

## MICROFINANCE IN MOZAMBIQUE

### Achievements, Prospects & Challenges

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## 1. ADEM - AGENCIA DE DESENVOLVIMENTO ECONOMICO DA PROVINCIA DE MANICA (Manica & Sofala)

Name of Organization:	ADEM, Agencia de Desenvolvimento Economico da Provincia de Manica (Agency for the Economic Development of Manica Province)
Principal Institutional/ Organizational activities (in addition to financial activities include other activities if appropriate)	<ul style="list-style-type: none"> <li>- Facilitating development in the province</li> <li>- Project implementation</li> <li>- Service provision</li> </ul> <p>Projects</p> <ol style="list-style-type: none"> <li>1. Data base project (donor: UNDP)</li> <li>2. Tea processing project (in preparation; partner: Tanganda TEA; donor for feasibility study: DANIDA)</li> <li>3. Community reporters project (donor: Kellogg Foundation)</li> <li>4. Artisanal project (donor: Kellogg Foundation)</li> <li>5. Microfinance project ASCA (donor: IDPPE, GTZ-DED, Kellogg Foundation)</li> <li>6. Business development centre (in preparation)</li> <li>7. Fund for the Support of Local Economies (FADEL)</li> </ol>
Type of organization/ legal status:	<p>ADEM is a registered provincial association</p> <p><b>Vision:</b> For ADEM to be a model for the promotion of economic development at the local level</p> <p><b>Objectives:</b> Contribute to the development of Manica Province and to strengthen its economic and productive base through participative dialogue between public and private sector entities, to provide and facilitate services for business development while promoting the conservation of natural resources and the integration of vulnerable and marginalized groups.</p> <p>Strategic objectives:</p> <ol style="list-style-type: none"> <li>1. Promotion and consolidation of the economy and its participants</li> <li>2. To promote partnerships with the public sector for the promotion and implementation of local development projects</li> <li>3. To promote access to financial services through simplified systems of savings and credit with special emphasis on women and youth.</li> <li>4. To promote the development of small and medium enterprises, the organization of the informal sector, and decent work and social protection of communities.</li> <li>5. Strengthen the coordination between organizations to maximize the technical development of different target groups.</li> <li>6. Provide services for production</li> <li>7. To promote the improvement and increase of production and market access (rural production).</li> <li>8. To promote the production and diversification of crops in order to improve food security</li> <li>9. To provide sustainable promotion of services in the areas covered</li> <li>10. To contribute to the protection of the environment and to mitigate the effects of natural and human disasters</li> <li>11. Contribute to the mitigation of the effects of HIV/AIDS to develop an information system relating to the potential, resources and stakeholders of the area.</li> </ol> <p>Members:</p> <ol style="list-style-type: none"> <li>1. Conselho Municipal de Chimoio</li> <li>2. Conselho Municipal de Catandica.</li> <li>3. Conselho Municipal de Manica</li> <li>4. The farmer—private agro-commercial business</li> <li>5. OMM—Organização da Mulher Moçambicana.</li> <li>6. ASAM—Associação de Agricultores de Manica</li> <li>7. UCAMA—União de Camponeses de Manica</li> <li>8. FOCAMA—Fórum de Coordenação das Associações de Manica</li> <li>9. ADAMA—Associação Distrital dos Agricultores do Distrito de Manica</li> <li>10. FFPI—Fundo de Fumento à Pequena Indústria</li> <li>11. Metalúrgica de Chimoio—Empresa privada do ramo Metal-mecânica</li> <li>12. SPORT- CLUBE—Associação de apoio desportivo na provincia de Manica</li> <li>13. PAC—Programa de Activistas Culturais –associação de apoio cultural</li> </ol>

	14. ACTIVA—Associação de mulheres Empresáris 15. LEMUSICA—Associação Feminina Sócio-económica 16. ICM—Instituto de Cereais de Moçambique 17. SAGREV—Sociedade Agrícola de Revue—empresa privada Agro-industrial				
Year when first financial activities started:	2002				
Name of person heading financial activities	Eng. Antonio Zaqueu				
Physical address of headquarters and contacts	Address: INSS Building Chimoio				
	Email: aczaqueu@yahoo.com				
	Telephone:251 22414				
Geographic location of financial activities (indicate provinces, districts and towns)	Provinces:	Districts:	Main towns:		
	Manica	Sussundenga Município de Manica	Manica		
	Sofala	Buzi Machanga Beira	Beira		
Target Group(s) and/or activities:	1.Small and medium enterprises (small traders)				
	2.Small farmers				
	3. Fishermen				
Financial services provided:	Savings mobilization and credit provision in ASCA groups				
Type	Target group	Minimum/ maximum loan size	Monthly rate of interest	Methodology	Additional Comments
	Micro and small entrepreneurs, fishermen, small holder farmers	Maximum: 2 times accumulated savings of the member	10% monthly (fixed)	PCR/ASCA	
Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005	<b>Total</b>		<b>Male</b>	<b>Female</b>	
	1,586 (savers) It is estimated that about 20% of the savers are also borrowers Distribution: Manica (941)and Sofala (645)		377	1,209	
Value of loans outstanding (June 30, 2005)	N/A				
Distribution of Loans by Size (June 30, 2005)	<100 USD X	100 < USD < 500	500 < USD <1.000	> 1.000 USD	
Current or planned savings products offered/to be offered	All members are savers and have the right to borrow				
Special gender considerations	The majority of beneficiaries are women				
Financial partners (i.e. providing loan capital by way of donation or loan):	At the moment there are no partners which provide loan capital but DED and WWKKF provide funds for promoting the PCR groups				
Technical partners (i.e. for technical assistance/ capacity building):	ADIPSA, DED and WWKKF				
Additional relevant Information	At this moment we have a group of 8 members which due to their great business potential have become clients with NovoBanco through the facilitation of ADEM.				

## 2. AJAM-ASSOCIACAO DOS JOVENS AGRICULTORES DE MOCAMBIQUE (Maputo City and Province)

<b>Name of Organization:</b>		AJAM-Associacao dos Jovens Agricultores de Mocambique (Association of Young Farmers of Mozambique)			
<b>Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)</b>	<ul style="list-style-type: none"> <li>- Studies of agricultural projects</li> <li>- Promotion of beneficiary training</li> <li>- Creation of one integrated rural credit cooperative</li> <li>- Promotion and implementation of agricultural projects</li> <li>- Exchange of experiences</li> <li>- Workshops</li> <li>- Participation in relevant national and international events</li> </ul>				
<b>Type of organization/ legal status:</b>	Private non-profit Mozambican non-governmental organization with national coverage.				
<b>Year when first financial activities started:</b>	1998				
<b>Name of person heading financial activities</b>	Simão Sevene				
<b>Physical address of headquarters and contacts</b>	Address: Av. De Mocambique, Km 12. Zimpeto				
	Email: ajam.sevene@teledata.mz				
	Telephone: 258-21 47 22 98		258-21 75 95 21		
	Fax: 258-21 47 22 98		258-21 75 95 21		
<b>Geographic location of financial activities (indicate provinces, districts and towns)</b>	Provinces:	Districts:	Main towns:		
	Maputo	Namaacha, Manhica e Green Zones of Maputo	Maputo		
<b>Target Group(s) and/or activities:</b>	Crop farmers and livestock breeders				
<b>Type</b>	<b>Target group</b>	<b>Minimum/ maximum loan size</b>	<b>Monthly rate of interest</b>	<b>Methodology</b>	<b>Additional Comments</b>
	12 pilot families	1.5m – 30m MT	10% over the period of the contract which ranges from 3-15 months	Individuals: values from 1.5m – 30m MT, reimbursable over periods varying from 3-15 months	
<b>Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005</b>	<b>Total</b> 12 families		<b>Male</b>	<b>Female</b>	
<b>Value of loans outstanding (June 30, 2005)</b>	190.368.811 MT				
<b>Distribution of Loans by Size (June 30, 2005)</b>	<100 USD	100 < USD < 500	500 < USD <1.000	1.000 USD	
<b>Current or planned savings products offered/to be offered</b>	None				
<b>Special gender considerations</b>	50% of the beneficiaries are female				
<b>Financial partners (i.e. providing loan capital by way of donation or loan):</b>	Loan capital raised through member joining fees (500,000 MT) and annual fees of 600,000MT (there are currently some 2,000 members)				
<b>Technical partners (i.e. for technical assistance/ capacity building):</b>	VETAID PoDE-Project for the Entreprise Development (World Bank)				
<b>Additional relevant Information</b>	According to the strategic plan (2005/2009) of AJAM, a system of credit is being revised according to the prevailing legislation, evolving from an informal arrangement to a formal one in the form of SOCREDI-Sociedade Cooperativa de Crédito Rural to be integrated within AJAM. This is currently under preparation through a feasibility study and proposed statutes being funded by the World Bank through its PoDe project.				

### 3. AKSM - ASSOCIAÇÃO KWAEDZA SIMUKAI MANICA (Manica)

<b>Name of Organization:</b>	AKSM - Associação Kwaedza Simukai Manica				
<b>Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)</b>	<ul style="list-style-type: none"> <li>- Agriculture and livestock breeding</li> <li>- Information and communication</li> <li>- Natural resource management</li> <li>- Gender and HIV</li> </ul>				
<b>Type of organization/ legal status:</b>	Non-profit, legally constituted association				
<b>Year when first financial activities started:</b>	2001				
<b>Name of person heading financial activities</b>	Timoteo Mussororo				
<b>Physical address of headquarters and contacts</b>	Address: AV. Eduardo Mondlane 191, Manica, Moçambique				
	Email: ksmfos@teledata.mz				
	Telephone: 251 62217				
	Fax: 251 62224				
<b>Geographic location of financial activities (indicate provinces, districts and towns)</b>	Province:	District:	Cities:		
	Manica	Manica	Manica		
<b>Target Group(s) and/or activities:</b>	1. Family sector (small holder sector)				
<b>Financial services provided:</b>	Technical assistance and methodology				
<b>Type</b>	<b>Target group</b>	<b>Minimum/ maximum loan size</b>	<b>Monthly rate of interest</b>	<b>Methodology</b>	<b>Additional Comments</b>
1.	Small holders	Min. 50,000 MT	10% (fixed)	PCRs/ASCAs	
2.	Max.10m MT				
<b>Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005</b>	<b>Total</b>	<b>Male</b>		<b>Female</b>	
	1,789	537		1,252	
<b>Value of loans outstanding (June 30, 2005)</b>	780,035,500 MT; 736 borrowers				
<b>Distribution of Loans by Size (June 30, 2005)</b>	<b>&lt;100 USD</b>	<b>100 &lt; USD &lt; 500</b>		<b>500 &lt; USD &lt;1.000</b>	<b>&gt; 1.000 USD</b>
	552	176		8	
<b>Current or planned savings products offered/to be offered</b>	Total savings estimated at about 1bn MT (June 30, 2005) Planning to introduce credit for agriculture in the future				
<b>Special gender considerations</b>	More than 70% beneficiaries are women				
<b>Financial partners (i.e. providing loan capital by way of donation or loan):</b>	MADER (Donation)				
<b>Technical partners (i.e. for technical assistance/ capacity building):</b>	MADER, CARE Vilanculos, OPHAVELA Nampula				

#### 4. AMODER – ASSOCIAÇÃO MOÇAMBICANA PARA O DESENVOLVIMENTO RURAL (Cabo Delgado, Inhambane, Nampula, Niassa, Tete, Zambézia)

Name of Organization:		AMODER – ASSOCIAÇÃO MOÇAMBICANA PARA O DESENVOLVIMENTO RURAL (Mozambican Association for Rural Development)	
Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)	<ul style="list-style-type: none"> <li>- Credit for rural entrepreneurs</li> <li>- Consortiums for specific activities</li> <li>- Joint venture capital participation</li> <li>- Promotion of discussion sessions of themes related to the marketing of agricultural commodities</li> </ul>		
Type of organization/ legal status:	Non profit associations licensed to undertake credit operations		
Year when first financial activities started:	1994		
Name of person heading financial activities	José Carlos Trindade (Executive Director)		
Physical address of headquarters and contacts	Addresses: Av. Salvador Allende 1164 – Maputo (headquarters) Escola Agrária do Chókwé – Chókwé – Gaza Estrada Nacional nº 1 – Massinga – Inhambane Av. Kwame Nkrumah nº 8 – Tete Av. Filipe Samuel Magaia nº 50 – Mocuba – Zambézia Rua do Xai-Xai nº 53 – Nampula Av. Samora Machel – Cuamba – Niassa Lichinga – Niassa Av. Eduardo Mondlane nº 824 Pemba – Cabo Delgado Prédio do BIM – Montepuez – Cabo Delgado		
	Email: Trindade.amoder@tvcabo.co.mz Amodermassinga@teledata.mz Amoder.tete@teledata.mz Amodermocuba@teledata.mz Amoder.cuamba@teledata.mz Amodermalonda@teledata.mz Amoder.pemba@teledata.mz		
	Telephone:	Fax:	Cel:
	Sede 21491020/21490484 Chókwè – 22120033 Massinga – 22371020 Tete – 25222645 Mocuba – 24810461 Nampula – 26212195 Cuamba – 27162741 Lichinga – 27120104 Pemba – 27221610 Montepuez – 27251063	Sede – 21491020/21490484 Chókwè – 22120033 Massinga – 22371020 Tete – 25222645 Mocuba – 24810461 Nampula – 26212195 Cuamba – 27162741 Lichinga – 27120104 Pemba – 27221610 Montepuez – 27251063	Sede – 824417890 Chókwè – 828373400 Massinga – 820162940 Tete – 828980370 Mocuba – 826751670 Nampula – 826840030 Cuamba – 827010560 Lichinga – 823186060 Pemba – 826873440 Montepuez – 824047350
Geographic location of financial activities (indicate provinces, districts and towns)	Province: Cabo Delgado	Districts: Mocómbua da Praia; Macomia; Quissanga; Ibo; Ancuabe; Chiure; Namuno; Balama; Montepuez	Main Towns: Pemba, Montepuez
	Province: Niassa	Districts: Cuamba; Mecanhelas; Marrupa; Maúa; Mecula; Nipepe; Metarica; Ngauma; Lichinga; Lago; Mandimba; Sanga;	Main Towns: Lichinga, Cuamba
	Province: Nampula	Districts: Malema; Ribáué; Memba; Nacala-Velha; Nacarôa; Mogincual; Monapo; Namapa	Main Towns: Nampula, Nacala
	Province: Zambézia	Districts: Mocuba; Ile; Alto Molócué; Guruè	Main Towns: Mocuba, Guruè

	Province: Tete	Districts: Angónia; Tsangano; Macanga; Chiuta; Moatize; Mutarara; Changara; Cabora Bassa;			Main Towns: Tete
	Province: Inhambane	Districts: Govuro; Mabote; Funhalouro; Inhassoro; Vilanculos; Massinga; Morrumbene; Maxixe; Inhambane			Main Towns: Inhambane, Maxixe, Massinga, Vilanculos
	Province: Gaza	Districts: Chókwè; Chibuto			Main Towns: Chokwé, Chibuto
<b>Target Group(s) and/or activities:</b>	1. Small and medium enterprises				
<b>Financial services provided:</b>	2. Credit (micro and others); consortiums; joint ventures				
Type	Target group	Minimum/maximum loan size	Monthly rate of interest	Methodology	Additional Comments
1.	Small entrepreneurs	3.5m – 25m MT	4,5-5% p.m. (declining balance)	Individual	
2.	Medium enterprises	25m MT – variable	2,5 – 4% p.m. (declining balance)	Individual	
3.	Consortiums	150m MT – variable			
<b>Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005</b>	<b>Total</b> 950 (approx)	<b>Male</b> 760 (approx)		<b>Female</b> 190 (approx)	
<b>Value of loans outstanding (June 30, 2005)</b>	44.1 bn MT (approx)				
<b>Distribution of Loans by Size (June 30, 2005)</b>	<100 USD	100 < USD < 500		500 < USD <1.000	> 1.000 USD
<b>Financial partners (i.e. providing loan capital by way of donation or loan):</b>	Ministry of Industry and Commerce; OXFAM – Belgium; HIVOS; Malonda Programme (SIDA)				
<b>Technical partners (i.e. for technical assistance/ capacity building):</b>	Consortium – ICC / Enterplan / EUROSIS				



