal and micro enterprises). These are listed in Annex III.

Although there is no information available about the percentage of these funds for the industrial sector, it is important that the donors continue supplying credit lines and simplifying the loan approval process.

It should, therefore, be emphasized that the offer of industrial credit, by means of the banking system and of other available sources, is insufficient to meet potential demand. Thus, it is fundamental to have other intermediaries and financial operations now nonexistent -- or incipient -- in the market to back up the recovery and modernization of the sector.

4.2. Industrial credit demand

Several studies made by UNIDO, the World Bank, the Institute of Development Studies (IDS), Investissement Développement Conseil (IDC), and others indicate that supply for both medium- and long term industrial loans and equity financing is unsatisfactory

Consequently, as there are no reliable government data on the matter, during our visit to Mozambique we visited industrialists, government officials, and bankers to obtain information about industrial credit potential demand. Information in Table 7 permits one to estimate the current industrial credit potential demand at about US\$1.963 million *for new investments, industrial recovery, and business working capital*. However, it is necessary to make more detailed assessments of the industrial enterprises needs in order to know precisely the real demand for credits, which was impossible to quantify during the short time the mission had in Maputo.

Table 4.1 - demand for industrial credit
(US\$ millions)

SUB-SECTOR	NEW INVESTMENT	INDUSTRIAL RECOVERY	WORKING CAPITAL (1)	TOTAL
Foods and Agribusiness (15 companies)		303.0		303.0
Metallurgy	226.0	0.6		226.6
Textiles and Garments	159.5	215.5	425.0	800.0
Building Materials	-	90.0		90.0
Oils and Soaps	21.0	12.5		33.5
Packaging	30.0 (2)	(2)		30.0
Sugar Mills (3)		170.0		170.0
Timber		18.0		18.0
Privatized SMSIs (GREI)		140.0		140.0
SMSIs to Privatize (GREI)		21.8 (2)		21.8
Large Privatized Companies (SMSS)		30.0		30.0
Large Companies to Privatize (SMSS)	100.0			100.0
Total	536.5	1001.4	425.0	1962.9

Source: local interviews and UNIDO;

(1) Not available for the majority of the subsectors;

(2) New investments and upgrading.

5. Industrial credit financial institution

After having detected the unfulfilled demand for equity financing and long-term credit for industry, it was decided to adopt the following strategy for the financial institution modelling, defining: (i) the main operations, active and passive, that the new intermediary might carry out based on the satisfactory experience of Austral Africa and of other industrialized and developing countries; and (ii) the type of industrial credit institution that can be set up to meet the demand, following the banking legislation in force in Mozambique, with the necessary adaptations. Consequently, the new institution could operate in the manner indicated as follows:

5.1. Principal operations

5.1.1. Main Operations

- medium- and long-term project financing;
- long term loans in foreign or domestic currencies;
- relending of foreign funds provided by governmental institutions (CCD, CFD, DEG, FMO, etc.), multilaterals (BEI, BAD, IFC, and others) and private;
- relending of long-term domestic funds provided by Mozambican governmental institutions;
- equity and loan financing for local businesses;
- underwriting of securities issued by local enterprises;
- capital market consultancy services for issuance of stocks and bonds of local companies in neighboring countries (Johannesburg in South Africa and Harare in Zimbabwe) before developing the domestic market;
- organization, lending and equity financing of venture capital operations;
- management of client funds;
- foreign trade financing;
- mutual investment fund management.

5.1.2. Main sources of funds

- own funds and shareholder loans;
- foreign governmental, multilateral and private loans;
- issuance of own stocks and bonds on the local or regional markets;
- mobilization time of deposits in the domestic and international markets;
- management of international donations and soft loans;
- issuance of shares and fixed income securities, at the request of the customers, on the local and regional markets.

5.2. Mozambican industrial credit institution

5.2.1. Experience in Austral Africa

The example of the Swaziland Industrial Development Company (SIDC) may be used with possible success in Mozambique as long as it is adapted to the local reality. The SIDC was established in 1987 to promote industrial development through the granting of long-term loans and equity financing for local companies. Capital stock was formed as follows:

• stockholders	(% of voting capital):
- Swaziland Government	35.2%
- DEG - Germany	19.4%
- Netherlands Development Finance Company (FMO)	17.6%
- International Finance Corporation (IFC)	15.0%
- Commonwealth Development Corporation	10.0%
- Barclays Bank of Swaziland	1.4%
- Standard Chartered Bank of Swaziland Limited	1.4%
	<hr/> 100.0%

- initial capital: US\$5 million;
- net worth (as of June 1994): approximately US\$20 million;
- source of funds: capital stock plus international loans from shareholders and from multilateral banks (BEI and others) and private commercial banks; issuance of fixed income securities (bonds) on the local market is under way;
- use of funds: project financing (56%), equity holding (19%), investments in industrial buildings and shopping centers for rental purposes (25%);
- exchange risk: covered by the Central Bank by means of collection of guarantee commissions (1%);
- customers: private companies, most of which are foreign;
- shareholder dividends: 6% per year;
- average period of loan duration: 10 years, grace period of 2;
- total of investments financed: (1987-92): US\$100 million;
- net profit after taxes ÷ Total income (Jun/30/94) = 30%;
- debt / equity ratio (Jun/30/92): 5.2

During the visit to Swaziland, SIDC officers indicated that the operational success of the institution depended considerably on the implementation of an environment propitiating institutional development, including: the improvement of banking legislation, the creation of adequate warranties for the creditors, and the lessening of bureaucracy to establish and operate local enterprises.