## 5. AMODESE – ACÇÃO MOÇAMBICANA PARA O DESENVOLVIMENTO (Maputo City)

<b>Name of Organization:</b>	<b>AMODESE – Acção Moçambicana para o Desenvolvimento (Mozambican Action for Development)</b>				
<b>Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)</b>	<ul style="list-style-type: none"> <li>- Agriculture and livestock breeding</li> <li>- Education and training</li> <li>- Communication/advocacy (HIV/AIDS and dissemination of legislation and other regulatory instruments related to the sectors in which target group pursues economic activities)</li> </ul>				
<b>Type of organization/ legal status:</b>	ONG				
<b>Year when first financial activities started:</b>	1999				
<b>Name of person heading financial activities</b>	Maria Joana Hoana				
<b>Physical address of headquarters and contacts</b>	Address: Av. Lucas Luali-475, R/C Esquerdo				
	Email: amodese@tvcabo.co.mz				
	Telephone:21403631 Fax:21407638 Cel. 828482350				
<b>Geographic location of financial activities (indicate provinces, districts and towns)</b>	Province:	District :	Main towns:		
	Maputo	Maputo	Maputo		
<b>Target Group(s) and/or activities:</b>	1. Informal market traders				
	2. Small scale informal and formal traders				
<b>Financial services provided:</b>	Credit				
<b>Type</b>	<b>Target group</b>	<b>Minimum/ maximum loan size</b>	<b>Monthly rate of interest</b>	<b>Methodology</b>	<b>Additional Comments</b>
	Market vendors, small traders, poultry	1.5m - 30m MT	3.75% p.m. (fixed).	Solidarity groups and individuals	
<b>Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005</b>	<b>Total</b>		<b>Male</b>	<b>Female</b>	
	120		46	74	
<b>Value of loans outstanding (June 30, 2005)</b>	613,374,500 MT				
<b>Distribution of Loans by Size (June 30, 2005)</b>	<100 USD	100 < USD < 500 X	500 < USD <1.000	> 1.000 USD	
<b>Current or planned savings products offered/to be offered</b>	We require 10% of the loan as a security deposit.				
<b>Special gender considerations</b>	Amodese has women as its principal target group but there are also men who benefit.				
<b>Financial partners (i.e. providing loan capital by way of donation or loan):</b>	ICCO				

## 6. ASM CRÉDITOS (Maputo City)

Name of Organization:		ASM Créditos			
Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)	Credit				
Type of organization/ legal status:	Private company				
Year when first financial activities started:	2005				
Name of person heading financial activities	Alberto Simeao Mandlaze				
Physical address of headquarters and contacts	Address:Rua ENG.Alexandre Borges Nr.26 ,Alto Mae,Maputo				
	Email:asm@tvcabo.co.mz				
	Telephone:21408274				
	Cel:82-5173205				
Geographic location of financial activities (indicate provinces, districts and towns)	Province	District	Cities		
	Maputo	Maputo	Maputo		
Target Group(s) and/or activities:	1.Informal venders				
	2.Other interested groups				
Financial services provided:	- Microcredit				
Type	Target group	Minimum/ maximum loan size	Monthly rate of interest	Methodology	Additional Comments
	Informal sector	2.5m MT (max for first loan)	16,7%	Individuals	
	Public servants	2.5m MT (max for first loan)	16,7%	Individuals	
Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005	Total		Male		Female
	312		12%		88%
Value of loans outstanding (June 30, 2005)	1,910,000,000 MT (accumulated) ; 312m MT (active loan portfolio)				
Distribution of Loans by Size (June 30, 2005)	<100 USD	100 < USD < 500		500 < USD <1.000	>1.000 USD
	65%	28%		5%	2%
Current or planned savings products offered/to be offered	None				
Special gender considerations	The microcredit system has considered the special needs of its target group (mainly women)				
Financial partners (i.e. providing loan capital by way of donation or loan):	All money invested into this business belongs to the owner				

## 7. ASSOCIAÇÃO PHAMBENI MAKWERU “PROJECTO LHUWUKA – MICROCRÉDITO” (Maputo City)

Name of Organization:		Associação Phambeni Makweru – Maputo “Projecto Lhuwuka – Microcrédito”			
Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)	Training in the areas of economics, hygiene, HIV/AIDS. Self-help groups in health and education.				
Type of organization/ legal status:	Non-profit Association				
Year when first financial activities started:	2003				
Name of person heading financial activities	Donaldo Eduardo Falusso				
Physical address of headquarters and contacts	Endereço: Av. Amilcar Cabral, 777 – Maputo				
	Email: aphambenimakweru@intra.co.mz				
	Telephone: 21312387				
	Fax: 21466128 Cel: 824772010				
Geographic location of financial activities (indicate provinces, districts and towns)	Province	District	Main towns		
	Maputo	Maputo	Maputo		
Target Group(s) and/or activities:	1. women				
	2. unemployed men				
	3. teachers				
Financial services provided:	Credit for business; finance for construction and improvement of housing				
Type	Target group	Minimum/ maximum loan size	Monthly rate of interest	Methodology	Additional Comments
1.	Women	Minimum – 1m MT Maximum – 3.5m MT	4,5% - monthly declining balance	Individual loans	The minimum and maximum values refer to the first year of credit. Subsequent loans depend on business assessment.
2.	Unemployed men	Minimum – 2m MT; Maximum – 5m MT	3 % - monthly declining balance	Solidarity groups and associations	As above
3.	Construction and housing loans	Minimum – 3m MT Maximum – 20m	3 % - monthly declining balance	Individual loans	Up to 1 year
Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005	Total		Male		Female
	525		173		352
Value of loans outstanding (June 30, 2005)	751,315,500 MT				
Distribution of Loans by Size (June 30, 2005)	<100 USD 112	100 < USD < 500 323		500 < USD <1.000 90	> 1.000 USD 0
Current or planned savings products offered/to be offered	Self-help health funds Self-help education funds				
Special gender considerations	Focus on the promotion of women				
Financial partners (i.e. providing loan capital by way of donation)	Caritas Italiana				

or loan):	
Technical partners (i.e. for technical assistance/ capacity building):	Consortio Etimos – Itália
Value of loan funds obtained as a loan from another financial institution or other source	0
Additional relevant information	It is envisaged at the beginning of 2006 to expand the activities of the association to the provinces of Inhambene, Cabo Delgado and Zambezia. The credit activities would be concentrated in rural areas. It is also expected to introduce credit to health workers in public hospitals.

## 8. ASSOCIAÇÃO PROGRESSO (Cabo Delgado)

Name of Organization:		ASSOCIAÇÃO PROGRESSO			
Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)	Community development with activities in the sectors of education, health and agriculture				
Type of organization/ legal status:	Mozambican NGO				
Year when first financial activities started:	1997				
Name of person heading financial activities					
Physical address of headquarters and contacts	Address: Av. Ahmed Sekou Touré 1957, Maputo				
	Email: programas@progresso.co.mz				
	Telephone: 21.430485/6				
	Fax: 323140				
Geographic location of financial activities (indicate provinces, districts and towns)	Province of Cabo Delgado since 2001;	Districts: Muidumbe e Mueda	Main towns: Pemba		
	Niassa 1996 – 2000	Sanga e Lichinga	Lichinga		
Target Group(s) and/or activities:	1. Small holders 2. Ambulant traders				
Financial services provided:	Creation of credit and savings associations; supplying credit; training and monitoring				
Type	Target group	Minimum/ maximum loan size	Monthly rate of interest	Methodology	Additional Comments
	Small holders & ambulant traders	1m – 5m MT	3% p/m	Individual loans via solidarity groups	
Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005	Total About 100		Male 50	Female 50	
Value of loans outstanding (June 30, 2005)	75.000.000 MT				
Distribution of Loans by Size (June 30, 2005)	<100 USD X	100 < USD < 500 X	500 < USD <1.000	> 1.000 USD	
Current or planned savings products offered/to be offered	N.A.				
Special gender considerations					
Financial partners (i.e. providing loan capital by way of donation or loan):	NORAD Novib Oxfam-Bélgica				
Technical partners (i.e. for technical assistance/ capacity building):	IRAM				
Value of loan funds obtained as a loan from another financial institution or other source	None				

## 9. BOM - BANCO OPPORTUNIDADE DE MOÇAMBIQUE (Maputo City, Sofala, Manica, Zambézia)

Name of Organization:		BANCO OPORTUNIDADE DE MOÇAMBIQUE, S.A.R.L.			
Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)	Commercial Bank with dedicated focus on Microfinance products and services				
Type of organization/ legal status:	Registered, regulated Commercial Bank with the Banco de Moçambique				
Year when first financial activities started:	2005				
Name of person heading financial activities	Ben Botha, Chief Executive Office Trudi Schwartz, Chief Operations Officer				
Physical address of headquarters and contacts	Address: Av. 24 de Julho, 4136, 1 <sup>st</sup> Floor, Maputo				
	Email: bom@banco-oportunidade.com; tschwartz@opportunity.net; bbotha@opportunity.net				
	Telephone: 21-40 7474/5/6/7				
	Fax: 21-40 7478 Cel:Bank – 823236360; Trudi Schwartz – 82 4969360				
Geographic location of financial activities (indicate provinces, districts and towns)	Province: Manica	Districts: Manica, Gondola	Main Towns: Chimoio, Vila de Manica, Gondola		
	Sofala	Beira; Dondo	Beira; Dondo		
	Zambezia	Quelimane, Mocuba	Quelimane, Nicoadala, Mocuba		
	Maputo	Maputo	Maputo City, Matola		
Target Group(s) and/or activities:	1. Micro- and Small Entrepreneurs with existing businesses				
	2. Micro-entrepreneurs in groups called Trust banks who want to start a business				
	3. Small scale agriculture producers (currently working with ACDI-VOCA in Manica Province for developing a credit product for farmers' associations; also looking at possibility of providing credits for outgrowers supplying <i>empresas de fomento</i> )				
Financial services provided:	Loans through Solidarity Groups, Trust Banks and to Individuals, Savings and Term Deposits, Credit Life Insurance				
Type	Target group	Minimum/ maximum loan size	Monthly rate of interest	Methodology	Additional Comments
1. Individual Loans	Micro- and Small Entrepreneurs, producers	Mts 5,000,000 (Minimum) Mts. 150,000,000 (max.)	5% on declining balance	Individual	
2. Solidarity Group	Micro-and Small Entrepreneurs, producers	Mts. 1,000,000 (Min. p.p) Mts.10,000,000 (Max p.p.)	6% flat rate	Groups of 3 – 7 members	
3. Trust Banks	Micro-entrepreneurs and start-up businesses	Mts. 500,000 (Min p.p.) Mts.10,000,000 (max p.p.)	6% flat rate	Groups of 10 – 30 members	
4.Savings accounts	Anyone	Mts, 100,000 (opening and min. balance)	No interest on balances less than Mts.300,000 and then sliding scale from 3% to 9 % depending on balance	Individuals, Groups/ Associations	
5. Term Deposits	Anyone	Mts. 3,000,000 (minimum)	1 month – 6% p.a. 3 months – 7%	Individuals, Associations and Companies	

			p.a. 6 months – 8%		
6. Credit Life Insurance	Obligatory for all loan clients from February 2006	Covers full outstanding amount of loan on death of client	0.024% of loan per month	All loans taken as from February 2006	
Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005	<b>Total</b> 1,217 – Chimoio 574 – Beira 463 – Quelimane 321 – Maputo 2,718 – TOTAL		<b>Male</b> 1,413		<b>Female</b> 1,305
Value of loans outstanding (June 30, 2005)	4,157,446,428 MT – Chimoio 1,250,553,843 MT – Beira 2,710,605,220 MT – Quelimane 1,546,387,564 MT – Maputo  Mts. 8.399.368.128,00 (USD 342,831) – Total				
Distribution of Loans by Size (June 30, 2005)	<USD100 10%	>USD100<500 63%	>USD500<1,000 26%	>USD 1,000 1%	
Current or planned savings products offered/to be offered	Description of Savings Products included in the description of Financial Services above				
Special gender considerations	BOM is an equal opportunity institution. The gender distribution of the clients depends on the geographical location of the branch. The percentage of female clients is higher in Maputo (68%) than in Zambezia where female clients constitute 29% of the clients, with around 45% of the clients in Sofala and Manica being female.				
Financial partners (i.e. providing loan capital by way of donation or loan):	Currently all loan capital in BOM is part of the equity investment by shareholders.				
Technical partners (i.e. for technical assistance/ capacity building):	Opportunity International. BOM is a member of the Opportunity International Network, who have a dedicated and professional team of product specialists to assist BOM as a partner.				

## 10. CARE VILLAGE SAVINGS AND LOANS (VSL) PROJECT – ZAMBÉZIA (Zambézia)

<b>Name of Organization:</b>		CARE – VSL (Village Savings and Loans) Zambézia			
<b>Principal Institutional/ Organizational activities (in addition to financial activities include other activities if appropriate)</b>	Revolving savings and credit and sensitizing communities about sexually transmitted diseases, in particular HIV/AIDS				
<b>Type of organization/ legal status:</b>	Project falling under the administration of CARE Mozambique				
<b>Year when first financial activities started:</b>	January 2004				
<b>Name of person heading financial activities</b>	Ngugi Chege				
<b>Physical address of headquarters and contacts</b>	Address: Care Maputo, Avenida Martires da Moeda				
	Email: chege@care.org.mz				
	Telephone: 21492064-66 Cel: 825991850				
<b>Geographic location of financial activities (indicate provinces, districts and towns)</b>	Province:	Districts:	Main towns:		
	Zambézia	Quelimane, Nicoadala e Mocuba			
<b>Target Group(s) and/or activities:</b>	Community members of between 18 – 50 years of age				
<b>Financial services provided:</b>	Promotion of revolving savings and credit, including the distribution of safes for savings				
<b>Type</b>	<b>Target group</b>	<b>Minimum/ maximum loan size</b>	<b>Monthly rate of interest</b>	<b>Methodology</b>	<b>Additional Comments</b>
1. Savings	18 -50 years of age	Depends on groups	Interest rate for loans is 10% per month	Individual with minimum terms of 30 days	
2. Loans	18 – 50 years of age	Depends on the needs of each member of the group			
<b>Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005</b>	<b>Total</b>	<b>Male</b>		<b>Female</b>	
	758	561		197	
<b>Value of loans outstanding (June 30, 2005)</b>	51,050,000 MT				
<b>Distribution of Loans by Size (June 30, 2005)</b>	<100 USD	100 < USD < 500	500 < USD <1.000	> 1.000 USD	
	2,042				
<b>Current or planned savings products offered/to be offered</b>	1,403 groups with 6,050 members (3,449 men and 2,601 women)				
<b>Special gender considerations</b>	Incentives for encouraging women to join the PCRs				
<b>Technical partners (i.e. for technical assistance/ capacity building):</b>	KUKUMBI – Rural development NGO specializing in HIV/AIDS FAO – In some zones in agricultural material				
<b>Value of loan funds obtained as a loan from another financial institution or other source</b>	UNDP USD 289,000				
<b>Additional relevant Information</b>	The project is funded by the UNDP				



## 11. CCC - CAIXA COOPERATIVA DE CRÉDITO (Maputo City)

Name of Organization: CAIXA COOPERATIVA DE CRÉDITO, Scrl (Cooperative "Caixa" of Credit)					
Principal Institutional/organizational activities (in addition to financial activities include other activities if appropriate)	<ul style="list-style-type: none"> <li>- Call deposits;</li> <li>- Term deposits;</li> <li>- Microcredit;</li> <li>- Credit for livestock and poultry breeding.</li> </ul>				
Type of organization/ legal status:	Cooperative credit institution				
Year when first financial activities started:	2003				
Name of person heading financial activities	Fanuel Eugénio Mabunda				
Physical address of headquarters and contacts	Address: Rua de Bagamoyo, 32, R/C				
	Email: ccc@tv cabo.co.mz				
	Telephone: 21303045,21303052				
	Fax: 21303056 Cel: 823002570				
Geographic location of financial activities (indicate provinces, districts and towns)	Province:	District:	Main towns:		
	Maputo	Maputo	Maputo		
Target Group(s) and/or activities:	1. War veterans of the national liberation war				
	2. Others				
Financial services provided:	Current deposits, term deposits and microcredit.				
Type	Target group	Minimum/ maximum loan size	Monthly rate of interest	Methodology	Additional Comments
1.	War veterans	5,000,000/100,000,000 MT	4% p.m.	Individual loans	
2.	Others	5,000,000/100,000,000 MT	4% p.m.	Individual loans	
Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005	Total		Male	Female	
	16		9	7	
Value of loans outstanding (June 30, 2005)	135.37m MT				
Distribution of Loans by Size (June 30, 2005)	<100 USD 6.58m MT	100 < USD < 500 66.35m MT	500 < USD <1.000 32.44m MT	>1.000 USD 30.00m MT	
Current or planned savings products offered/to be offered	Approximately 300 savers				
Technical partners (i.e. for technical assistance/ capacity building):	Promosft, sa				
Additional relevant information					

## 12. CCOM (IRAM/BoM) - CAIXA COMUNITÁRIA DE OPERADORES DE MICROFINANÇAS (Maputo City/Province and Cabo Delgado)

<b>Name of Organization:</b>		CAIXA COMUNITÁRIA DE OPERADORES DE MICROFINANÇAS (Community "Caixa" of Microfinance Operators)			
<b>Principal Institutional/ Organizational activities (in addition to financial activities include other activities if appropriate)</b>	Exclusively dedicated to microfinance services				
<b>Type of organization/ legal status:</b>	Project of the BoM, financed by AFD and implemented by IRAM to support the development of local non-profit associations to undertake microfinance activities.				
<b>Year when first financial activities started:</b>	1997 in Maputo and 2000 in Cabo Delgado				
<b>Name of person heading financial activities</b>	Project Coordinator: Enoque Raimundo Changamo				
<b>Physical address of headquarters and contacts</b>	Addresses: In Maputo - Av Agostinho Neto Nº 1481; In Cabo Delgado – Montepuez				
	Email: Maputo: caixa.comunitaria@tvcabo.co.mz				
	Telephone: 21301470 Fax: 21301491 Cel:82 3135900				
<b>Geographic location of financial activities (indicate provinces, districts and towns)</b>	Provinces:	Districts:	Main towns:		
	Maputo City and Province  Southern Cabo Delgado	Maputo: Matola, Boane, Marrecuene  Cabo Delgado: Montepuez, Namuno, Balama e Ancuabe	- Maputo - Montepuez		
<b>Target Group(s) and/or activities:</b>	1. Members of the rural and urban family sector undertaking economic micro activities and who are excluded from formal financial services. 2. Small-scale trading, agricultural production, agricultural marketing, services, artisanal production, etc. The range of activities will depend on the willingness of association members.				
<b>Financial services provided:</b>					
<b>Type</b>	<b>Target group</b>	<b>Minimum/ maximum loan size</b>	<b>Monthly rate of interest</b>	<b>Methodology</b>	<b>Additional Comments</b>
1. Trade	Members of the rural and urban family sector undertaking economic micro activities	-No Minimum -Maximum: Progressive increases are determined by ceilings  The first credit is limited to 2m MT in Maputo and 1m MT in CD. The subsequent ceilings increase by 1m MT per cycle on the condition that the group repaid their loans without problems. When the loan amount reaches 6m MT one can request an individual loan but must have appropriate	-Maputo: 4.5% p.m. (declining balance). -Cabo Delgado: 3% p.m. (declining balance).	-Individual credit and solidarity groups. -Individual credit with asset guarantees -Terms between 4- 6 months with monthly reimbursements.	Credit is provided in a decentralized form through local credit associations managed by a management committee, a financial control committee and a credit committee.

		guarantees with a warrant of attorney (procuração notarial).			
2. Agricultural	Rural population	Idem	Cabo Delgado: 3% p.m. (declining balance)	-Individual credit and solidarity group guarantee. -9 month term with lump sum repayment at end.	Idem
3. Agricultural marketing	Idem	Idem	Idem	-Individual credit and solidarity group guarantee. -Terms of 5 months with monthly payments of interest, and final payment of capital.	Idem
<b>Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005</b>	<b>Total</b> 10,340 – Maputo 3, 865 – Cabo Delgado 14,205 – TOTAL	<b>Male</b>	<b>Female</b> - Maputo 73.5% of all clients. - Cabo Delgado: 12.6% of all clients		
<b>Value of loans outstanding (June 30, 2005)</b>	19,050,000,000MT – Maputo 4, 804,000,000MT – Cabo Delgado 23,854,000,000MT – TOTAL				
<b>Distribution of Loans by Size (June 30, 2005)</b>	<100 USD not available	100 < USD < 500 not available	500 < USD <1.000 Idem	> 1.000 USD Idem	
<b>Current or planned savings products offered/to be offered</b>	It is planned to offer current and term savings accounts in the future.				
<b>Special gender considerations</b>	As can be seen from the low percentage participation of women in Cabo Delgado, there is a lot of work to be done in this area. We have already started with the creation of working groups with women with the view of creating services adapted to their needs.				
<b>Financial partners (i.e. providing loan capital by way of donation or loan):</b>	French Agency for Development (AFD) and previously with DANIDA (both in the form of grants)				
<b>Technical partners (i.e. for technical assistance/ capacity building):</b>	IRAM				
<b>Additional relevant Information</b>	The institutionalization of the project through the creation of an umbrella institution to serve the local caixas is under preparation.				

### 13. CMMEA - COOPERATIVA DE CRÉDITO DOS MICRO-EMPRESÁRIOS DE ANGÓNIA (Tete Province)

<b>Name of Organization:</b>		COOPERATIVA DE CRÉDITO DOS MICRO-EMPRESÁRIOS DE ANGÓNIA (Credit Cooperative of Microentrepreneurs of Angónia)			
<b>Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)</b>	<p>Specializing in operations of credit in the form of a registered coeprative with the principal objective of undertaking banking activities for the exclusive benefit of its members (concession of credit)</p> <p>In pursuit of its objective the cooperative can undertake the following activities:</p> <ul style="list-style-type: none"> <li>- deposit taking with current accounts</li> <li>- Receive investment and development funds</li> <li>- Accept mortgages or other guarantees to support credit obligations</li> </ul> <p>Among other related items</p>				
<b>Type of organization/ legal status:</b>	Registered Credit and Savings Cooperative				
<b>Year when first financial activities started:</b>	July 2002				
<b>Name of person heading financial activities</b>	Virgilio Benjamin				
<b>Physical address of headquarters and contacts</b>	Address: CCMEA C.P. No. 225 – Tete				
	Email: n/a				
	Telephone:82 59 98 370				
	Fax: Att/AMODER Cel: 82 59 98 370				
<b>Geographic location of financial activities (indicate provinces, districts and towns)</b>	Province:	Districts:	Main Towns:		
	Tete	Angónia	Vila Ulónguê Angónia		
<b>Target Group(s) and/or activities:</b>	1. Agriculture: cereals, potato, horticulture, marketing and others				
	2. Trading – permanent stalls, ambulant traders and others				
	3. Industry – carpenter and joineries, tinsmithing, welding, tailoring and others				
	4. Services – reparation of bicycles, watches, ploughs, carts, etc.				
<b>Financial services provided:</b>	Loans				
<b>Type</b>	<b>Target group</b>	<b>Minimum/ maximum loan size</b>	<b>Monthly rate of interest</b>	<b>Methodology</b>	<b>Additional Comments</b>
1.		Maximum 20m MT (average about 10m MT)	4% p.m.	In solidarity groups of 5-6 members; terms of credits depend on the request	
<b>Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005</b>	<b>Total</b>		<b>Male</b>		<b>Female</b>
	51		44		7
<b>Value of loans outstanding (June 30, 2005)</b>	851,370,000 MT				
<b>Distribution of Loans by Size (June 30, 2005)</b>	<USD100	>USD100<500	>USD500 <1,000	>USD 1,000	
<b>Special gender considerations</b>	Many women are interested in joining this association.				
<b>Financial partners (i.e. providing loan capital by way of donation or loan):</b>	FFA – Agricultural Support Fund (Maputo)				
<b>Technical partners (i.e. for technical assistance/ capacity building):</b>	DNDR – Maputo				
<b>Value of loan funds obtained as a loan from another financial institution or other source</b>	1,558, 700, 000 MT				
<b>Additional relevant information</b>	Other regular source of funds is the monetary rent of the grain mill.				

#### 14. CMN - CAIXA DAS MULHERES DE NAMPULA (Nampula City)

Name of Organization:		CAIXA DAS MULHERES DE NAMPULA (Women's "Caixa" of Nampula)			
Principal Institutional/organizational activities (in addition to financial activities include other activities if appropriate)	Savings and credit; training				
Type of organization/ legal status:	Association ( in the process of legally registering as a savings and credit cooperative)				
Year when first financial activities started:	1994				
Name of person heading financial activities	Berlinda Aida Pacheco				
Physical address of headquarters and contacts	Address: AV. Eduardo Mondlane no.348, Nampula				
	Email: caixadasmulheres@teledata.mz				
	Telephone: 2218412 Cell: 820260500				
Geographic location of financial activities (indicate provinces, districts and towns)	Provinces:	Districts:	Cities:		
	Nampula	Nampula	Nampula		
Target Group(s) and/or activities:	1. Women dedicated to small business and/or agriculture				
Financial services provided:	Credit and savings				
Type	Target group	Minimum/ maximum loan size	Monthly rate of interest	Methodology	Additional Comments
	Women	Maximum 25m MT	4% fixed <10m MT 4% declining > 10m MT	Individual loans	
Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005	Total 1,702 members		Male 0	Female 1,702	
Value of loans outstanding (June 30, 2005)	1,181,862,500 MT (84.8% of savings) (approximately one-third of members have loans which are limited by level of savings)				
Distribution of Loans by Size (June 30, 2005)	<100 USD	100 < USD < 500	500 < USD <1.000	> 1.000 USD	
Current or planned savings products offered/to be offered	Voluntary savings Value of savings as at June 30, 2005: 1,322,821,000 MT				
Special gender considerations	Only women are members				
Financial partners (i.e. providing loan capital by way of donation or loan):					
Technical partners (i.e. for technical assistance/ capacity building):	Cooperation Canada Moçambique (COCAMO) and the Canadian Copperative Union (CCU)				

## 15. CPC - COOPERATIVA DE POUPANÇA E CRÉDITO (Maputo City)

<b>Name of Organization:</b>		Cooperativa de Poupança e Crédito, SCRL (Savings and Credit Cooperative)			
<b>Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)</b>	<ul style="list-style-type: none"> <li>- Concession of credit to their members</li> <li>- Savings mobilization (current and term deposits)</li> <li>- Make deposits in other credit institutions</li> <li>- Undertake other legally allowed operations</li> </ul>				
<b>Type of organization/ legal status:</b>	Registered savings and credit cooperative				
<b>Year when first financial activities started:</b>	2000				
<b>Name of person heading financial activities</b>	Teodósio Armando Wazela				
<b>Physical address of headquarters and contacts</b>	Address: Avenida 25 de Setembro, 1695 3º andar, Maputo				
	Email: cpc-sc@cpc.co.mz				
	Telephone: 258 21 307 753				
	Fax: 258 21 307 754				
<b>Geographic location of financial activities (indicate provinces, districts and towns)</b>	Province:	District:	Main Towns:		
	Maputo	Maputo	Maputo		
<b>Target Group(s) and/or activities:</b>	1. Employees and retired employees of the Bank of Mozambique the former BCM				
<b>Financial services provided:</b>	Current deposits, term deposits, short, medium and long-term credit, electronic banking operations (ATM)				
<b>Type</b>	<b>Target group</b>	<b>Minimum/ maximum loan size</b>	<b>Monthly rate of interest</b>	<b>Methodology</b>	<b>Additional Comments</b>
1.	Bank employees	Variable depending on the job and the capacity of the borrower. The limit is usually not more than one-third of net salary.	Variable depending on the application of the credit (7.5%- 22%)	Individual loans from 1 month to 15 years	
<b>Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005</b>	<b>Total</b>		<b>Male</b>		<b>Female</b>
	1200 microfinance borrowers = 640		784 418 (est.) microfinance clients		416 222 (est.) microfinance clients
<b>Value of loans outstanding (June 30, 2005)</b>	119.980,9 x 10 <sup>6</sup> MT (for microfinance loans i.e. <USD 1,000 = 5,629,000,000 MT)				
<b>Distribution of Loans by Size (June 30, 2005)</b>	<100 USD	100 < USD < 500	500 < USD < 1.000	>1.000 USD	
	105 – 329,6 x 10 <sup>6</sup> MT	396 – 2.806,6 x 10 <sup>6</sup> MT	139 – 2.500,9 x 10 <sup>6</sup> MT	560 – 114.343,7 x 10 <sup>6</sup> MT	
<b>Current or planned savings products offered/to be offered</b>	58 – 20.206,8 x 10 <sup>6</sup> MT				

## 16. FCC - FUNDO DE CRÉDITO COMUNITÁRIO (Gaza, Maputo Province, Inhambane Province)

Name of Organization:		Fundo de Crédito Comunitário (Community Credit Fund)			
Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)	Micro-enterprise loans to peri-urban and rural clients targeting the economically active poor.				
Type of organization/ legal status:	NGO				
Year when first financial activities started:	1994				
Name of person heading financial activities	Claudien Nsengimana				
Physical address of headquarters and contacts	Address: Avenida Kenneth Kaunda n 1174, Maputo Mozambique				
	Email: cnsengimana@wr.org				
	Telephone: 21 486180/3				
	Fax: 21 486 184 Cel: 823104850				
Geographic location of financial activities (indicate provinces, districts and towns)	Province	Districts		Main Towns	
	Maputo, Gaza, Inhambane	Marracuene, Manhiça, Magude, Bilene, Chokwe, Guija, Mabalane, Massingir, Chibuto, Manjacaze, Xai-Xai, Zavala, Quissico, Inharrime, Jangamo, Homoine, Inhambane, Maxixe, Morumbene, Massinga, Vilankulos, Inhansoro		Maputo, Manhiça, Chokwe, Xai-Xai, Maxixe, Massinga, Vilankulos	
Target Group(s) and/or activities:	1. Peri-urban and Rural lending				
	2. Small commercial traders				
Financial services provided:	Micro-Enterprise Loans				
Type	Target group	Minimum/ maximum loan size	Monthly rate of interest	Methodology	Additional Comments
1.	Economically active rural poor	1,200,000 to 10,000,000 MT	5% flat	Village Banking (4 to 10 months, bi-weekly or monthly payment)	Length of loans and repayment intervals vary and are flexible.
2.	Small commercial traders	10,000,000 to 50,000,000 MT	5% flat	Solidarity Groups (4 to 10 months, monthly payment)	
3.	Small commercial traders	15,000,000 to 75,000,000 MT	4% flat	Individual (4 to 10 months)	From solidarity groups
Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005	Total		Male		Female
	3,884		1,556		2,328
Value of loans outstanding (June 30, 2005)	US\$ 511,730 Maputo : 570 clients – US\$ 153,358.00 Gaza: 1,614 clients – US\$ 147,395.00 Inhambane: 1,700 clients – US\$ 210,977.00				
Distribution of Loans by Size (June 30, 2005)	<USD100 (n/a)	>USD100<500 (n/a)		>USD500<1,000 (n/a)	>USD 1,000 (n/a)
Current or planned savings products offered/to be offered	Waiting on regulatory framework				
Financial partners (i.e. providing loan capital by way of donation)	World Relief Canada				

or loan):	
Technical partners (i.e. for technical assistance/ capacity building):	MEDA, SEEP, World Relief USA
Value of loan funds obtained as a loan from another financial institution or other source	None



## 17. FDM - FUNDO DO DESENVOLVIMENTO DA MULHER (Gaza and Maputo Provinces)

Name of Organization:		Fundo Do Desenvolvimento da Mulher Sarl (Fund for the Development of Women)			
Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)	Credit provision only				
Type of organization/ legal status:	Registered with the Bank of Mocambique under Decree 47/98 as a limited liability company				
Year when first financial activities started:	1997 (originally started as a Save the Children project (GGLS))				
Name of person heading financial activities	Ana Maria da Conceição Salvador				
Physical address of headquarters and contacts	Address: Estrada da Praia Xai-Xai				
	Email:gglmdir@teledata.mz				
	Telephone : 222 26762				
	Fax:222-26762 Cel: 843995290				
Geographic location of financial activities (indicate provinces, districts and towns)	Province: Gaza	Districts: Manjacaze,Chibuto,Xai-Xai, Chokwe,Macia		Main Towns	
	Maputo	Magude, Moamba, Boane, Matola			
Target Group(s) and/or activities:	1. Microentrepreneurs who practise small and medium enterprises, in particular women 2. General trading, services and poultry breeding				
Financial services provided:	Group credits Individual credits (May 2005) Life insurance (May 2005)				
Type	Target group	Minimum/ maximum loan size	Monthly rate of interest	Methodology	Additional Comments
1.	95% women	23.800.000 MT (max)	5% flat	Solidarity groups	
2.	80% women	100.000.000 MT (max)	5% flat	Individual loans	Started in May 2005
Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005	<b>Total</b>		<b>Male</b>		<b>Female</b>
	1.411 (December 31, 2005) 1, 239 (June 30, 2005)* Distribution: Gaza Province 547 Maputo Province 692		55 (December 31, 2004)  62 (June 30, 2005)		1.355 (December 31, 2004) 1,177 (June 30, 2005)
Value of loans outstanding (June 30, 2005)	\$125,919 (December 31, 2004) \$ 94,669 (June 30, 2005)* Distribution: Gaza Province USD 56,324 Maputo Province USD 38,345 *reduction due to the fact that demand for loans is seasonal, peaking around Christmas period				
Distribution of Loans by Size (June 30, 2005)	<USD100	>USD100<500	>USD500<1,000	>USD 1,000	
Current or planned savings products offered/to be offered	Compulsory savings equivalent to 10% of the value of the loan deposited in a commercial bank in the name of the group..				
Special gender considerations	Provides credit mainly to women				
Financial partners (i.e. providing loan capital by way of donation or loan):	-				
Technical partners (i.e. for technical assistance/ capacity building):	Save The Children MMF				
Additional relevant Information	Individual credit and insurance started May 2005				