5.2.2. The Mozambican industrial credit institution

In Mozambique, the banking legislation now in force was analyzed, and Banco de Moçambique Supervision Board officials were contacted as well as public and private bank system executives and foreign and Mozambican businessmen in order to assess what the operating and legal structure most fitting for the financial intermediary might be. Thus, *the financial intermediation institutions*, governed by Decree No. 43, of December 28, 1989 (Annex V) will be able to meet the current industrial credit requirements, after the necessary adaptations are made, in cooperation with monetary authorities. The decree defines the following main activities:

Active Operations and Service Rendering (Chapter III, Article 10)

"Without prejudice of the specific regulation set forth in item No. 2, article 2 (which allows establishing "special adjusted conditions" for the operational characteristics of the financial intermediation institutions), the business objectives of the companies addressed by this law may be -- the specific terms of the respective authorization establishing them being observed -- the study, the promotion, and the practice of *any financial or investment operation whatsoever* related to the securities or other instruments or participations, as long as they respect, namely, the following spectrum of operations and services, or any of their suitable combinations:

- a) Leasing operations: a new "regulation governing leasing companies" (Decree No. 44, of October 12, 1994) was drawn up during discussions on the founding of ULC Leasing;
- b) The management of financial stakes in other companies as an indirect way to exercise agricultural, industrial, or commercial activities;

- c) The establishing and management of mutual investment funds (securities);
- d) The exercise, with own funds or of other parties, of any operations of a financial nature, on one's own account or of the state or of any public or private entity, including the economic and financial management of investments, public funds and portfolios of securities or other marketables;
- e) The carrying out, with own funds or of third parties, of any operations with securities or other negotiable financial products issued by national entities, either public or private;
- f) The signing of agreements with the State or other national entities, public or private, for the placement of bonds, other securities or marketables issued by it, as well as the respective underwriting, in whole or in part, by the same company;
- g) The intervention, direct or indirect, in financing operations of whatever nature, in the granting of credit, at medium or long terms, and in the rendering of guarantees or collateral for credit operations carried out in the country, by any entity, public or private, as long as said operations are of recognized economic viability and in the social interest;
- h) The remunerated study of economic and financial operations of the feasibility of companies or investment projects, or of any capital investment operations, with a view to reorganization, concentration, or any form of rationalizing a business activity, as well as conditions and modalities of the respective financing;
- i) The promotion, on behalf of any national companies manifesting economic viability, of the obtaining of credits at medium or long terms with credit institutions or financial establishments, foreign or international, upon prior authorization by the Finance Ministry and the Governor of the Banco de Moçambique has been heard;
- j) The practice of other economic and financial operations, as long as such practice is in compliance with the legal and institutional conditions to be observed, as well as the exercise, upon prior authorization by the Finance Ministry, and the legal requirements applicable having been complied with, of functions or credit activities not specifically provided for in this decree.

For the purpose of that set forth in items g) and i) above, medium-term periods of duration are those in which the loan is granted for periods of one to five years, and long term operations are those that are in effect for periods longer than five years."

Passive Operations (Chapter III, Article 11)

"The financial intermediation institutions may finance their activity by investing their own capital or through funding by third party capital, that are most strictly the result of the following operations:

- a) Issuance of bonds, in any of the modalities legally permitted;
- b) The obtaining of loans from domestic institutions, at medium and long terms, under any legally admissible form;
- c) The obtaining of financing, at medium and long terms, from credit institutions or other financial establishments, foreign or international, under the placement of debt securities, issued by the institution itself, upon authorization to grant credits under the terms of the foreign exchange legislation in force;
- d) The obtaining of credit for a term not greater than one year, in the pledged current account modality, from domestic credit institutions and with a view to refinancing the operations of the financial intermediary.

For funds other than those indicated above, the decree authorizing the creation of the company may also provide for the utilization, under special circumstances and always under the condition that for each case approval was given by the Finance Ministry, of funds received from the State for specific development objectives, in the form of loans and funding the application of the product of the issuance of public debt bonds, Federal promissory notes or other instruments available from the State treasury".

5.3. Capitalization and potential sponsors

5.3.1. Capital stock proposal

Although banking legislation does not determine minimum capital stock of the *institutions for financial intermediation*, current market conditions, the size of potential demand, the minimum capital required for foreign organizations (US\$4 million), and the limits imposed for the concentration of risks in one sole customer (less than 25% of net worth - NW - of the financial institution, according to Notice No. 4 / GGBM / 9, of the Banco de Moçambique), recommend that the intermediary be established with *subscribed capital of US\$5 million* to allow for realization of sizeable operations compatible with the needs of industry's recovery and modernization.

Legislation also sets the following operational limits (Notices Nos. 3 and 4 / GGBM / 94):

- heavy risk per customer: <15% of the NW
- value-added (total) of large risks per customer: <8 x NW
- solvency ratio (SR) <6%, after Dec/31/95 (SR = own funds ÷ asset and extra-equity factors).

5.3.2. Potential sponsors

During the mission, several Mozambican and South African institutions were interested in being shareholders or in supplying technical assistance to the new financial institution, hereafter called the *Mozambique Industrial Development Corporation (MIDC)*, were contacted. Among them, we cite:

Public sector

Apart from the Industry and Energy Ministry, which had already requested UNIDO support to develop studies with a view to creating the financial intermediary, we found that some public institutions being privatized that will be able to underwrite MIDC stock, were interested; among them were: the Banco Commercial de Moçambique (BCM) and EMOSE (Empresa Moçambicana de Seguros), in up to 5% of capital stock, following the example of the investment in ULC Leasing.

According to information from the Ministry of Planning and Finance, in the case of the federal government's minority equity investment (20% to 30%) would be done through the National Treasury.

Domestic private sector

The Mozambican businessmen interviewed are in favor of setting up the MIDC, for they believe that industry needs long term capital and credits for its modernization. This was the opinion of organizations such as:

- Mozambican Industrial Association (AIMO);
- Mozambican Commercial Association;
- National Commerce Company (ENACOMO);
- Association of Private Companies of Mozambique (AEPRiMO).

It is essential, therefore, that this support be used to make the capitalization of the financial institution feasible, without forgetting that the emerging domestic business sector currently has few funds available to invest in new projects. It is known that the private sector currently concentrates its capital on acquiring - and consolidating - the companies that are being privatized.

Foreign private sector

On the other hand, the foreign companies seem to have more funds to invest in domestic ventures. This is the case of IMPAR (Insurance Company of Mozambique), which showed interest in being a shareholder and in participating in the management of MIDC; CIMPOR (Cements - Portugal), which controls Cimentos de Moçambique, ULC Leasing / EDESA, and the Banco Standard Totta de Moçambique also would like to officially evaluate being a stockholder in the new institution.

Moreover, it would be convenient to consult Portuguese institutions (banks such as BFE, BPA, and BCP), Brazilian institutions (banks and construction companies), and South African (banks such as Standard Bank of South Africa, for example).

Governmental and Multilateral Credit Agencies

As with the Swaziland Industrial Development Company (SIDC) and other similar enterprises in other developing countries, the government and multilateral credit agencies perform a very important role in the setting up, capitalization, supplying of technical assistance, granting of credits, and consolidation of non-monetary financial institutions. Thus, we maintained contact, in Maputo and Johannesburg, with:

- *CDC*: the Commonwealth Development Corporation is an institution of English origin with experience in African financial institutions that currently attempt to support the Mozambique financial sector: the local representative, who plans to invest approximately US\$6 million in Mozambique, showed interest in investing in the capitalization, management, and granting of credits to MIDC;
- *CFD*: the Caisse Française de Development (CFD) and the Société de Promotion et de Participation pour la Cooperation Économique (PROPARCO) are very active in Mozambique, locally approving operations up to US\$1 million; larger amounts are submitted to Paris headquarter scrutiny. PROPARCO only operates with the private sector, underwriting capital stock and granting credit lines. It has shown interest in cooperating with MIDC;

- *DEG*: Deutsche Investitions und Entwicklungsgesellschaft mbH, German International Society for Investments and Development, underwrites capital and participates in the management of private institutions; the DEG does not have an representative office in Mozambique; however, the German ambassador, who will inform the headquarters of our meeting, indicated that the MIDC project could be supported by the institution by means of future direct consultation by UNIDO in Cologne;
- *IFC*: the International Finance Corporation, of the World Bank Group, operates by means of capitalization, technical assistance, and supplying loans to specialized financial institutions of the developing countries. The local World Bank office and the IFC investment officer passing through Maputo indicated that the institution would be interested in analyzing the project. They suggested contacting Washington D.C. headquarters;
- *DBSA*: the Development Bank of Southern Africa is currently going through important changes and should specialize in financing domestic infrastructure. It may, however, operate with neighboring countries-partners of South Africa. Consequently, it will be able to furnish technical assistance and loans to MIDC, destined to small- and medium-size industries that generate jobs in Mozambique;
- *IDC*: the Industrial Development Corporation is a state institution specialized in financing the private industrial sector, at medium and long terms for the small, medium and large industries. The IDC also advises the South African government on industrial policy. In view of the agreements signed between Mozambique and South Africa, the IDC may supply technical assistance in evaluating projects and in financing special projects sponsored by the MIDC. IDC management recommends that UNIDO send a formal invitation to the general director of the institution in Johannesburg;
- *SBDC*: the Small Business Development Corporation, with 75% of its capital in private hands, is a mixed capital institution that aids in the forming and expansion of small and mid-sized companies (more than 40% are industrial) in the following key areas: (i) financing formal and informal sectors; (ii) supplying business installations in needy areas; (iii) development of support services such as technical assistance, consulting, training, and marketing; and (iv) promotion of activities for community growth. The SBDC may underwrite stock, supply technical assistance and management support to MIDC and its future customers;
- *BEI*: the European Investment Bank has operated in Mozambique through the Small and Medium Scale Enterprise Development Program (PDPME), granting a 6 million ECU line of credit that was not totally disbursed and expired in 1994. The BEI was not contacted in Maputo because it has not official representation in the country; however, several foreign governmental and multilateral credit institutions (CDC, CFD, etc.) suggested that UNIDO go directly to the bank in Luxembourg. It might be interested in taking part in the organization, capitalization, and granting of credit for the MIDC;
- *EDESA*: Economic Development for Equatorial and Southern Africa is a Swiss institution that congregates more than twenty international investors (IBM, Fuji Bank, etc.). It has leasing experience in African countries like Botswana, Malawi, and Zimbabwe, and is

initiating operations in Mozambique through ULC Leasing. It mainly supports the economic development of independent countries by supplying capital, financing, and technical knowledge to the private sector. It also aids the government and para-state institutions in creating a favorable environment for productive investments. EDESA has already invested more than US\$1 million in Mozambique in tourism, industrial (cashew nut), and leasing sectors. According to its representative in Maputo, in the future it may also invest in MIDC.