## 18. FIRST MICROCREDIT PROGRAMME (AKAM) – (Cabo Delgado)

Name of Organization:		First Microcredit Programme (Aga Khan Agency for Microfinance)			
Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)	Credit to individuals and groups				
Type of organization/ legal status:	Project of the Aga Khan Agency for Microfinance				
Year when first financial activities started:	December 2003				
Name of person heading financial activities	Faizal Cassamo Vasco Antonio				
Physical address of headquarters and contacts	Endereço: Av. 25 de Setembro 984, Pemba				
	Email: Fmicrocredit@teledata.mz				
	Telephone: 27221135/27221340				
	Fax: 27221135 Cel: 823263290				
Geographic location of financial activities (indicate provinces, districts and towns)	Provinces	Districts	Main towns:		
	Cabo Delgado	Pemba Metuge, Quissanga, Ibo e Macomia	Pemba		
Target Group(s) and/or activities:	Households with difficulties to access commercial bank loans				
Financial services provided:	Credit				
Type	Target group	Minimum/ maximum loan size	Monthly rate of interest	Methodology	Additional Comments
1.	Trade	1m – 50m MT	4%	Individuals and groups	
2.	Agriculture/ Fishing	1m – 50m MT	4%	"	
3.	Others	1m – 50m MT	4%	"	
4.	Leasing	20m – 300m MT	3%	Individuals	
Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005	<b>Total</b>		<b>Male</b>		<b>Female</b>
	1111		800		311
Value of loans outstanding (June 30, 2005)	4.290.192.000 MT				
Distribution of Loans by Size (June 30, 2005)	USD25 to USD1000	USD1.000 to USD10.000			
	1.252	2			
Current or planned savings products offered/to be offered					
Financial partners (i.e. providing loan capital by way of donation or loan):	AKAM - Aga Khan Agency for Microfinance				
Technical partners (i.e. for technical assistance/ capacity building):	AKAM				

## 19. FOS CHITIMA (Tete Province)

Name of Organization:		FOS Chitima (name changed to Team La Chitukuko since December 2005)			
Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)	Integrated rural development supporting fishermen, farmers, traders and small productive activities.				
Type of organization/ legal status:	Registered association				
Year when first financial activities started:	1998				
Name of person heading financial activities	Mateus Miranda Pita				
Physical address of headquarters and contacts	Address: C.P. 15 , FOS Chitima ,				
	Email: fos.chitima@teledata.mz ; mirandapita@yahoo.com.br				
	Telephone: 252 82908 Fax: 252 82908				
Geographic location of financial activities (indicate provinces, districts and towns)	Province:	Districts:	Main Towns		
	Tete	Cahora Bassa			
Target Group(s) and/or activities:	1. Groups of artisanal fishermen				
	2. Buying and selling of agro-industrial products in rural zones				
	3. Buying and selling of agricultural inputs (seeds, hoes, etc)				
	4. Production of home-made bread				
Financial services provided:	Provision of monetary loans with annual interest rates of 10%				
Type	Target group	Minimum/ maximum loan size	Monthly rate of interest	Methodology	Additional Comments
1.	Groups of artisanal fishermen	300.000/ 1.000.000 MT	10% p.a. (reduced from previous rate of 30% p.a)	Solidarity groups	
2.	Buying and selling of agro-industrial products in rural zones	"	"	"	
3.	Buying and selling of agricultural inputs (seeds, hoes, etc)	"	"	"	
4.	Production of home-made bread	"	"	"	
Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005	<b>Total</b>		<b>Male</b>		<b>Female</b>
	1,500		800		700
Value of loans outstanding (June 30, 2005)	105,000,000MT				
Distribution of Loans by Size (June 30, 2005)	<USD100 1,500	>USD100<500		>USD500<1,000	>USD 1,000
Current or planned savings products offered/to be offered	It is planned to recover all outstanding loans and to gradually introduce savings groups in the communities.				
Financial partners (i.e. providing loan capital by way of donation or loan):	FOS Belgium				
Technical partners (i.e. for technical assistance/ capacity building):	FOS Belgium and FOS Mozambique				
Additional relevant Information	There is a necessity to have this type of programme where resources are scarce.				

## 20. HLUVUKU-ASSOCIAO DE DESENVOLVIMENTO SOCIO-ECONOMICO DE MATUTUINE (Maputo Province)

<b>Name of Organization:</b>		HLUVUKU-Associacão de Desenvolvimento Socio-Economico de Matutuine (Association for the Socio-Economic Development of Matutuine)			
<b>Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)</b>	Male Yeru - Microfinance Micro Enterprises - provision of services (preparation of soil and transport of diverse types of cargo) and agricultural/poultry production (horticulture, cereal production, breeding broiler chickens and egg production).				
<b>Type of organization/ legal status:</b>	Association				
<b>Year when first financial activities started:</b>	2001				
<b>Name of person heading financial activities</b>	Bernardo Luis Tembe				
<b>Physical address of headquarters and contacts</b>	Address: Rua Principal, Bela Vista				
	Email: hluvuku-adsema@teledata.mz				
	Telephone: 258-21620001				
	Fax: 258-21620001				
<b>Geographic location of financial activities (indicate provinces, districts and towns)</b>	Province:	Districts:	Main towns:		
	Maputo	Matutuine e Catembe			
<b>Target Group(s) and/or activities:</b>	1. Agriculture/livestock breeding and fishing				
	2. Services, consumption goods, housing and transformation (processing)				
	3. Trading				
<b>Financial services provided:</b>	Provision of credit				
<b>Type</b>	<b>Target group</b>	<b>Minimum/ maximum loan size</b>	<b>Monthly rate of interest</b>	<b>Methodology</b>	<b>Additional Comments</b>
1.	Microentrepreneurs involved in agricultural marketing, agriculture, poultry and fishing	2m – 50m MT	2.9% p.m. (declining balance)	Individual loans with monthly reimbursement	
2.	Microentrepreneurs engaged in services or processing as well as salaried workers	4.5m – 50m MT	4.2% p.m. (declining balance)	Individual loans with monthly reimbursement	
3.	Microentrepreneurs engaged in trading	2.5m – 50m MT	4.6% p.m. (declining balance)	Individual loans with monthly reimbursement	
<b>Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005</b>	<b>Total</b>		<b>Male</b>		<b>Female</b>
	1,205		711		494
<b>Value of loans outstanding (June 30, 2005)</b>	11,256,349,039 MT				
<b>Distribution of Loans by Size (June 30, 2005)</b>	<100 USD	100 < USD < 500	500 < USD < 1.000	> 1.000 USD	
		68%	23%	9%	
<b>Special gender considerations</b>	Hluvuku- Male Yeru is committed to recognize and speak about discrimination which at times excludes women from economic opportunities. In our programmes Male Yeru will promote and help both women and men emphasizing participation in the economic process in accordance with their lives and development.				
<b>Financial partners (i.e. providing loan capital by way of donation or loan):</b>	Intermon Oxfam, Spanish Agency for International Cooperation				
<b>Technical partners (i.e. for technical assistance/ capacity building):</b>	MMF – Mozambique Microfinance Facility				

## 21. KULIMA (Maputo City)

<b>Name of Organization:</b>	Kulima				
<b>Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)</b>	Integrated rural development, HIV/AIDS, long distance adoption orphans, institutional support for farmers' groups, emergency aid, microcredit, promotion of ASCAs (2006)				
<b>Type of organization/ legal status:</b>	Non-profit association				
<b>Year when first financial activities started:</b>	2001				
<b>Name of person heading financial activities</b>	Filipe Albino Guambe.				
<b>Physical address of headquarters and contacts</b>	Address: AV.KARL MARX 1452 – C.POSTAL 4404, MAPUTO.				
	Email: Kulima@TVCabo.Com.MZ				
	Telephone: 21430665/21321622				
	Fax: 21321510				
<b>Geographic location of financial activities (indicate provinces, districts and towns)</b>	Province :	Districts:	Principal towns:		
	Maputo		Maputo		
<b>Target Group(s) and/or activities:</b>	1.People who received basic notions of credit through OTM – CS (Mozambique Labour Organization).				
	2.Disfavoured people of both sexes as a way to promote employment and reduce poverty.				
	3. Coastal communities in Zambezia Province (starting in 2006) (ASCAs)				
<b>Financial services provided:</b>					
<b>Type</b>	<b>Target group</b>	<b>Minimum/ maximum loan size</b>	<b>Monthly rate of interest</b>	<b>Methodology</b>	<b>Additional Comments</b>
1.	Informal market operators	Minimum 5m MT Maximum 10m MT	3% p.m. (fixed)	Individual.	
2.	People in need and interested (widows, divorced women, youth).				
<b>Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005</b>	<b>Total</b>		<b>Male</b>	<b>Female</b>	
	60		18	42	
<b>Value of loans outstanding (June 30, 2005)</b>	Approx. USD 10.000.				
<b>Distribution of Loans by Size (June 30, 2005)</b>	<100 USD	100 < USD < 500		500 < USD <1.000	> 1.000 USD
<b>Current or planned savings products offered/to be offered</b>	None				
<b>Special gender considerations</b>	The current micro credit project has benefited the disfavoured (men and women) as a way to promote employment and reduce poverty.				
<b>Financial partners (i.e. providing loan capital by way of donation or loan):</b>	ISCOD. (USD30,000)				
<b>Value of loan funds obtained as a loan from another financial institution or other source</b>	None				
<b>Additional relevant Information</b>	In the year 2004 no credits were made.				

## 22. KUKULA – ASSOCIATION OF TECHNICIANS AND PROFESSIONALS FOR RURAL DEVELOPMENT (Inhambane)

Name of Organization:		KUKULA – Association of Technicians and Professionals for Rural Development			
Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)	<ul style="list-style-type: none"> <li>- Promotion of rural financial services</li> <li>- Empowerment of women</li> <li>- Capacity Building in Organizational Development and Business Planning</li> <li>- Advocacy about the sustainable use of natural resources for the community development</li> <li>- Water and sanitation projects</li> <li>- Prevention and mitigation of HIV/AIDS and advocacy for the rights for people living with HIV/AIDS and children orphans</li> <li>- Education</li> </ul>				
Type of organization/ legal status:	NGO				
Year when first financial activities started:	2004				
Name of person heading financial activities	Hermenegilda de Jesus Alberto				
Physical address of headquarters and contacts	Address: Avenida Eduardo Mondlane 111/2, Vilankulo, Province of Inhambane, Mozambique				
	Email: kukula@carevila.org.mz				
	Telephone: 00258-293-82186				
	Fax: 00258-293-82185				
Geographic location of financial activities (indicate provinces, districts and towns)	Province:	Districts:	Main Towns:		
	Inhambane	Vilankulo, Inhassoro, Govuro and Mabote	Vilanculo		
Target Group(s) and/or activities:	1. Disadvantaged women from rural areas				
	2. Local NGOs				
	3. People Living with HIV/AIDS				
	4. Orphaned children				
Financial services provided:					
Type	Target group	Minimum/ maximum loan size	Monthly rate of interest	Methodology	Additional Comments
1.	Women from rural areas		10%	Individual loans, community based system, ASCA, weekly meeting, repayment between 4 to 6 weeks	
Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005	<b>Total</b>		<b>Male</b>		<b>Female</b>
	6.000 active members members of whom it is estimated that 70% are active borrowers (i.e. 4,200)		No male clients		Only female clients
Value of loans outstanding (June 30, 2005)					
Distribution of Loans by Size (June 30, 2005)	<USD100	>USD100<500		>USD500<1,000	>USD 1,000

### 23. MALANGA MICROCREDITO (Maputo City)

<b>Name of Organization:</b>	MaLanga Micro Crédito				
Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)	Only credit				
Type of organization/ legal status:	Private company with own capital				
Year when first financial activities started:	2004				
Name of person heading financial activities	Manuel Augusto Langa Júnior				
Physical address of headquarters and contacts	Address: Avenida Samora Machel, Nº. 11, 3º. Andar, Flat 20 – Maputo – Moçambique				
	Email: langa.junior@tvcabo.co.mz				
	Telephone: +258-21310524				
	Fax: +258-21310524 Cel: +258-829290610				
Geographic location of financial activities (indicate provinces, districts and towns)	Province	Districts	Principal towns		
	Maputo	Maputo Cidade Matola Boane Moamba	Maputo		
Target Group(s) and/or activities:	1. Small holder farmers and livestock breeders				
	2. Artisans				
	3. Traders (licensed or informal, the latter requiring confirmation from a reliable source)				
	4. Operators of other activities which involve small volumes of capital and are legal				
	5. People with little means and without ability to access credit from commercial banks				
Financial services provided:					
<b>Type</b>	<b>Target group</b>	<b>Minimum/ maximum loan size</b>	<b>Monthly rate of interest</b>	<b>Methodology</b>	<b>Additional Comments</b>
1. Credito	5 groups indicated above	Minimum: US\$122.00  Maximum: US\$ 8,100.00	4,5% p.m (fixed)	Individual loans and solidarity groups	In some cases loans to solidarity groups create some problems of timely recovery when one of the members of the group does not repay. We believe that this happens because of a lack of credit culture which results in borrowers, despite being part of a group, thinking that they are only responsible for part of the loan which is attributable to them.
Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005	Total 868		Male 356	Female 512	
Value of loans outstanding (June 30, 2005)	US\$185,000.00				
Distribution of Loans by Size (June 30, 2005)	<100 USD	100 < USD < 500 687	500 < USD <1.000 152	> 1.000 USD 29	
Current or planned savings	Currently, due to the type of institution we do not offer savings services. However, taking advantage of				

<b>products offered/to be offered</b>	the new legislation which created the entity of Microbank, we are preparing a business plan to submit to the Bank of Mozambique to transform into a Microbank whose activities will have a greater emphasis on rural areas and providing savings products.
<b>Special gender considerations</b>	60% of clients are women. It should be noted that female clients are more reliable than male clients.
<b>Financial partners (i.e. providing loan capital by way of donation or loan):</b>	None
<b>Technical partners (i.e. for technical assistance/ capacity building):</b>	None
<b>Value of loan funds obtained as a loan from another financial institution or other source</b>	Applying to commercial banking system
<b>Additional relevant information</b>	The nature of the activity of conceding credit involves large volumes of credit in a process in which the beneficiaries are poor and consequently the loan amounts which they can access is low. This causes increases in the operational costs due to the need to deal with a large number of borrowers in order to achieve some form of sustainability. The lack of help and access to the commercial banks to obtain access to funding reduces drastically the possibilities for growth and expansion in order to reach more people who need this service. At this moment what is happening is that a poor Mozambican citizen, who alone struggles to help other poor Mozambicans in a poor Mozambique, requires a titanic force and challenges the discussions which claim that it is necessary to expand microfinance services in the country. For MaLanga Micro Crédito 2005, the International Year of Micro Credit, has only been a slogan, although apparently there are initiatives under way which may later allow better judgement through the launching of the Rural Finance Support Programme. In any case, MaLanga will continue to need assistance from specialized organizations as has been the case with almost all other institutions operating in Mozambique, except MaLanga, despite being a private initiative of a Mozambican citizen working within an institutional framework.



## 24. MULT-CRÉDITO (Maputo City)

Name of Organization:		Mult-Crédito			
Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)	Credit				
Type of organization/ legal status:	Private company				
Year when first financial activities started:	2005				
Name of person heading financial activities	Mr. Acacio Ricardo				
Physical address of headquarters and contacts	Address: Av. Paul Samuel Kankomba 1249, Maputo				
	Email: multcreditoacacio@yahoo.com.br				
	Telephone:21-32623				
	Cel: 823001729				
Geographic location of financial activities (indicate provinces, districts and towns)	Province:	District:	Main town:		
	Maputo	Maputo	Maputo		
Target Group(s) and/or activities:	Salaried public servants				
Financial services provided:	Credit				
Type	Target group	Minimum/ maximum loan size	Monthly rate of interest	Methodology	Additional Comments
	Salaried public servants	The size of loan is based on the borrower's salary (maximum 15m MT)	10% (declining balance)	Individual loan (4 months)	Borrower must get a letter of authorization from employer, provide number of salary account and obtain a pre-dated cheque as a guarantee
Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005	Total		Male		Female
	Not available				
Value of loans outstanding (June 30, 2005)	Not available				

## 25. NOVOBANCO, SARL (Maputo City, Maputo Province, Beira, Chimoio, Nampula City)

<b>Name of Organization:</b>		NovoBanco, SARL			
Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)	<ul style="list-style-type: none"> <li>- Credit</li> <li>- Savings (current and term deposits)</li> <li>- Money transfers (Western Union)</li> <li>- National transfers</li> <li>- Water bill payments</li> </ul>				
Type of organization/ legal status:	Commercial Bank				
Year when first financial activities started:	2000				
Name of person heading financial activities					
Physical address of headquarters and contacts	Address: Av. Olof Palme, nº 112 CP-1636 Maputo				
	Email: novobancot@teledata.mz.co				
	Telephone: 21-313344				
	Fax: 21-313345 Cel: 82310460				
Geographic location of financial activities (indicate provinces, districts and towns)	Provinces	Districts	Main towns		
	- Maputo Cidade -Maputo Provincia - Sofala - Nampula - Manica	—	- Maputo - Beira - Nampula - Chimoio		
Target Group(s) and/or activities:	1. Low income households (Microcredit)				
	2. Small and medium enterprises (SME loans)				
Financial services provided:	Credit, current accounts. Term deposits, money transfers (Western Union for individuals); national transfers				
Type	Target group	Minimum/ maximum loan size	Monthly rate of interest	Methodology	Additional Comments
1.	Micro	2.5m –10m MT	5.9% (declining balance)	Individuals	
2.	Micro	>10m MT- 80m MT	5.5% (declining balance)	Individuals,	
2.	Small enterprise	>80m MT- 250m MT	4.8% (declining balance)	Individuals, enterprises,	
2.	Small enterprise	>250m MT- 500m MT	4% (declining balance)	Individuals, enterprises,	
3.	Medium enterprise	>500m <3% paid in capital	3.2% (declining balance)	Individuals enterprises,	
4.	Housing loans	All amounts	4.8% (declining balance)	Individuals	
Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005	<b>Total</b>	<b>Male</b>		<b>Female</b>	
	12.108	6.954		5.153	
Value of loans outstanding (June 30, 2005)	5.584.674 USD (\$)				
Distribution of Loans by Size (December 31, 2004)	<100 USD	100 < USD < 500		500 < USD <1.000	> 1.000 USD
	80.642	1.628.969		1.741.732	3.447.322
Current or planned savings products offered/to be offered	<ul style="list-style-type: none"> <li>- cheque accounts</li> <li>- dollar accounts (USD)</li> <li>- rand accounts (ZAR)</li> <li>- term deposits</li> <li>- salary accounts</li> </ul>	Current Deposits (Dec2004) / (June 2005) Maputo/Matola – 13.071/17,652 Beira – 5.316/6,016 Nampula – 3.560/4,475		Term Deposits (June 2005) Maputo/Matola – 488/544 Beira – 142/156 Nampula – 82/97 Chimoio – 4/41	