Other Governmental and International Agencies

In addition to the organizations mentioned earlier, it is advisable to contact some organizations that operate in sub-Saharan Africa and that have not yet been consulted due to their not having offices in Mozambique. Among them are:

- *EDFUNDA*: fund set up under the sponsorship of EDESA S.A. to provide technical knowledge, loans, and capitalization of leasing companies, and others located in sub-Saharan countries. The other shareholders are European development agencies: DEG (Germany), PROPARGO (France), SWEDFUND (Sweden), and Switzerland;
- *SWEDFUND*: Swedish Agency for Development and Private Investment;
- *FMO*: the Netherlands Development Finance Company, the Dutch investment agency, operates in Austral Africa underwriting stocks and supplying credit lines to specialized financial institutions like SIDC, of Swaziland.

To conclude, Table 5.1, drawn up during the African mission, presents a synthesis of potential partners of MIDC, which may have initial subscribed capital of US\$5 million. Thus, the "MIDC share subscription" column indicates a possible subscription to the order of US\$4.75 - 5.50 million, an estimate made from local interviews and the experience of the institutions having similar projects (SIDC and ULC Leasing, for example). However, it should be noted that the amount of opening capital may be higher after suggested official contacts with the following organizations: CIMPOR, EDESA BSTM, DEG, IFC, SBDC, BEI, EDFUND, SWEFUND, and FMO.

Table 5.1 - potential financial institution partners

Organization	Share Subs. MIDC US\$m	Credits %	Management	Technical Assistance	Share Subs. SIDC US\$m.	ULC Leasing %	US\$m	%
<i>Public Sector</i>								
Industry Min./					1.76	36.2		
Treasury	Yes : 1.5	<30.0						
Banco de Crédito	Yes : 0.26	5.0						
EMOSE	Yes : 0.25	5.0					0.25	5.0
<i>Domestic Private Sector</i>								
AIMO	Yes : 0.5-1	10-20						
/ENACOMO								
Moz.Cml.A ssn.	Difficult							
AEPRIMO	Difficult							
<i>Foreign Private Sector</i>								
IMPAR	Yes : 1.0 (1)	<20.0	Yes				1.25	25.0
CIMPOR	Send invitation							
ULC Leasing /	" "							
EDESA								
BSTM	" "							
<i>Governmental and Multilateral Organizations</i>								
CDC	Yes: 1.0 (1)	<20.0	Yes	Yes	0.50	10.0	0.75	15.0
CFD/PROPARG	Yes: 0.25-0.50	5-10	Yes				0.25	5.0
DEG	Contact Head Off.			Yes	0.97	19.4		
IFC	" " "		Yes		0.75	15.0		
DBSA	No		Yes					
IDC	No		Yes					
SBDC	Yes			Yes				
BEI	Contact Head Off.		Yes					
EDESA	" " "							
<i>Other Governmental and International Agencies</i>								
EDFUNDE	Contact Head Off.						1.75	35.0
SWEDFUND	" " "							
FMO	" " "				0.88	17.6		

Sources: Interviews and estimates to confirm

(1) based on prior operations and investments. *IDC (initial capital: US\$5 million) and ULC Leasing (US\$5 million)

6. Conclusions and recommendations

Since the eighties, UNIDO has been developing several projects to aid the recovery and modernization of the Mozambican industrial sector. Recently, it was found that there is a need to create mechanisms for the capitalization and the medium-and long-term financing of industry, possibly through the creation of a financial intermediary with shareholder participation and technical assistance by the private sector, both local and international, from the public sector (minority), and from foreign governmental and multilateral organizations that provide support for economic and social development. Consequently, in reply to Mozambican government and private sector requests, UNIDO organized a technical mission for Mozambique, South Africa, and Swaziland (September 1995) to assess potential demand and the possibility of setting up a financial institution to bolster industrial development.

6.1. Conclusions

The contacts and studies made indicate that *unfulfilled demand* exists for capital and medium-and long-term credits for industry that may be estimated at approximately *US\$2 billion* despite the lack of more precise data. The banking system, which is being modernized by the government, is still too underdeveloped to meet the different needs of the industrial sector, due mainly to the following reasons:

- predominance of *mobilizing short-term funds* in the local market, thus seriously limiting offer of capital (equity) and long-term loans for investment;
- concentration of *credit operations through commercial banks* ill-prepared to carry out operations that can satisfactorily address the recovery and modernization of industry, such as: issuance of shares and long-term securities, underwriting of domestic companies equity, foreign fund transfers, equity subscription of the "venture capital" companies, and financing foreign trade;
- insignificant participation of *non-banking financial institutions* specialized in industrial credit;
- *little banking institution ability* in assessing risks and managing industrial loan portfolios;
- *concentration of short-term working capital* loans for business that reached 82% of the total in mid-1994;
- *exaggerated concentration of credits in the urban regions* of the principal cities, making the development of industries located in the interior difficult;
- extremely low *mortgage guarantee liquidity* offered to the banking system because there is still no flexible transfer mechanism for the use of land belonging to the Mozambican state;