	- current account	Chimoio – 291/1,832 TOTAL 22.238/29,975	TOTAL 716/838
Special gender considerations	No		
Financial partners (i.e. providing loan capital by way of donation or loan):	FMO e USAID		
Technical partners (i.e. for technical assistance/ capacity building):	IPC		
Value of loan funds obtained as a loan from another financial institution or other source	1.083.691,95 USD		

## 26. OPHAVELA (Nampula Province)

<b>Name of Organization:</b>		<b>OPHAVELA</b>			
<b>Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)</b>	<ul style="list-style-type: none"> <li>- Training of revolving savings and credit groups (PCRs) in rural communities in Nampula Province</li> <li>- Training of community promoters in rural communities in Nampula Province</li> <li>- Training of institutions interested in implementing the PCR methodology in provinces neighbouring Nampula</li> </ul>				
<b>Type of organization/ legal status:</b>	Association for the socio-economic development				
<b>Year when first financial activities started:</b>	Constituted in March 2004 Experience of implementing microfinance projects with CARE which led up to the creation of Ophavela since January 1997.				
<b>Name of person heading financial activities</b>	Anibal de Oliveira				
<b>Physical address of headquarters and contacts</b>	Address:: Rua Filipe Samuel Maqai nº 765, Nampula City				
	Email: ophavela@teledata.mz				
	Telephone: +258 26 217274/5				
	Fax: +258 26 217274/5 Cel: +258 82 51601730				
<b>Geographic location of financial activities (indicate provinces, districts and towns)</b>	Province:	Districts: Malema, Ribaue, Lalaua, Murrupula Nampula, Muecate, Meconta, Monapo, Mogovolas, Moma, Angoche, Mogincual		Main Towns: Nampula	
	Nampula				
<b>Target Group(s) and/or activities:</b>	1. Men and women of rural communities of small holders and fishermen				
	2. Men and women of administrative posts and peri-urban areas				
<b>Financial services provided:</b>	ASCAs (PCRs)				
<b>Type</b>	<b>Target group</b>	<b>Minimum/ maximum loan size</b>	<b>Monthly rate of interest</b>	<b>Methodology</b>	<b>Additional Comments</b>
1.	Rural and peri-urban communities	50,000MT – 15,000,000MT	10% p.m. (fixed)	ASCAs (PCRs),	Transactions take place at the group level
<b>Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005</b>	<b>Total</b>		<b>Male</b>	<b>Female</b>	
	<ul style="list-style-type: none"> <li>• 9,122 members</li> <li>• total accumulated savings 1,553,223,000 MT</li> <li>• 662 groups registered</li> <li>• 525 groups receiving assistance from promoters</li> <li>• By September 2005 total members increased to 13.955 due to incorporation of IDPPE groups along coast</li> </ul>		4,996	4,126	
<b>Value of loans outstanding (June 30, 2005)</b>	43,335,000 MT (accumulated: 702,263,000) active borrowers: 2,534 1,434 men 1,100 women				
<b>Distribution of Loans by Size (June 30, 2005)</b>	<100 USD	100 < USD < 500	500 < USD <1.000	> 1.000 USD	
<b>Special gender considerations</b>	The gender strategy formulated in October 2002 continues to be the model for empowering women at the PCR level and within Ophavela itself. Approximately 43% of the members of the PCR groups are women and 21% of the groups are exclusively female groups (out of a total of 873 groups). 13.3% of the groups are exclusively male and almost two-thirds (65,9%) are mixed groups. The participation of women in management committees reached 30%. 37.5% of the				

	Ophavela staff are women of which one is an administrator. Part of the sustainability strategy of the project is the training of community-based promoters who help create and train PCRs. One third of the animators are women and although this is not the desired level, this has nevertheless been instrumental in the increase in women groups. There is also strong evidence that the promotion of greater female participation has led to better access to non-material benefits such as increased prestige in the home and community, and a greater role in making decisions at the community level.
<b>Financial partners (i.e. providing loan capital by way of donation or loan):</b>	NOVIB HIVOS IDPPE
<b>Technical partners (i.e. for technical assistance/ capacity building):</b>	CARE SNV
<b>Additional relevant Information:</b>	The methodology of Ophavela known as Poupança e Credito Rotativo (PCR) (revolving savings and credit) serves as a mechanism for savings as well as for credit and also as a means of security. Those members who have more opportunities in microbusiness will use the credit mechanism more regularly while those with less business opportunities will use the PCR groups more for savings, while the social fund serves as a mechanism for social security. Ophavela through PCRs, offers rural communities the services of savings and credit generated by themselves, building up in this way the social capital of group members, increasing the mutual trust among them, organizational capacity and leadership, increasing the the access and control of family resources by women and, in general, preparing the PCR clients for an <u>entrepreneurial culture</u> . Furthermore, the experience of PCR members increases their credibility in respect to financial institutions.

## 27. PROJECT HOPE (Gaza & Zambézia)

<b>Name of Organization:</b>	Project HOPE				
<b>Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)</b>	Education and health and the concession of microcredit through Village Health Banks				
<b>Type of organization/ legal status:</b>	ONG				
<b>Year when first financial activities started:</b>	February 2004				
<b>Name of person heading financial activities</b>	Dionísio Hernani Jone Matos				
<b>Physical address of headquarters and contacts</b>	Address: Av. Emília Dausse Nr. 83, Maputo				
	Email: dionisiohope@tvcabo.co.mz				
	Telephone: 21314700				
	Fax: 21314813 Cel: 823123100				
<b>Geographic location of financial activities (indicate provinces, districts and towns)</b>	Provinces:	Districts:	Main towns:		
	Gaza Zambézia	Chokwe / Xai-Xai / Guijá Milange/Mocuba	Xai-Xai  Quelimane		
<b>Target Group(s) and/or activities:</b>	1. Women in areas with high incidence rates of HIV/AIDS				
	2. Women caring for orphaned and vulnerable children				
<b>Financial services provided:</b>	Microcredit to groups				
<b>Type</b>	<b>Target group</b>	<b>Minimum/ maximum loan size</b>	<b>Monthly rate of interest</b>	<b>Methodology</b>	<b>Additional Comments</b>
1.	Women in areas with high incidence rates of HIV/AIDS	1.5m MT / Not defined	60% p.a. (fixed)	Community groups	
2.	Women caring for orphaned and vulnerable children	Idem	Idem	Idem	
<b>Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005</b>	<b>Total</b>		<b>Male</b>		<b>Female</b>
	822 = 215 Chokwe + 607 Zambézia		0		822
<b>Value of loans outstanding (June 30, 2005)</b>	997,632,649MT (470,475,000 MT – Chokwe + 527.157.649 MT – Zambézia)				
<b>Distribution of Loans by Size (June 30, 2005)</b>	<100 USD	100 < USD < 500	500 < USD <1.000	> 1.000 USD	
<b>Current or planned savings products offered/to be offered</b>	There are no savings products offered but clients are obliged to make a security deposit of 15% of the loan offered.				
<b>Special gender considerations</b>	Until the third cycle groups must only consist of women but from the 4 <sup>th</sup> onwards men may also join, provided that they do not exceed one-quarter of the group.				
<b>Financial partners (i.e. providing loan capital by way of donation or loan):</b>	<ul style="list-style-type: none"> <li>- USAID</li> <li>- COMMUNITY FUND – Grã Bretanha</li> <li>- ExxonMobil</li> </ul>				
<b>Technical partners (i.e. for technical assistance/ capacity building):</b>	There are two technical experts for the region of Africa based in Maputo.				

## 28. RCRN (IRAM) - REDE DE CAIXAS RURAIS NAMPULA (Nampula Province)

<b>Name of Organization:</b>		RCRN (IRAM) – Rede de Caixas Rurais Nampula			
<b>Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)</b>	Exclusively dedicated to micro-finance activities in rural areas (Nampula Province)				
<b>Type of organization/ legal status:</b>	Project to support the development of local micro-finance associations.				
<b>Year when first financial activities started:</b>	Will start in 2006				
<b>Name of person heading financial activities</b>	Marino José Pascoal : Coordinator				
<b>Physical address of headquarters and contacts</b>	Rua Mateus S. Muthemba N° 2, Nampula				
	Rcrnpl@teledata.mz				
	Telephone: 26 21 36 43				
	Fax: 26 21 36 43 Cel: 82 79 69 630				
<b>Geographic location of financial activities (indicate provinces, districts and towns)</b>	Province:	Districts:	Main towns :		
	Nampula	Errati Eventually Muecate and Mecuburi	Namapa		
<b>Target Group(s) and/or activities:</b>	Small informal traders, farmers, agricultural marketing ; Savings and women groups savings				
	Under study for the future: credit for groups of farmers				
<b>Financial services provided:</b>					
<b>Type</b>	<b>Target group</b>	<b>Minimum/ maximum loan size</b>	<b>Monthly rate of interest</b>	<b>Methodology</b>	<b>Additional Comments</b>
1. Solidarity Loans	Small traders	None	3% monthly (declining)	Solidarity groups of 5 people; monthly payments (principle and interest) with 4-6 month terms	
2. Agricultural Loans	Farmers	None	"	Solidarity groups of 5 people; (principle and interest paid off in one payment after 6-7 months)	
3. Agricultural trading loans	Agricultural commodity traders	None	"	Solidarity groups of 5; monthly payments of interest with principle paid at the end of 5 months	
<b>Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005</b>	<b>Total</b>	<b>Male</b>		<b>Female</b>	
<b>Value of loans outstanding (June 30, 2005)</b>					
<b>Distribution of Loans by Size (June 30, 2005)</b>	<b>&lt;100 USD</b> No credits have been provided yet	<b>100 &lt; USD &lt; 500</b>	<b>500 &lt; USD &lt;1.000</b>	<b>&gt; 1.000 USD</b>	
<b>Current or planned savings products offered/to be offered</b>	- individual savings can provide leverage for increasing credit (cycle ceiling plus twice savings) The increase is limited to cycle ceiling (i.e. the loan cannot exceed twice the normal maximum of a particular loan cycle) - women's savings groups (adapted from the PCR methodology) to be integrated in the caixas.				

Special gender considerations	<ul style="list-style-type: none"> <li>- At least 2 women are required to have positions on the management committees of the associations</li> <li>- It is recommended that solidarity groups of the North be of one gender</li> <li>- The product of "women's savings groups" has been designed to ease the process of rural women joining the caixas and having access to credit.</li> </ul>
Financial partners (i.e. providing loan capital by way of donation or loan):	SDC / Helvetas
Technical partners (i.e. for technical assistance/ capacity building):	IRAM
Value of loan funds obtained as a loan from another financial institution or other source	0



## 29. SOCREMO, BANCO DE MICROFINANÇAS (Maputo City, Beira and Chimoio)

<b>Name of Organization:</b>		Socrema, Banco de Microfinanças SARL			
Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)	None				
Type of organization/ legal status:	Commercial Bank				
Year when first financial activities started:	1999				
Name of person heading financial activities	General Manager: Christoph Diehl, Manager of Credit and Operations: Martin Rohler				
Physical address of headquarters and contacts	Address: Av. 24 de Julho, No. 426, Maputo, Mozambique				
	Email: info@socrema.com				
	Telephone: 21 499409; 21 499 771				
	Fax: 21 499 029				
Geographic location of financial activities (indicate provinces, districts and towns)	Province:	Districts:	Main Towns:		
	Maputo, Manica, Sofala	Chimoio, Beira, Cidade de Maputo, Matola	Maputo, Beira, Chimoio, Matola		
Target Group(s) and/or activities:	1. Micro and Small Enterprises				
	2. Low income Population				
Financial services provided:	Credit and Deposit Products				
<b>Type</b>	<b>Target group</b>	<b>Minimum/ maximum loan size</b>	<b>Monthly rate of interest</b>	<b>Methodology</b>	<b>Additional Comments</b>
1.	Micro enterprises	Min: 3m MT Max: 150m MT	5.5%-6.5% per month, no additional costs	Individual loans only	
2.	Small and Medium sized enterprises	Min: 150m MT May go up to 10% of equity; current largest disbursed loan: 1 billion MT	4.25%-5.5%	Individual loans only	
Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005	<b>Total</b> 5,801 – TOTAL 3,190 – Maputo 754 – Matola 1,375 – Beira 487 – Chimoio		<b>Male</b> 50%	<b>Female</b> 50%	
Value of loans outstanding (June 30, 2005)	93.98 billion MT (distribution: Maputo 56.6%; Matola 12.2%; Beira 23.4%; Chimoio 7.9%)				
Distribution of Loans by Size (June 30, 2005)	<10 million MT 42.2%	10 million-50 million MT 49.9%	50 million-100 million MT 5.6%	100 million- 250 million MT 1.8%	>250 million 0.4%
Current or planned savings products offered/to be offered	Current Accounts, Savings Account and Fixed Deposit Accounts 1,600 savers (June 30, 2005); 2,500 (November 2005)				
Special gender considerations	None				
Financial partners (i.e. providing loan capital by way of donation or loan):	<b>Investors:</b> SECO – Swiss State Secretariat for Economic Affairs AfriCap Microfinance Fund GAPI – Financial Support and Business Development (MZ) KfW – German Development Bank LFS Financial Systems (Germany)				

	<p>Gabinete de Promoção de Emprego (GPE)          União Geral das Cooperativas Agropecuárias de Maputo (UGC)          Conselho Cristão de Moçambique (CCM)</p> <p><b>Lenders:</b>          ACDI (Spanish Microcredit Fund)          Deutsche Bank Microcredit Development Fund          NOVIB (Netherlands)          Triodos Bank (Netherlands)</p>
<b>Technical partners (i.e. for technical assistance/ capacity building):</b>	<p>DFID / Financial Deepening Challenge Fund          KfW – German Development Bank          LFS Financial Systems (Germany)          SECO – Swiss State Secretariat for Economic Affairs          AfriCap Microfinance Fund</p>
<b>Value of loan funds obtained as a loan from another financial institution or other source</b>	<p>Managed Funds as of June 2005:          42.99 billion MT</p>

**30. TCHUMA – Cooperativa de Crédito e Poupança, SCRL (Maputo City, Maputo Province and Gaza)**

Name of Organization:		TCHUMA – Cooperativa de Crédito e Poupança, SCRL			
Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)	Provide financial services				
Type of organization/ legal status:	Credit and Savings Cooperative				
Year when first financial activities started:	1999				
Name of person heading financial activities	Gildo dos Santos Lucas				
Physical address of headquarters and contacts	Address: Av. Eduardo Mondlane 1778, Maputo				
	Email: <a href="mailto:gildo.lucas@tchuma.co.mz">gildo.lucas@tchuma.co.mz</a> ; <a href="mailto:kathryn.larcombe@tchuma.co.mz">kathryn.larcombe@tchuma.co.mz</a>				
	Telephone: +258 1 314875/6				
	Fax: +258 1 314881				
Geographic location of financial activities (indicate provinces, districts and towns)	Province:	Districts:	Main Towns:		
	Maputo, Gaza	Boane, Marracuene, Manhica, Xai Xai,	Maputo		
Target Group(s) and/or activities:	1. Loans for Micro entrepreneurs – individual				
	2. Loans for Micro entrepreneurs – groups				
	3. Consumer loans for government staff in education sector				
	4. Savings				
Financial services provided:	Credit and savings				
Type	Target group	Minimum/ maximum loan size	Monthly rate of interest	Methodology	Additional Comments
1.	Micro entrepreneurs individual	1m MT – no limit	5% declining bal	Individual	
2.	Micro entrepreneurs – groups	500.000MT – 6m MT	5% declining bal	Solidarity groups	
3.	Consumer loans for government staff in education sector	1m MT – 100m MT	3% up to 12 months 3.5% 13 – 24 months	Salary-based	
Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005	<b>Total</b>		<b>Male</b>		<b>Female</b>
	Microenterprise loans: 3,593 – Maputo 2,391 – Matola Consumer loans: 1,717 – Maputo 600 – Maputo province 86 – Xai Xai 8,387 – TOTAL		3231		5156
Value of loans outstanding (June 30, 2005)	56,239,118,86MT				
Distribution of Loans by Size (June 30, 2005)	<USD100	>USD100<500	>USD500 <1,000	>USD 1,000	
Current or planned savings products offered/to be offered	Current account; Savings plan; term deposits (4,803 account holders – June 30, 2005)				
Financial partners (i.e. providing)	USAID, NORAD, HIVOS, Caixa Catalunya, UNDP MicroStart, Care International, Action Aid				

loan capital by way of donation or loan):	GAPI, FARE, EMOSE
Technical partners (i.e. for technical assistance/ capacity building):	ACCION, Caixa Catalunya

### 31. THE HUNGER PROJECT (Maputo City/Matola)

<b>Name of Organization:</b>		The Hunger Project Mozambique			
Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)	Rural microcredit , health and literacy				
Type of organization/ legal status:	NGO				
Year when first financial activities started:	2001				
Name of person heading financial activities	Ana Augusto Sumbana				
Physical address of headquarters and contacts	Address: Av. Mártires de Mueda 587, 1º andar flat 4, Maputo				
	Email: thpmoz@yahoo.com.br, thpmoz@tvcabo.co.mz				
	Telephone:21490175 Fax:21489080				
Geographic location of financial activities (indicate provinces, districts and towns)	Provinces	Districts	Main towns: Maputo and Matola		
	Maputo and Gaza	Chókwè and Manhiça; Maputo/Matola	Suburbs: Mahotas, Tsalala, Benfica Zona Verde Machava, Matola Gare		
Target Group(s) and/or activities:	Small holder farmers				
Financial services provided:	Credit and savings				
<b>Type</b>	<b>Target group</b>	<b>Minimum/ maximum loan size</b>	<b>Monthly rate of interest</b>	<b>Methodology</b>	<b>Additional Comments</b>
1.	Small holder farmers	2m MT (min) 10m MT (max)	2% p.m. (fixed)	Solidarity groups	Since 2001 up to June 2005 monthly interest rate was 1.25%. During the first monthly installment only interest is paid while subsequent ones include capital and interest
Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005	<b>Total</b>		<b>Male</b>		<b>Female</b>
	511				511
Value of loans outstanding (June 30, 2005)	1,692,951,000 MT				
Distribution of Loans by Size (June 30, 2005)	<100 USD	100 < USD < 500		500 < USD <1.000	> 1.000 USD
Current or planned savings products offered/to be offered					
Special gender considerations	Only women are eligible				
Financial partners (i.e. providing loan capital by way of donation or loan):	THE HUNGER PROJECT (Global Office founded in 1977 and headquartered in the New York)				
Additional relevant Information	The current microcredit programme only provides loans to women (AWFFI – African Woman Food Farmer Initiative) and funding is only received from THE HUNGER PROJECT.				

### 32. UGC-CPC - UNIÃO GERAL DE COOPERATIVAS - COOPERATIVA DE POUPANÇA E CREDITO (Maputo City and Maputo Province)

<b>Name of Organization:</b>	UGC- COOPERATIVA DE POUPANÇA E CREDITO SCRL (General Union of Cooperatives – Savings and Credit Cooperative)				
<b>Principal Institutional/ organizational activities (in addition to financial activities include other activities if appropriate)</b>	Dedicated only to credit services				
<b>Type of organization/ legal status:</b>	Savings and Credit Cooperative				
<b>Year when first financial activities started:</b>	2004				
<b>Name of person heading financial activities</b>	Ricardo José Guila				
<b>Physical address of headquarters and contacts</b>	Address: BAIRRO 25 DE JUNHO RUA 24/123				
	Email: rguila2002@yahoo.com.br (as well as that of the UGC)				
	Telephone: 21430229 – UGC				
	Fax: 21430459 – UGC Cel: 828734910				
<b>Geographic location of financial activities (indicate provinces, districts and towns)</b>	Province:	District:	Main towns:		
	Maputo	Maputo	Maputo		
<b>Target Group(s) and/or activities:</b>	1. Members of farmers' cooperatives and that of the UGC				
	2. Small holders of the peripheral zones around Maputo City				
	3. Small holder associations				
<b>Financial services provided:</b>	Savings and credit				
<b>Type</b>	<b>Target group</b>	<b>Minimum/ maximum loan size</b>	<b>Monthly rate of interest</b>	<b>Methodology</b>	<b>Additional Comments</b>
	Agriculture	2.5-20m MT 6-12 months	1.25% p.m.	Solidarity groups (5-10 members)	
	Poultry breeders	10-50m MT (60 days)	2% p.m.	"	
	Traders	2.5-15m MT	3% p.m.	"	
<b>Number of active clients (i.e. clients with outstanding loans) as at June 30, 2005</b>	<b>Total</b>		<b>Male</b>		<b>Female</b>
	115 (973 active clients involved with UGC chicken input credits – expected to be transferred to CPC)		65		49
<b>Value of loans outstanding (June 30, 2005)</b>	894,477,000				
<b>Distribution of Loans by Size (June 30, 2005)</b>	<100 USD 04	100 < USD < 500 101	500 < USD <1.000 09	>1.000 USD 01	
<b>Current or planned savings products offered/to be offered</b>	As we are still in the initial phase we have not yet started to offer savings products. We expect to offer current accounts with interest.				
<b>Special gender considerations</b>	As the UGC is mainly a women's organization, the attention of the CPC will soon focus on this target groups with the objective of having 95% of our clients being women small small holders.				
<b>Financial partners (i.e. providing loan capital by way of donation or loan):</b>	Fundo De Fomento Agrario (FFA) ISCOS IEPALA CIC BATA				
<b>Technical partners (i.e. for technical assistance/ capacity building):</b>	CUSO				

<b>Value of loan funds obtained as a loan from another financial institution or other source</b>	598.000.000 MT borrowed from FFA
<b>Additional relevant information:</b>	Our institution is still new and is preparing for for the inclusion of of the larger part of our market, being the cooperative movement composed of 182 cooperatives and approximately 5,000 members.





**MICROFINANCE IN MOZAMBIQUE**  
**Achievements, Prospects & Challenges**

**SECTION B OF SURVEY QUESTIONNAIRE**

SECTION B – FINANCIAL INDICATORS

This information is confidential – it is only to be used for general analysis without making specific reference to the operator.

If the programme is separated into distinct sub-components (by product/target group/ geographic location/donor) the following information could be divided by sub-component.

<b>Total value of loans disbursed</b> (during calendar year 2004)	
<b>Total number of loans disbursed</b> (during the calendar 2004)	
<b>Number of loans outstanding</b> (30.12.04)	
<b>Value of loans outstanding</b> (30.06.05)	
<b>Value of outstanding balance of loans in arrears</b> (30.06.05)	
<b>Value of loans written off</b> during 2004	
<b>Average loan term</b> (months)	
<b>Average number of loan officers</b> during 2004	
<b>Portfolio at Risk (PAR)</b> (Value of outstanding balance of loans in arrears/value of loans outstanding)	
<b>Aging report</b> (alternative aging periods can be presented): 1. 0-30 days past due 2. 31-90 “ 3. 91> “	Number of Loans in Arrears 1. 2. 3.



## MICROFINANCE IN MOZAMBIQUE

### Achievements, Prospects & Challenges

#### GEOGRAPHIC DISTRIBUTION OF CLIENTS (Borrowers and Depositors) and VALUE OF LOANS OUTSTANDING (Active Portfolio)

Information as at 30 June 2005.

Area	Institutions	Active Borrowers	Active Savers	Active Portfolio
Maputo/Matola	<b>Novo Banco</b>	8,229	18,196	97.6bn MT (\$3.9m)
	<b>Socreemo</b>	3,944	1,600	65bn MT (\$2.6m)
	<b>Tchuma</b>	7,701	4,803	42bn MT (\$1.7m)
	<b>BOM</b>	321		1.5bn MT (\$60,000)
	<b>Assoc. Lhuwuka</b>	525		751m MT (\$30,000)
	<b>UGC-CPC</b>	115 (CPC) & 973 (UGC)		894m MT (\$36,000)
	<b>CCCP (CCOM)</b>	10,340		19bn MT (\$760,000)
	<b>AMODESE</b>	120		613m MT (\$25,000)
	<b>KULIMA</b>	60		\$10,000 (est.)
	<b>ASM Creditp</b>	312		382m MT (\$15,300)
	<b>Multcredito</b>	(not provided)		(not provided)
	<b>Malanga Micro Credito</b>	868		\$185,000
	<b>CPC</b>	640	28	5.6bnMT (\$225,000)
<b>CCC</b>	16	300	235m MT (\$9,400)	
<b>TOTAL</b>		<b>34,164 (50.8%)</b>	<b>24,927 (39.1%)</b>	<b>\$9,555,700 (58%)</b>
Maputo Province	<b>Male Yeru</b>	1,205		11.3bn MT (\$452,000)
	<b>Tchuma</b>	600		4bn MT (\$160,000)
	<b>FDM,</b>	692		\$38,345
	<b>FCC</b>	570		\$153,358
	<b>AJAM</b>	12		190m MT (\$7,600)
	<b>The Hunger Project</b>	399		1.2bn MT (\$48,000)
<b>TOTAL</b>		<b>3,478 (5.2%)</b>		<b>\$859,303 (5.2%)</b>
Gaza	<b>FDM</b>	547		\$56,324
	<b>FCC</b>	1,614		\$147,395
	<b>Tchuma</b>	86		-
	<b>Project Hope</b>	215		470m MT (\$18,800)
	<b>AMODER</b>	40		0.6bn (\$24,000)
	<b>The Hunger Project</b>	122		503m MT (\$20,000)
<b>TOTAL</b>		<b>2,624 (3.9%)</b>		<b>\$266,519 (1.6%)</b>
Inhambane	<b>FCC</b>	1,700		\$210,977
	<b>AMODER</b>	150		7bn MT (\$280,000)
	<b>Kukula</b>	4,200 (est.)	6,000(est.) (ASCAs)	\$126,000
<b>TOTAL</b>		<b>6,050 (9%)</b>	<b>6,000 (9.4%)</b>	<b>\$616,977 (3.7%)</b>
Beira	<b>Novo Banco</b>	1,605	6,172	20.1bn MT (\$ 820,000)
	<b>Socreemo</b>	1,375		22bn MT (\$880,000)
	<b>BOM</b>	574		1.25bn MT (\$50,000)
<b>TOTAL</b>		<b>3,554 (5.3%)</b>	<b>6,172 (9.7%)</b>	<b>\$1,750,000 (10.6%)</b>
Sofala Province	<b>ADEM</b>	129 (est.)	645 (ASCAs)	129m MT (\$5,160)
<b>TOTAL</b>		<b>129 (0.2%)</b>	<b>645 (1%)</b>	<b>\$5,160 (0.03%)</b>
Chimoio	<b>BOM</b>	1,217		4.2bn MT (\$168,000)
	<b>SOCREMO,</b>	487		7.5bn MT (\$300,000)

	<b>Novo Banco</b>	1,053	1,873	7bn MT (\$280,000)
<b>TOTAL</b>		<b>3,207 (4.8%)</b>	<b>1,873 (2.9%)</b>	<b>\$748,000 (4.5%)</b>
<b>Manica Province</b>	<b>ADEM AKSM,</b>	188 (est.) 736	941 (ASCAs) 1,789 (ASCAs)	564m MT (\$22,560) 780m MT (\$31,200)
<b>TOTAL</b>		<b>924 (1.4%)</b>	<b>2,730 (4.3%)</b>	<b>\$53,760 (0.3%)</b>
<b>Tete</b>	<b>FOS-Chitima CMMEA AMODER</b>	1,500 51 80		100m MT (\$4,000) 851m MT (\$34,000) 5bn MT (\$200,000)
<b>TOTAL</b>		<b>1,631 (2.4%)</b>		<b>\$238,000 (1.4%)</b>
<b>Zambezia</b>	<b>BOM AMODER Project Hope Care VSL</b>	463 60 607 758	6,050	2.7bn MT (\$108,000) 2.5bn MT (\$100,000) 527m MT (\$21,000) \$11,370
<b>TOTAL</b>		<b>1,888 (2.8%)</b>	<b>6,050 (9.5%)</b>	<b>\$240,370 (1.5%)</b>
<b>Nampula City</b>	<b>CMN Novo Banco</b>	212. 1,221	1,702 4,572	1.2bn MT (\$48,000) 12.5bn MT (\$500,000)
<b>TOTAL</b>		<b>1,433 (2.1%)</b>	<b>6,274 (9.8%)</b>	<b>\$548,000 (3.3%)</b>
<b>Nampula Province</b>	<b>AMODER Ophavela IRAM CCOM</b>	150 2,534 Not yet started	9,122 (ASCAs )	11bn MT (\$440,000) 43m MT (\$1,720)
<b>TOTAL</b>		<b>2,684 (4%)</b>	<b>9,122 (14.3%)</b>	<b>\$441,720 (2.7%)</b>
<b>Cabo Delgado</b>	<b>AMODER First Microfin. Prog CCCP(CCOM) Assoc Progresso</b>	170 1,111 3,865 100		13bn MT (\$520,000) 4.3bn MT (\$172,000) 4.8bn MT (\$192,000) 75m MT (\$3,000)
<b>TOTAL</b>		<b>5,246 (7.8%)</b>		<b>\$887,000 (5.4%)</b>
<b>Niassa</b>	<b>Assoc. Progresso AMODER</b>	Stopped in 2000 300		5bn MT (\$200,000)
<b>TOTAL</b>		<b>300 (0.4%)</b>		<b>\$200,000 (1.2%)</b>
<b>TOTAL</b>		<b>67,312</b>	<b>63,793</b>	<b>\$16,410,509</b>

## MICROFINANCE IN MOZAMBIQUE

### Achievements, Prospects & Challenges

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#### CHRONOLOGY OF EVENTS RELEVANT TO THE EVOLUTION OF MICROFINANCE IN MOZAMBIQUE

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\*all figures in US dollars unless otherwise specified

<b>1987</b>	<ul style="list-style-type: none"> <li>• Structural Adjustment Policy known as the Programme for Economic Rehabilitation (PRE) is introduced which includes: reduction of overall fiscal debt, elimination of debt financing by the state banking system, alignment of real exchange rate; market law with dismantling of controls over prices and marketing; rehabilitation of rural/agricultural sector; rehabilitation of communications network</li> <li>• Eleven investment funds (<i>fundos</i>) are created between 1987-88 which are independent of the banking system, the rationale being i) to avoid the system of Development Banks (considering their cost and poor efficiency as experienced elsewhere in Africa) ii) to manage a flexible transition from a planned to market economy and iii) to concentrate on risky/priority areas (the funds included the Fundo de Fomento Agrário e Desenvolvimento Rural (FFADR, Fundo de Fomento Pesqueiro (FFP), Fundo de Fomento para Habitação FFH, Fundo para o Desenvolvimento da Hidráulica Agrícola FDHA)).</li> <li>• The Office for Employment Promotion (GPE) is decreed.</li> <li>• The Caixa de Crédito Agrário e de Desenvolvimento Rural (CCADR) is created and operated through the BPD, to promote small scale enterprises (particularly rural) for special interest groups, including <i>antigos combatantes</i> (veterans of the national liberation war) and ex-miners (financed by IFAD). Almost none of the loans were recovered. Annual interest is heavily subsidized at 6% p.a. with a penalty of 2% p.a. for late payments. The amount of credit to be conceded through the fund would be set by the credit ceilings determined annually by the Ministry of Finance (a major obstacle for private sector access to credit during this time).</li> <li>• SNV publishes a study on credit and savings practices in the Angoche region providing useful insight on rural traditional practices and input credit arrangements provided by commodity producers such as Lomaco (cotton).</li> </ul>
<b>1988</b>	<ul style="list-style-type: none"> <li>• National Institute for the Development of Local Industry (IDIL) is established; it is responsible for the promotion of the ILO's <i>Start Your Business</i> and <i>Improve Your Business</i> training programmes.</li> <li>• The Association for the Development of Rural Communities (ADCR), formerly and Agricultural Development Unit (UDA) to administer state farms, starts operating as a national NGO providing credit to households in Gaza Province.</li> </ul>
<b>1989</b>	<ul style="list-style-type: none"> <li>• PRE becomes the Programme for Economic and Social Rehabilitation (PRES); World bank initiates Social Dimensions of Adjustment (SDA) Project to help mitigate the effects of structural adjustment.</li> <li>• The Urban Microenterprise Support (Credit) Project, a component of the World Bank funded Urban Rehabilitation Project (PRU) is initiated through the GPE (line of credit \$2.2m), operating in Maputo and Beira. The project targeted enterprises with less than 10 employees (including fishermen); it was severely constrained by inefficiency of the BPD (long delays in approving loans and poor monitoring, resulting in poor repayment rates).</li> <li>• The Commercialization Fund is established by the Government of Mozambique to provide credit to agricultural traders.</li> </ul>
<b>1990</b>	<ul style="list-style-type: none"> <li>• National Institute for Rural Development (INDER) is created.</li> <li>• Fund for the Development of Small Industry (FFPI) is decreed.</li> <li>• A credit programme is implemented by UNDP/UNIFEM for Matuba Community (Gaza Province) involving the BPD. The programme targeted female farmers from 32 households organized into 7 solidarity groups (credit line \$6,500). The programme was disrupted by war and revived in 1993. The</li> </ul>