- non-existent *stock market*, neither primary nor secondary, for the issuance of and trading in marketable securities;
- extremely high *notarial fees* for registering mortgage guarantees offered the financial system;
- Very high default rate that hampers financial system growth

6.2. Recommendations

To meet industrial credit demand and collaborate with financial system recovery and modernization, the following measures are recommended:

- creation of a private financial institution, with government minority equity participation, specialized in industrial credits, hereinafter referred to as Mozambique Industrial Development Corporation (MIDC), and established in accordance with Decree No. 43, of December 28, 1989, to carry out operations indicated in Chapter V (Industrial Credit Financial Institution);
- definition of UNIDO'S main role in the creation and functioning of the institution, as shareholder or as technical consultant for: (i) economic feasibility studies; (ii) selection of viable companies and subsectors to be financed; (iii) personnel training in the technical and management areas; (iv) institutional promotion via the UNIDO offices in OECD countries; and (v) others;
- immediate selection of the principal technical partners, intensifying official contacts with the other potential shareholders and suppliers of funds and technical assistance (Section 5.2. above) so that they may participate actively in setting up the MIDC;
- making, as soon as possible, a complete and detailed study of the economic and financial viability of the MIDC to attract other shareholders and potential sponsors, indicating promotion and marketing plans and financial operation forecasts, for net income, for the cash flow and balance sheet, and for the rate of return expected on capital invested. Having in view the local needs, to propose, carefully, the choice of personnel (the number, training and education, etc.) that ought to lead, preferably, by competent professionals having experience in African or South American financial markets;
- making a careful market evaluation analysis with a view to detecting the sectors and/or viable companies that may receive -- and pay back -- the credits at medium and long terms. Special emphasis should be given, at least at the beginning of operations, to companies having access to foreign exchange to pay back the foreign credit lines and that have been considered viable by earlier UNIDO studies and other domestic or international organizations, including the sub-sectors: agro-industrial, foods, beverages, metal-mechanical, timber, furniture, marble, fishing, and tourism;

- drawing up of MIDC by-laws, negotiating provisions with the government that allow the creation, consolidation, and profitable operation of the financial institution, addressing matters such as: (i) reduction of mortgage notarial costs; (ii) loosening transfer of use of land given in guarantee to creditors, for, in Mozambique, land belongs to the State; (iii) elimination of compulsory deposits that raise the cost of funds, as in the case of time deposits; (iv) elimination, or reduction, of exchange risk for debtors and financial institutions operating with foreign currency; (v) operating as relender of foreign governmental and multilateral credit funds to the industrial sector, beginning with the currently available funds (PDPME, PREI, and others: see Section 3.3) that have not been fully released by the banking system; (vi) obtaining tax exemptions, or other government subsidies, during, at least, the first ten years of the institution's operations.
-

Annex 1: terms of reference

1. Purpose of project

Recently completed project MOZ/86/014 "Industrial Policy and Institutional Adjustments" has identified a list of concrete project proposals addressing the main obstacles currently hampering industrial development endeavours in the country. These projects are integrated into a comprehensive industrial development programme, that the Ministry of Industry and Energy is now promoting. Further technical support is however requested, in particular to strengthen the capacity of the ministry to effectively support the industrialization process of the country, with immediate emphasis on the promotion of the industrial development programme.

2. Duties:

The consultant will undertake the following activities:

- evaluate the existing and prospective demand for long term credit for industrial development purposes,
- assess the current availability, or lack thereof, of long term capital loans to industry,
- survey the prevailing sources and conditions,
- delineate the desirable institutional set-up of the Industrial Development Finance Company in Mozambique. The example of the Swaziland Industrial Development Company may be informative in this respect,
- discuss with the Ministry, the Association of Mozambican Entrepreneurs a tentative breakdown of the capital base of the Company. The office of the Unido Country Director in Maputo must play a central role in these negotiations,
- upon request by the Minister of Industry, approach local banks, bi-lateral missions or multi-lateral organizations present in Mozambique, to sound their interest in contributing to the capital base of the Company.

Annex 2: list of people met

NAME	ORGANIZATION	TITLE
<i>in Mozambique</i>		
Oldemiro BALOI	Ministério da industria, Comércio e Turismo	Ministro
Abílio BICHINHO Alfino	Ministério da Industria	Vice-Ministro
Adão ROCHA	UNIDO	Consultor
Adelaide An.lhia AMURANE	Ministério do Trabalho	Vice-Ministra
Alberto S. SIMÃO	Inst. Nacional de Desenvolvimento da Industria Local (IDIL)	Presidente
Fulgêncio MAGAIA	Inst. Nacional de Desenvolvimento da Industria Local (IDIL)	Diretor Executivo
Amad AZIZA	Ministério de Finanças	Diretor de Planificação
Ângelo SALGADO	S Consultores Limitada	Diretor
António J.M. GALAMBA	Banco Standard Totta de Moçambique	Diretor
Augusto Joaquim CÂNDIDA	Banco Comercial de Moçambique	Presidente
Boaventura C. L. COSSA	Banco Popular do Desenvolvimento (BPD)	Presidente
Bonifácio do Rosário DIAS	Unidade Técnica para a Reestruturação de Empresas (UTRE)	Diretor
Carlos SIMBINE	A Forjadora Sociedade Geral de Cervejas e Refrigerantes de Moçambique (SOGERE)	Administrador Diretor Geral
Charles-Marie APANON	Caisse Française de Développement (CFD)	Sous-Directeur
Curratilaine REMANE	Companhia de Seguros de Moçambique (IMPAR)	Diretor Financeiro