	<p>UGC established the Savings and Credit Cooperative providing loans to chicken breeders, brickmaking and tailoring. The chicken breeding kit consisted of 1,000 chicks, rations and technical assistance. Each cycle was 60 days. Profits were split between the borrowing cooperative and the UGC.</p> <ul style="list-style-type: none"> <li>• GPE opens an office in Beira.</li> <li>• FAO/IFAD/Min Ag and BPD provides credit to 30 farmers (<i>camponeses</i>) in the districts of Gondola and Sussundega (Manica Province).</li> <li>• GAPI evolves from a pilot project (established in 1984 through Frederich Ebert Foundation) to a limited liability company "GAPI Lda.". The state, through the BPD, took 70% of the shareholding and FEF held the remainder.</li> <li>• The Danish NGO IBIS provides technical and financial assistance to the Integrated Project to Support Rural Industry (PAPIR) originally started in 1981 by the Ministry of Agriculture.</li> <li>• The BPD stops lending through normal credit lines to farmers and closed the CCADR programme.</li> <li>• Because of the difficulties encountered with the BPD, the GPE proposes the establishment of a revolving fund to disburse the credits associated with the PRU microenterprise support project. This is rejected by the Ministry of Finance.</li> </ul>
1991	<ul style="list-style-type: none"> <li>• The Office of the First Lady is established; the UNDP provides a \$75,000 line of credit. Loans are offered to women at subsidized rate of interest of 6% p.a. Fifty projects are financed with average of \$1,500, repayment rate was only 50% despite 7 extension workers. The project is later revised to have interest rates nearer market rates, with 5% client participation, smaller loans to poorer clients and larger loans up to \$3,000 for those with existing businesses.</li> <li>• OMM, through a loan from the Swedish Social Democratic Party, provides loans to member "interest circles" (usually of around 20 members). Each circle could borrow up to 2m MT with a term of 90 days and interest of 25% over the 90 days. Members from the interest circles could borrow from 0.5m-1m MT on same terms.</li> <li>• The UNDP drafts a proposal for a project entitled "Reintegration of Mozambican Workers Repatriated from the GDR" to complement the GTZ programme (see 1992). The project never materializes.</li> <li>• Commercial banking interest rate first becomes positive in real terms (+1.5%).</li> <li>• UNIDO, SIDA and SDA (World Bank) jointly finance a mission to study IDIL and its environment as well as prepare a diagnosis of the SME sector.</li> <li>• Project for the Development of Small and Medium Enterprises (PDPME) starts. A credit line of about \$50m is financed initially by World Bank and then supplemented by European Investment Bank and Caisse Française de Developpement (CFD); this line of credit is made available through most commercial banks, offering credit for companies with less than 200 workers (own contribution 20-30%).</li> <li>• GAPI (Frederich Ebert Foundation) organises a seminar to discuss article 44 of the new constitution (1990) which for the first time since independence recognized the importance of small enterprise production for national economic growth.</li> <li>• IDIL establishes Business Advisory Services Unit to prepare or support project applications for PDPME.</li> <li>• As part of a bilateral agreement between Germany and Mozambique, GAPI Lda. signs its first financial funding agreement with KfW (DM3m for loan capital and DM 0.5m for technical assistance).</li> </ul>
1992	<ul style="list-style-type: none"> <li>• The BPD and the African Development Fund (ADF) launch the Poverty Alleviation Project targeting economically disadvantaged and vulnerable groups: unemployed youth, women, war veterans, repatriated miners, <i>regressados</i> (repatriated Mozambicans contracted to work in the German Democratic Republic before unification), etc. Eligible activities include agriculture, rural trading, production of construction materials and productive activities such as welders, carpenters, tinsmiths, tailors, etc.). Maximum credit for individuals is \$5,000 and for communities, \$25,000. Interest rates would be determined by Board of Directors. First loans are conceded in 1994.</li> <li>• GPE starts an office in Nampula, lending with the same conditions as its operations in Maputo and Beira but no longer with funding from PRU. In the meantime, the GPE was under pressure to close its operations in Beira by the World Bank because the BPD was unable to fulfill its commitments to process loan requests within a reasonable time period. The BPD had received a \$90,000 grant from the World Bank to purchase the equipment and material necessary to improve its services to the GPE. The inefficiency of the BPD both in Beira and Maputo was a major factor in the poor loan recovery of the project.</li> <li>• GTZ initiates a credit and training programme through GPE targeting some 18,000 <i>regressados</i></li> </ul>

	<p>returning from the GDR (credit is provided to solidarity groups of 3-4 members and individuals). There are DM 2.3m set for the revolving fund and DM 5.2m for technical assistance. The first phase was not successful with repayment at about 40% (among various reasons cited being that group loans were not appropriate to client groups).</p> <ul style="list-style-type: none"> <li>• The Bank of Mozambique raises its rediscount rate to 43%. The rate has increased every year since 1989 when it stood at about 15%.</li> <li>• FFPI, in collaboration with IDIL/UNIDO, initiates a pilot credit programme for SMEs in Nampula Province with the financing of 14 entrepreneurs in coordination with IDIL. Loans are up to \$50,000 with a maximum term of 8 years at commercial rates.</li> <li>• The Mozambique Private Sector Entrepreneurs Association (AEPRIMO) and GAPI hold a seminar on the informal sector.</li> <li>• FAO proposes to establish a system for rural finance provision through the Support Fund for Agriculture and Rural Development (FFADR). The programme would depend on the creation of savings and credit cooperatives (<i>caixas locais</i>).</li> <li>• The World Bank proposes the Agricultural Services Rehabilitation and Development Project. The project envisages the concession of loans for the purchase of inputs and tools to credit groups formed within extension groups of 30 farmers. The BPD is intended to manage the credit line.</li> <li>• Banco Comercial de Moçambique (BCM) is created when the Bank of Mozambique (BoM) is restructured to act solely as the central bank.</li> <li>• FFADR holds a seminar on rural finance with the objective of establishing a System of Rural Finance Services.</li> </ul>
1993	<ul style="list-style-type: none"> <li>• The National Reconstruction Plan (NRP) is announced. A document describing it (author unknown) stated that the NRP was intended to be “the Government’s management tool for large-scale rural rehabilitation efforts”. The methodology would be “a bottom-up approach, where local needs are to be defined and then aggregated at the provincial level. Significantly, the plan envisaged that “over the medium-to long-term local savings mobilization will be a central aspect.....Linking available NRP resources to establishment of activities such as local Rotating Savings and Credit Associations (ROSCAs) would be an important step in the right direction.” The document provides a 7 page attachment describing in detail how ROSCAs (same as ASCAs) work.</li> <li>• World Relief starts its Community Banking project in the area of Chokwé. Despite much skepticism, the programme opens 16 village banks within 6 months and attains almost 100% repayment. Loans vary between \$50-100.</li> <li>• A proposal is made to establish a trust fund for the FFPI to act as a Government revolving fund independent of the banks, providing commercial loans to small entrepreneurs. The fund is later funded by SwedeCorp (SIDA) with \$3m. Small firms with up to 25 workers are targeted with lending conditions similar to the banks but with owner contribution of 5-20%. Maximum loan size would be \$50,000 with an average of about \$10,000.</li> <li>• FFPI and UNCDF sign an agreement to establish a \$750,000 credit fund in Nampula Province through the “Grassroots Initiative Fund”.</li> <li>• EDESA (Swiss-based finance institution – Economic Development for Equatorial and Southern Africa) undertakes a feasibility study on leasing in Mozambique on behalf of USAID.</li> <li>• Women’s World Banking (WWB) undertakes a consultancy to examine the possibility of establishing a WWB desk in collaboration with the Association of Mozambican Women Entrepreneurs (ACTIVA).</li> <li>• INDER undertakes survey of two districts to determine rural credit needs.</li> <li>• IDPPE holds seminar “Credit Systems for the Small Scale Fishing”.</li> <li>• INDER holds Rural Credit Seminar. The seminar identifies several rural development programmes with credit components but notes that there is a complete lack of common philosophy or approach to lending and no attempt at coordination. Some of the programmes were undermined by continuing emergency handouts.</li> <li>• The International Organisation for Migration (IOM) sets up a Provincial Fund providing grants to demobilised soldiers (with 3 levels of funding: &lt; \$5,000 appropriated directly at provincial level; &lt;\$50,000 appropriated centrally through the fund and &gt;\$50,000 through the government and donors.</li> <li>• The Association for the Development of Rural Communities (ACDR) is established in Gaza Province. The ACDR provides loans to farmers through village committees and other groups such as church groups, associations, etc.</li> <li>• The organization Trickle Up (TU) starts activities in Mozambique in collaboration with the ACDR, MBEU and KULIMA. TU provides \$50 grants to potential entrepreneurs of the poorest 5-10% of the</li> </ul>

	<p>population - the “credit adverse”. After a 3 month rigorous training programme an additional \$50 could be made available, if certain conditions fulfilled. The second grant could be credit if sponsoring NGO wants to use it as the beginning of a revolving fund. In Mozambique, most grants were to be administered through UN Volunteers.</p> <ul style="list-style-type: none"> <li>• Women’s World Banking (WWB) approaches the women’s association ACTIVA to set up representation with the objective of supporting women entrepreneurs.</li> <li>• UNICEF carries out study with INDER examining rural credit (need for and existing forms) with the objective of setting up experimental credit schemes with emphasis on women.</li> <li>• USAID/Ohio State University undertakes detailed study of BPD and formal-informal financial market linkages in Maputo.</li> <li>• BoM publishes study on evolution of credit from 1987-92 (Abreu and Hallam, Staff Paper No. 1) Findings inter alia showed that agriculture received 51% of credit in 1987 but steadily reduced to 35% by 1992. Concentration of credit on Maputo increased over the same period, comprising of 54% by 1992.</li> <li>• GTZ launches the second phase of GPE-based credit and training programme “Criação de Micro-Empresas” (Creation of Microenterprises). Major changes include smaller loans, different client group (no longer restricted to <i>regressados</i>) graduated loans, training and lending services independent of each other; the interest rate (40% p.a.) is slightly lower than market rates.</li> <li>• The NGO <i>Associação Moçambicana Para Desenvolvimento Auto-Sustentavel (ANDA)</i> based in Manica town (Manica Province) establishes a credit scheme providing seasonal loans to farmers.</li> </ul>
1994	<ul style="list-style-type: none"> <li>• The <i>Caixa das Mulheres de Nampula</i> (Credit Union) is founded at the initiative of the <i>Associação das Mulheres Rurais</i> and technical support from the Canadian Cooperative Association. Members earn interest of 24% p.a. and loans are available (limited to savings) at 36% p.a.</li> <li>• PAPIR introduces credit on a commercial basis (45% p.a.) to rural artisans in Sofala Province.</li> <li>• The Poverty Reduction Strategy for Mozambique presented to the Consultative Group Meeting in Paris (prepared by the Poverty Alleviation Unit of the National Planning Commission) makes no mention of microfinance or credit as a tool for reducing poverty.</li> <li>• The Opec Fund for International Development lends the Government of Mozambique \$2m to help finance the Nampula Artisanal Fisheries Project, supplementing the \$7m provided by IFAD.</li> <li>• GTZ launches its Open Reintegration Fund (ORF) for demobilized soldiers and other vulnerable groups in Manica, Sofala, Tete and Inhambane provinces by offering grants. The project is widely criticized for the length of time needed for approval and the fact that it gave grants for economic activities. Grants range from \$2,000-30,000.</li> <li>• PAPIR starts credit-in-kind in 4 Districts and the city of Beira; cash credits are introduced in 1995. Activities targeted include tailors, carpenters, welders, tinsmiths and trade (only in districts), provided to individuals or associations/cooperatives. Average loan size is 6m MT; the interest rate is 40% p.a. (declining balance).</li> <li>• The Prime Minister appoints a working group to study a proposal for establishing a Fund for the Promotion of National Entrepreneurs and the Reintegration of Demobilized Soldiers. The working group inter alia consists of two senior officials from UNCDF. The proposal is for the BPD to manage and implement the fund. Although the working group concluded that such a fund was important, the fund is never established.</li> <li>• The NGO ACORD establishes a credit fund in Niassa Province which operates through newly created District Development Councils to administer District Credit Funds.</li> <li>• Commercial bank interest rates are regulated to a maximum of 46%.</li> <li>• CFD provides 11m French Francs to finance a credit scheme for rehabilitating rural cantinas in Zambezia, Nampula and Cabo Delgado (maximum loans are the equivalent of \$50,000 with highly subsidized interest rates of 10-15%). The line of credit is provided by the BoM to all commercial banks. Approvals are done by provincial committees. The programme is criticised for helping few traders and promoting the monopolistic structure of the agricultural trading sector and creating large distortions in the market due to the subsidized nature of the credits.</li> <li>• African Development Bank (ADB) provides approximately \$7.5m for Poverty Alleviation Fund through BPD. Target groups include returning refugees, war-displaced, ex-miners, <i>regressados</i>, demobilized soldiers and other disadvantaged groups such as unemployed women and youth. Eligible provinces include Zambezia, Cabo Delgado, Niassa, Tete and Inhambane. Loan maximum is \$25,000 and interest rates are set according BPD sectoral policy.</li> <li>• NORAD provides \$30,000 to IDIL’s Women’s Desk to support the informal sector.</li> </ul>



	<ul style="list-style-type: none"> <li>• NORAD plans to establish rural credit focussing on women in the northern provinces. It intended to bring Mohammed Yunnus founder of the Grameen Bank for a pre-appraisal mission to consider the suitability of their model to the Mozambican context.</li> <li>• Trocaire contracts IDIL in Zambezia to install and monitor equipment, and collect repayments from loans to small entrepreneurs in the district of Lugela.</li> <li>• Businessmen from 13 associations meet with President Chissano to complain about the lack of credit, excessively high levels of taxation, high import duties and overly bureaucratic licensing requirements, etc.</li> <li>• AMODER is established.</li> <li>• AMRU-ZERO workshop on rural activities notes that the within less than 6 years, Mozambique has experienced a wide variety of credit initiatives, none of which stand out as models of success, though many offer important lessons towards creating sustainable credit programmes.</li> <li>• CONCERN/UNICEF establishes community development funds in the district of Majune (Niassa) and Murrupula (Nampula) for agricultural inputs and trading of second hand clothes on a subsidized credit basis. The project, despite the many problems encountered, is claimed to be a successful model for emergency situations.</li> <li>• The GTZ/GPE credit project estimates that there are approximately 90,000 microenterprises in Maputo City and that the demand for their financial products would be in the range of 27,000-45,000. It is estimated that in Beira the market potential would be about 20% of Maputo.</li> <li>• The Gabinete de Promoção de Pequena Empresa (GPPE) is established through French Support in Cabo Delgado with the objective of providing loans to small producers. Active funds are established through the BPD with a guarantee fund placed with the BCM. By 1997 there are 83 beneficiaries (mainly for saw mills, artisinal fishing and salt production).</li> <li>• <i>Associação Progresso</i> establishes a credit programme for subsistence farmers in Niassa Province. Individual loans range from 500,000-1,500,000 MT with terms of 9-12 months and interest of 20% p.a.</li> </ul>
1995	<ul style="list-style-type: none"> <li>• The Association for the Development of Rural Communities (ACDR) is established in Gaza Province with the objective of providing credit to the “family sector” (subsistence farmers) in 11 communities. Credit packages range from seed to 2 oxen and a plough.</li> <li>• ULC leasing company is established.</li> <li>• A World Bank Aide Memoire, reviewing the PDPME and PREI, feels that, due to considerable under spending by these projects, a fund should be created for supporting microenterprises, working with existing projects (suggests initial allocation \$4m). This component foresees 3 approaches: i) setting up a working group comprising the BoM, stakeholder ministries, the private sector and NGOs; ii) a line of credit disbursed by the BoM and channeled to various microfinance credit schemes; and iii) institutional support (capacity building).</li> <li>• UGC, a credit facility for members, experiments by providing small-scale credit for members. Small sums are lent for the 45 day productive cycled of chickens (about \$100,000 rotates each cycle). UGC is involved in the sale of inputs and the produce (chickens and eggs). Repayment rates are high. A guarantee is provided through Foundation for Research and Application of Alternative Finance for Development (RAFAD) which allows the UGC to negotiate for a loan from the BPD.</li> <li>• The role of the FFADR and FFHA merge into a single institution the Fundo Fomento Agrario (FFA).</li> <li>• The UNCDF’s Grassroots Initiative Initiative in Nampula Province is approved. The project earmarks \$750,000 for a revolving fund for small scale entrepreneurs with loans expected to average \$15,000 each (financial service provider to be determined by a later consultancy).</li> <li>• A study on the financial viability of IDIL recommends that IDIL should play a greater role in channeling credit to its constituency (small industrial enterprises). Rather than suggesting closer cooperation between the FFPI, which was meant to provide credit to IDIL’s target group as well as functioning under the Ministry of Industry, the report suggests that IDIL works directly with the credit resources of FARE.</li> <li>• AMODER holds seminar on credit. One of the main issues debated is whether AMODER should continue to provide credit on a subsidized basis for the reconstruction of cantinas. Soon afterwards, AMODER opts to provide credit almost exclusively for short-term trading activities on a commercial basis.</li> <li>• CARE Mozambique proposes establishing savings and credit programme for microentrepreneurs along the Beira Corridor in Manica and Sofala provinces using the solidarity group approach.</li> <li>• Food for the Hungry (Sofala) SPEAR project establishes a credit programme (revolving fund) for its</li> </ul>