E. De MUL	PNUD	Representante Residente
João GARROCHINHO	Companhia de Seguros de Moçambique (IMPAR)	Administrador-Delegado
Omar KARIM	Companhia de Seguros de Moçambique (IMPAR)	Assessor da Diretoria
Eduardo Rio BRANCO	Construtora Andrade Gutierrez	Representante
Edward FARQUHARSON	Commonwealth Development Corporation (CDC)	Country Manager
Egas MUSSANHANE	Cooperativa de Crédito e Investimento (CREDICOOP)	Diretor
	Associação de Empresas Privadas de Moçambique (AEPRIMO)	Presidente
Mario Alexandre PARUQUE	Associação de Empresas Privadas de Moçambique (AEPRIMO)	Diretor Executivo
Firmino SANTOS	Banco de Moçambique	Diretor
F. António SOUTO	Sociedade para Apoio a Pequenos Projetos de Investimentos (GAPI)	Diretor Geral
Helder RODRIGUES	Cimentos de Moçambique	Administrador
Helmut RAU	Embaixada da Alemanha	Embaixador
Italo D.C. FRAQUELLI	UNIDO	Diretor para Moçambique e Swazilandia
Ivon D' Almeida PIRES	FAO	Consultor
Jeanne L. STEPHENS	Austral Consultoria e Projetos	Diretora Geral
João BOSCO	FAO	Consultor
J. Paul B. de SOUSA	KPMG	Managing Partner
João VISEU	FEMA / METAL BOX	Diretor
José A. NEVES	SOSUN (Coca-Cola)	Diretor Geral
José GUIMARÃES	Cimentos de Portugal (CIMPOR)	Diretor Financeiro
José Roberto BORIN	FMI / Banco Comercial de Moçambique	Consultor
Kekobad M. PATEL	Empresa Nacional de Comércio (ENIACOMO)	Diretor de Marketing

Luciano Ozorio ROSA	Embaixada do Brasil	Embaixador
Marcelo FONSECA	Construtora Norberto Odebrecht	Diretor em Moçambique
Mariamo CARIMO	Gabinete de Reestruturação das Empresas Industriais (GREI)	Diretora
Mário Amad USSENE	Associação Comercial de Moçambique	Presidente
Omaia SALIMO	Fundo de Fomento à Pequena Indústria (FFPI)	Diretor Executivo
Olga GOMES	Fundo de Fomento à Pequena Indústria (FFPI)	Assessora
Peter BISCHOF	UNIDO	Vice-Diretor
Roberto CHÁVEZ	Banco Mundial	Representante Residente
Suzana Alves de BRITO	Banco Mundial	Consultora
Takuro KIMURA	International Finance Corporation (IFC)	Investment Officer
Venâncio MONDLANE	Empresa Moçambicana de Seguros (EMOSE)	Diretor Geral
Victor VISEU	Leasing ULC	Diretor

in South Africa

Christo BOTES	Small Business Development Corporation Limited (SBDC)	General Manager
E. Van den HOUTE	Development Bank of Southern Africa (DBSA)	Financial Program Leader
P E KOTZÉ	Industrial Development Corporation of South Africa Limited (IDC NOK)	General Manager
Ben le R SMITH	Industrial Development Corporation of South Africa Limited (IDC NOK)	General manager

in Swaziland

Lura XABA	Swaziland Industrial Development Company (SIDC)	Senior Operations Executive
Peter K. THAMM	Swaziland Industrial Development Company (SIDC)	General Manager

Annex 3: special credit lines

CREDIT LINES	FUNDS	
	US\$ Million	Organization
<i>1 - Através do BDM Demais Bancos</i>		
·PDPME (Programa de Desenvolvimento da Pequena e Média Empresas)	50,0	IDA / BEI / CFD
·PREI (Programa de Reabilitação de Empresas Industriais)	41,6	IDA
·CANTINAS (Créditos para armazéns rurais)	2,0	CFD
<i>2 - Através do BPD</i>		
·PRU (Programa de Reabilitação Urbana)	2,2	IDA
·GPE (Créditos para Micro Empresas)		IDA / GTZ
·GAPI (Sociedade para Apoio a Pequenos Projetos de Investimentos)	1,0 / 3 DM	CFD / GTZ
·AfDB (Linha de Crédito para Micro e Pequenas Empresas)	7,5	AfDB
·CCADR (Caixa de Crédito Agrario e Desenvolvimento Rural)		IFAD / Frierich Ebert Fund
·Banco Mundial / Ministério de Agricultura	7,0	IDA
·Chokwe Project		UNDP
<i>3 - Empréstimos Diretos</i>		
·UGC (União Geral de Cooperativas de Crédito e Poupança)	0,1	
·FFPI / IDIL (Fundo de Fomento da Pequena Industria)	0,2	UNIDO / OMT
·GPD (Gabinete da Primeira Dama) - Mulheres Pobres		
·MOLISV (Empréstimos para Micro Residências em Maputo)		Itália (ONG)
·ADCR (Associação para o Desenvolvimento das Comunidades Rurais)		
·UNIFEM (Crédito para Produção de Alimentos por Mulheres)		

·Fontes: Entrevistas e "Financing Investment and Production in Mozambique (IDS)".

Annex 4: bibliography

- **AEPRIMO - "O Setor Privado em Moçambique"**, Associação de Empresas Privadas de Moçambique. Maputo, Julho de 1995.
- **ALMEIDA, Maria Elena Knuppeln de - "Relatório Técnico: Crédito para o Setor Industrial de Moçambique"**. UNIDO, Moçambique. Janeiro de 1995.
- **Austral Consultoria e Projetos - "Estudo Compreensivo do Subsetor da Indústria Alimentar e Agroindustrial, Diagnóstico do Subsetor - Relatório Final - Parte I (Vol. I) e Parte II (VOL II)"**. Ministério de Indústria e Energia, República de Moçambique PNUD / ONUDI, Austral, Maputo, Maio de 1993.
- **Austral Consultoria e Projetos - "Estudo Compreensivo do Subsetor da Indústria Metalomecânica, Diagnóstico do Subsetor - Relatório Final (Vols. 1 e 2)"**, Ministério da Indústria e Energia, República de Moçambique / PNUD / ONUDI / Austral, Maputo, Agosto de 1993.
- **Austral Consultoria e Projetos - "Study on Credit and Creditworthiness of the Industrial Setor in Mozambique - Preliminary Report"**, Austral, Mozambique, May 1994.
- **Banco de Moçambique - "Taxa Anual de Redescoto (Aviso n.º 9/GGBM/94)"**, BM, Maputo. 31 de Maio de 1994.
- **Banco de Moçambique - "Taxa Anual de Redescoto (Aviso n.º 17/GGBM/94)"**. BM, Maputo. Novembro de 1994.
- **Banco de Moçambique - "Boletim Estatístico, n.º 06 / ano 2"**, BM, Maputo, Dezembro de 1994.
- **Banco de Moçambique - "Capital Mínimo para as Instituições de Crédito (Aviso n.º 16/GGBM/94)"**. BM, Maputo, Novembro de 1994.
- **Banco de Moçambique - "Concentração de Riscos em uma só Entidade (Aviso n.º 12/GGBM/94)"**. BM, Maputo, Julho de 1994.
- **Banco de Moçambique - "Controlo do Risco Cambial (Aviso n.º 18/GGBM/94)"**, BM, Dezembro de 1994.
- **Banco de Moçambique - "Fixação dos Elementos que podem Integrar os Fundos Próprios das Instituições de Crédito (Aviso n.º 2/GGBM/94)"**, BM, Maputo, Janeiro 1994.
- **Banco de Moçambique - "Fixação dos Limites à Concentração de Riscos em uma só Entidade (Aviso n.º 4/GGBM/94)"**, BM, Maputo, 27 de Janeiro de 1994.

Banco de Moçambique - "Limites às Imobilizações (Aviso n.º 19/GGBM/94)". BM. Maputo. 12 de Dezembro de 1994.

Banco de Moçambique - "Limites à Participação no Capital de Outras Sociedades (Aviso n.º 15/GGBM/94)". BM. Novembro de 1994.

Banco de Moçambique - "Mercado Secundário de Câmbios (MSC) Sanções Penais (Aviso n.º 1/GGBM/94)". BM. Maputo. Janeiro de 1994.

Banco de Moçambique - "Operações Cambiais (Aviso n.º 5/GGBM/93)". BM. Maputo. Setembro de 1993.

Banco de Moçambique - "Fixação de Provisões Mínimas para Cobertura de Riscos Diversos (Aviso n.º 5/GGBM/94)". BM. Maputo. Janeiro de 1994.

Banco de Moçambique - "Fixação do Rácio de Solvabilidade (Aviso n.º 3/GGBM/94)". BM. Maputo. Janeiro de 1994.

Banco de Moçambique - "Fixação dos Valores Mínimos para o Capital Social das Instituições Financeiras (Aviso n.º 2/GGBM/92)". BM, Maputo, 1 de Setembro de 1992.

Banco Standard Totta de Moçambique - "Financiamento ao Setor Privado", Banco Standard Totta, Maputo, 1995.

Banco Standard Totta de Moçambique - "Relatório e Contas de 1994", Banco Standard Totta, Maputo. 24 de Abril de 1995.

Banco Totta & Açores - "Balance Sheet", Banco Totta & Açores, Lisboa, Dezembro 1994.

CARR, Peter F - "An Investment Promotion Act for Swaziland - Final Report", USAID, Washington DC, September, 1994.

CFD - "Rapport Annuel 1994", Caisse Française de Développement, Paris, Juin 1995.

CPI - "Investir em Moçambique", Centro de Promoção de Investimentos, Maputo, Agosto de 1995.

CPI - "Legislação sobre Investimentos em Moçambique", Centro de Promoção de Investimentos, Maputo, Junho de 1995.

CPI - "Moçambique - Clima Atual de Investimentos", Centro de Promoção de Investimentos, Maputo, 1994.

CPI - "Regulamento de Zonas Francas Industriais em Moçambique", Centro de Promoção de Investimentos, Maputo, Setembro de 1993.

·DBSA - "Annual Report 1995". Development Bank of Southern África. Johannesburg. March 1995.

·DBSA - "The DBSA Transformation Report (Executive Summary)", The DBSA. Johannesburg. May 30 th, 1995.

·EIU - "Mozambique - Country Report", The Economist Intelligence Unit, London. First Quarter, 1995.

·FFPI - "Estatutos do FFPI (Decreto n.º 1/9)". Boletim da República. Moçambique. Janeiro de 1994.

·FFPI - "Proposta de Manual de Normas e Procedimentos para a Concessão de Financiamento pelo Fundo de Fomento a Pequena Industria", Fundo de Fomento a Pequena Industria. Moçambique. 1995.

·FUNDAP - "Países Africanos de Língua Oficial Portuguesa - Reflexões sobre História, Desenvolvimento e Administração". FUNDAP, São Paulo, Abril de 1992.

·IDC NOK - "Act No. 22 of 1940 (as amended) and Regulations", Industrial Development Corporation, Johannesburg. 1984.

·IDC NOK - "Annual Report 1994", Industrial Development Corporation, Johannesburg. 1995.

·IDC - "Mozambique - Étude de Faisabilité pour la Création D'Une Société Financière". Investissement Développement Conseil, Neuilly, Decembre 1992.

·Institute of Development Studies - "Financing Investment and Production in Mozambique". University of Sussex. March 1995.

·GREI - "Magazine (Indústria, Comércio e Turismo)", Gabinete de Reestruturação das Empresas Industriais, Maputo, Junho de 1995.

·Ministério da Indústria, Comércio e Turismo - "Grupo de Trabalho sobre Políticas Industriais - Documento para Discussão", MICT / UNIDO, Maputo, 1995.

·Ministério da Indústria, Comércio e Turismo - "Primeiro Seminário sobre Setor Privado em Moçambique", Ministério da Indústria, Comércio e Turismo / Banco Mundial / União Européia. Maputo, Julho 1995.

·Ministério da Industria e Energia - "Programa Estratégico de Desenvolvimento Industrial". República de Moçambique, Maputo, Agosto de 1993.

·PROPARCO - "Rapport Annuel, 1994". Proparco, Paris. 1995.

·República de Moçambique - "Balanço da Execução do Plano de 1994 e Plano Económico e Social de 1995", Ministério de Finanças. Maputo, Maio de 1995.

·República de Moçambique - "Decreto n.º 43/84 - Regulamento da Atividade das Instituições de Intermediação Financeira", Boletim da República. Maputo, 28 de Dezembro de 1989.

·República de Moçambique - "Decreto n.º 44/94 - Regulamento das Sociedades de Locação Financeira", Boletim da República, Maputo, 12 de Outubro de 1994.

·República de Moçambique - "Decreto n.º 34/92 - Regulamento da Lei das Instituições de Crédito", Boletim da República, Maputo, 26 de Outubro de 1992.

·República de Moçambique - "Lei n.º 28/91 - Lei das Instituições de Crédito", Boletim da República, Maputo, 31 de Dezembro de 1995.

·República de Moçambique - "Boletim da República - Suplemento (Decretos n.ºs 01 e 02/94)", República de Moçambique. Janeiro de 1994.

·Republic of Mozambique - "Constitution of the Republic of Mozambique". Maputo, November, 1990.

·SBDC - "Annual Report 1995", Small Business Development Corporation Limited, Johannesburg, 1995.

·SBDC - "Small & Medium Enterprise Development and Job Creating Growth (Vol. 10 n.º2)", COURIER, Johannesburg, May 1994.

·SBDC - "Strategies for Economic Growth (Vol. 10 n.º 1)", COURIER, Johannesburg, Feb. 1993.

·SBDC - "Financing Programmes", SBDC, Johannesburg, 1995.

·SBDC - "Property Projects", Small Business Development Corporation Limited, Johannesburg, 1995.

·SIDC - "Business Report 1990", Swaziland Industrial Development Company Limited, Mbabane, Swaziland, 1990.

·SIDC - "Business Report 1992", Swaziland Industrial Development Company Limited, Mbabane, Swaziland, 1992.

·Standard Chartered - "Interim Report 1995", Standard Chartered PLC, London, 1995.

·Standard & Chartered - "Meet Standard Chartered", London, March 1992.

- The WORLD BANK - "Mozambique Financial Sector Study", The World Bank. Washington DC. September 14, 1992.
- The WORLD BANK - "Mozambique, Impediments to Industrial Sector Recovery". The World Bank. Washington DC. February 1995.
- The WORLD BANK - "Private Sector Development and Export Promotion". The World Bank. Washington DC. October 7, 1994.
- The WORLD BANK - "Vital Statistics (Vol. 2 number 2)". The World Bank. Maputo. July 1995.
- UNIDO - "Estratégia de Desenvolvimento Industrial", UNIDO, Maputo, Mimeo. 1995.
- UNIDO - "Industrial Policy and Institutional Adjustments in Mozambique". UNIDO, Viena, Novembro 1993.
- Universidade Eduardo Mondlane - "História de Moçambique, (vol. 3): Moçambique no Auge do Colonialismo, 1930-1961". Maputo, 1993.
- UTRE - "Privatizações em Moçambique - Relatório de 1994 e Perspectivas para 1995". Unidade Técnica para a Reestruturação de Empresas. Ministério do Plano e Finanças. Maputo. 01 Março de 1995.