	<p>assistance extension officers who could, on completion of IDIL's Improve Your Business Course, borrow \$400 for establishing commercial farming activities.</p> <ul style="list-style-type: none"> <li>• The ILO implements the Vocational Skills Development (DHO) project for demobilized soldiers. The objective is to train 6,000 of a total of 93,000 demobilized soldiers and to furnish appropriate kits. Working capital is to be solicited from various sources of credit such as the Poverty Alleviation Fund (ADB/BPD).</li> <li>• CLUSA launches its programme for promoting rural enterprise groups (farmers' associations) in Nampula Province. It intends to link the associations with the commercial banks for financing but this does not happen. Finance is mainly obtained through large trading companies such V&amp;M Grain Company and Export Trading in the form of trader advances.</li> <li>• AMODER enters into an agreement with the International Organization for Migration (IOM) to provide credit for demobilized soldiers trained through programmes funded by the IOM.</li> <li>• The Associação Moçambicana para o Desenvolvimento da Mulher Rural (AMRU) starts a credit fund for small livestock breeding (programme for beekeeping started in 1993). Credit to individuals is given in kind.</li> <li>• IRAM in collaboration with the Bank of Mozambique submits its feasibility study for "The Project to Support the Emergence of Private Institutions of Credit and Savings for the Family Sector" which later becomes the CCCP.</li> <li>• Helvetas establishes <i>Balcao de Crédito</i> in the District of Boane (Maputo Province). Credit is offered in a variety of forms: individual &amp; solidarity groups. Some loans are provided in kind; those in cash vary from \$100-550. Loans are used for agriculture, poultry, trading; interest is 35-45% p.a. depending on type of activity. A similar programme is established in Matatuine, and later merged with Intermon programme (below) to become Male Yeru programme.</li> <li>• Intermon establishes <i>Ndlela ya missava yeru</i> programme in Matatuine District. Loans are provided to individuals and solidarity groups. Loan size varies between 100,000 MT– 30m MT with terms of between 15 days – 18 months; interest varies between 45 and 72% p.a. depending on the activity.</li> <li>• Lutheran World Federation introduces a variety of credit schemes under the <i>Fundo de Empréstimos Giratório</i> as integrated components to all 5 of its development programmes in Tete, Sofala, Inhambane, Gaza and Maputo provinces. Loans are provided to individuals and solidarity groups. Values range from 150,000 MT to 37m MT. The interest rate is set at 48% p.a. (declining balance).</li> <li>• Action Aid introduces small credit programme in Pebane and Maganja da Costa (Zambézia Province) for productive activities such as carpentry, tailoring, oil pressing, etc. Loans are individual with terms of less than 1 year and values ranging from \$85-600.</li> <li>• Oxfam UK establishes <i>Projecto de Criação de Micro-Empresas</i> in 3 districts of Niassa, focusing on agricultural processing and other productive activities. The programme provides technical training and business courses. Loans are provided to individuals and groups with values ranging from 100,000 MT to 5m MT. Terms are 6-12 months with monthly interest rate of 1% (flat).</li> </ul>
1996	<ul style="list-style-type: none"> <li>• The results of a survey of 1,000 demobilized soldiers conducted by the UNDP/Reintegration Support Schemes (RSS) show that only 29% contacted the IOM's Provincial Fund or GTZ's Open Reintegration Fund for assistance. Only 6% are satisfied with the services provided; 13% have actually provided a proposal for funding. The survey also finds that 25% of the respondents have a bank account.</li> <li>• GTZ/GPE credit programme takes steps to register as a specialized financial intermediary under the non-bank financial intermediary decree of 43/89. SOCREMO's creation was authorized by the Council of Ministers only in 1997.</li> <li>• BPD terminates the ADB funded Poverty Alleviation Project.</li> <li>• BCI/FDC set up a project supported with Swiss funds which was the precursor to the cooperative Tchuma.</li> <li>• FDC and ECON organise a conference on "Systems, Institutions and Credit for the Poor". This is the first large meeting held to discuss microfinance in Mozambique (115 participants). At the conference it is agreed that an "Action Group" be established and a consultant is hired to give technical assistance for its creation. The result of the consultancy is a blue print for the Action Group which would act as the executive body of what was envisaged to be a Microfinance Forum. Until its formalization, an informal "National Microfinance Network" would be established. Each year a theme would be chosen on which Working Groups were to have focused. Members of the Action Group were to be SIDA, BoM, FFPI, World Relief, PAPIR, ADCR, MBEU. CLUSA and IDIL. Nothing comes of the idea.</li> </ul>

- Round Table discussions are hosted by the Ministry of Agriculture and Fisheries to consider the Draft Master Plan for the Policy and Strategy Framework for the Development of Rural Financial Services (elaborated by the FAO). This was envisaged to be a component of PROAGRI.
- World Council of Credit Unions (WOCCU) presents a concept paper to USAID for a Credit Union Development Programme in Mozambique (focusing in particular on Nampula and Zambezia provinces). In the proposal the CMN is seen (with some restructuring) as a potential role model for new credit unions. The plan envisages working with associations established by CLUSA and World Vision.
- Mennonite Economic Development Associates (MEDA) establishes *Programa de Desenvolvimento de Pequenos Negocios* later renamed *Kulane ka Ntwananu* in Maputo City. Kulane provides credit to informal traders in solidarity groups of 5. Loans range from 500,000 MT to 3m MT; terms are 4 months and interest is 45% p.a.
- The Ministry of Labour (National Institute for Vocational Training and Employment) in collaboration with the Italian NGO ISCOS and the IOM organise the national seminar “Economic and Social Reintegration: Policies and Actions for the Promotion of Small Enterprise”.
- ISCOS launches the *Projecto Iscos Micro-empresas* in collaboration with GPE (credit management), vocational training centres (vocational training) and IDIL (business training and monitoring). The project which inter alia targets demobilized soldiers, combines vocational training and the delivery of kits which were given a cash value for repayment purposes. Loans were individual at 40% p.a. Average loan sizes were approximately 20m MT. The project worked in Maputo, Beira and Chimoio.
- ISCOS launches another programme in 2 localities of Beira for vulnerable groups, in collaboration with GPE and WFP. The target group is beneficiaries of food for work programme; initial loans are \$20-30, with a ceiling of \$60. Terms are up to 1 year, with 1% per week interest.
- The Natural Resources Institute (England) in its report “Maize Marketing and Pricing Study – Mozambique” recommends establishing an inventory credit system. Although this proposal is considered over the following years, the main problem is in identifying a private company interested in managing a warehouse, without engaging in the trade of stored items, as well as finding a willing commercial bank.
- Serious conflicts arise between the Association of Rural Women (AMR) in Nampula and the Caixas Mulheres Rurais (CMR), resulting in televised demonstrations. The conflict seriously threatens the future of the CMR but eventually it succeeded in breaking away from the AMR to become the independent Caixas Mulheres de Nampula (CMN), an exclusively women’s union (unofficially) which offers savings services (illegally) from which loans are conceded to members.
- CARE Mozambique launches its Savings and Credit for Microentrepreneurs (SCM) in Manica and Sofala provinces (funded by the Austrian Government and CARE Austria). This project later becomes known as CRESCE. A major concern of the project is the uncertainty surrounding both the status of NGOs and requirements for delivering financial services.
- BoM studies regulations from other countries for developing new guidelines for rural financial services.
- Help Age sets up revolving credit fund in Changara District Tete Province for individuals and solidarity groups (loans start from 2m MT or in-kind) for goat and duck breeding. Interest rates range from 10%-25% or a pair of duck chicks or a goat kid.
- *Organização da Juventude para o Desenvolvimento Rural* (OJDR) launches its *Caixa do Fundo Comunitária de Micro-Crédito* in Nampula City and Districts of Murrupula and Rapale for agricultural, production and trading. Loans range from 100,000-10m MT. Interest rates are 15% for agriculture, 20% for productive activities and 25% for trading.
- The Government Fund for Supporting Economic Rehabilitation (FARE) is launched (though officially decreed in 1992) with funds derived from the privatization of state enterprises. The Fund targets small farmers or industrial producers and small rural shopkeepers with loans of up to about \$25,000 at 50% of the BoM rediscount rate.
- The UNDP, through its PROAREA project in northern Tete (Angonia District), establishes a \$300,000 loan fund called KwikiRira Credit and Savings Services for Microentrepreneurs in Northern Tete Province. Targeted activities include services, trade, light manufacturing and light transport. Agricultural activities are excluded. Solidarity group methodology is employed, and loan sizes range from \$35-50 for rural clients and \$5-100 for urban (45% p.a.). This project later becomes the CMMEA.
- UNCDF proposes a \$2m apex institution for microfinance in Nampula (not implemented).

	<ul style="list-style-type: none"> <li>• A poll of small enterprises finds that over 60% of small enterprises see the lack of credit facilities as one of their main difficulties.</li> <li>• World Vision starts <i>Actividades de Mico-finanças</i> (AMF) credit programme in Nampula Zambézia, Sofala and Tete provinces (mainly microcredit but also for bigger companies on a small scale). Loans range from \$70-300 for individuals and groups for agricultural inputs, processing, livestock and trade. The programme is funded by USAID and EU. The effective rate of interest is 70% p.a. Farmers would pay back into a village fund meant for road rehabilitation, school construction, etc. Cooperation is expected with WOCCU.</li> <li>• Cooperation Canada Mozambique (COCAMO) gives out loans to individual artisans and local NGOs for agricultural production, marketing, carpentry and block making ranging from 1m-35m MT without interest with terms ranging from 1-6 months. Poor repayment is experienced. COCAMO contemplates the replication of the Caixa das Mulheres Rurais which it supported in the districts of Ribaué and Lalaua (does not happen).</li> <li>• CONCERN opens a \$15,000 loan fund in Nampula City for groups varying from 5-50 members consisting of artisans, small traders, and micro businesses such as cake baking and beer brewing. Individuals receive 360,000 MT, with a maximum term of 6 months and 5% p.a interest. CONCERN also runs a rural credit programme (“Nakona”) in Murupula District. Loans are given for trading to groups of 3-8 with amounts ranging from 4.5m-9m MT with 3 month terms at 5% interest. The programme fails because groups traded in groundnuts which suffered dramatic price decreases.</li> <li>• Eduardo Mondlane Foundation (EMF) contracts IDIL to operate a credit programme for trained demobilized soldiers in Muecate District (Nampula Province). Loans range from \$500-1000 with terms of 1-1.5 years at commercial rates of interest. Poor repayment is experienced.</li> <li>• AMODER signs an agreement with DANIDA to manage (for 2 years) a \$480,000 credit fund for agricultural commodity trading in Tete Province.</li> <li>• AMODER enters into an agreement with the GPPE in Cabo Delgado to finance small industrial enterprises. The GPPE would be responsible for identifying, training and the monitoring the loan clients.</li> <li>• Notice no. 8 GGBM/96 of the BoM establishes a credit risk centre.</li> </ul>
1997	<ul style="list-style-type: none"> <li>• World Bank (EDI) and Khula Finance Enterprise hold a Workshop on Micro and Small and Business Finance Development in Centurion, South Africa attended by delegates from South Africa, Mozambique, Ethiopia, Uganda and Sierra Leone.</li> <li>• The then Prime Minister Pascoal Mocumbi announces at the 1997 Washington MicroCredit Summit that Mozambique would commit itself to having 100,000 microfinance clients by the end of 2005.</li> <li>• The Informal Working Group on Microfinance (GITMF) is created and meets at the World Bank office the first Wednesday of every month. The meeting is open to anyone interested in microfinance and is attended by operators, donors, government officials (including the BoM) and consultants.</li> <li>• GITMIF expresses its concerns that the current draft of the proposed new banking law is silent on the regulation of microfinance institutions. The general consensus is that central banks should have a minimal role in regulating institutions that do not mobilize savings. USAID indicates to the group that they have offered to fund an expert to advise the Bank of Mozambique on how to deal with supervisory issues of this regard. GITMIF also feels that the Government should be made aware of best practices involved in the provision of microcredit in relation to some of its special credit lines such as FARE, fearing that such funds could become political tools undermining the work of MFIs.</li> <li>• INDER sets up a donor group to define the terms of reference for a study of the microfinance sector in Mozambique that would assist the government and the donor community define clear policies and strategies.</li> <li>• A comprehensive study of the reintegration of demobilized soldiers is commissioned by USAID. The study focuses on the provinces of Zambezia and Manica.</li> <li>• The NGO Forum LINK establishes a Working Group on Credit and Financial Services. This group meets sporadically over a period of about 2 years. When the working group was established LINK had about 22 members known to be involved in microfinance.</li> <li>• The Association of Entrepreneurs of Zambezia (AEZA) and the Association of Consumer Cooperatives (ACC) (essentially small retail shops) request USAID to assist them in accessing microcredit as well as basic business training.</li> <li>• A consultancy is undertaken by FAO to establish a rural finance working group and its secretariat for PROAGRI (never implemented). Problems arose in 1996 due to discordant positions between the original version of the Rural Financial Services (RFS) master plan drawn up by the consultants and</li> </ul>

subsequent Working group version. One major source of disagreement was re-integrating unsustainable institutions i.e. *fundos de fomento* the *Casas Agrarias* and the *Instituto de Cereais de Moçambique* into the latter proposal.

- The Mozambican government approved by decree, following a proposal by GTZ, the creation of *Sociedade de Crédito de Moçambique* (SOCREMO).
- The *Associação dos Deficientes Moçambicanos* (ADEMO) establishes a credit programme for its members (individual credit and groups of mothers) ranging from 2m – 15m MT with terms of 6 months to 2 years and interest rates of 10-30% p.a.
- SNV establishes an in-kind credit programme (mainly in goats) in Angoche District (Nampula Province) for poor women.
- MEDA undertakes survey of microfinance operators throughout country.
- FOS (Belgian NGO) establishes a credit programme in the District of Cahora Bassa (Tete Province) for small business (\$5-25), fishing (\$85) and agriculture (\$430) with interest ranging between 20%-30% and terms 8-50 months, provided in solidarity groups of 3-4.
- Mozambique is chosen by the World Bank to be included in an Action Research Programme on Sustainable Microfinance Institutions in Africa (later known as MICRONET). This programme started in 1994 covering 6 African countries including Kenya, Ghana, Zambia, Cameroon and Ethiopia. CARE Mozambique is selected as the facilitating organization and is to work in close collaboration with GITMF. The terms of reference stated that: “*the emphasis is on capacity-building at the national level, through distilling and disseminating ‘best practices’ and strengthening local networks of microfinance providers*”.
- CARE establishes the Action Research Programme on Microfinance. Case studies would be undertaken on World Relief’s village banking programme, PAPIR, CMN and the various CARE programmes.
- A Workshop on Micro and Small Business Finance Development in Mozambique is held at Swedish Embassy. The workshop discusses the lessons learned from the South Africa workshop and relevance for the Mozambican context. Presentations re made by INDER, BoM, CARE, World Relief, USAID, IRAM, GTZ/GPE and the World Bank.
- Government establishes a Microfinance Reference Group (BoM, Ministry of Finance and INDER) to take the lead in defining policies and institutional frameworks for microfinance.
- UNDP sets up an inter-agency working group on microfinance in order to get more commonality of approach on microfinance between the agencies. The group does not survive for long.
- Frederich Ebert Foundation (FEF) hosts the first meeting of the regional Small Enterprise Promotion Advisory Council Working Group with the theme of “Access to Finance”. Countries represented are SADC members.
- UNICEF undertakes a study to establish a credit programme for Women’s Training Centres in Manica Province. The proposal is based on establishing a savings and credit union.
- The BPD in Beira holds a series of meetings for the purpose of exchanging experiences relating to credit.
- AJAM is established.
- IRAM, in collaboration with the BoM, with funding from the Caisse Française de Développement (CFD) establishes the Project for decentralized credit and savings for the family sector, known as the *Caixas Comunitárias de Crédito e Poupança* (CCCP). The project starts initially in Maputo and disburses first credits in 1998.
- *Organização de Apoio a Proteção do Meio Ambiente e aos Desprotegidos* (OPMAD) launches its *Programa de Crédito Informal* in Manica Province funded by Novib, ADB and Southern Africa Development Fund. Credit is provided to groups of women, each member getting \$500 for bee-keeping, livestock breeding and agriculture. Terms are 1-3 years; interest is 70% of the BoM rediscount rate.
- World Bank in collaboration with CGAP launches a series of courses: delinquency management, interest calculation, accounting and financial analysis. Courses are provided in collaboration with Instituto de Formação Bancaria (IFB) and later FINCO.
- Group Guaranteed Loans and Savings (GGLS) microcredit programme is started by Save the Children (US).
- MBEU introduces a Village Credit Scheme in Campuane, Maputo Province for solidarity groups of women at 30% p.a. The programme is supported by Catholic Relief Services.
- CARE launches its Financial Services to Households (FISH) project in collaboration with the IDPPE

	<p>through the IFAD funded Nampula Artisanal Fisheries Programme. Credits are provided to solidarity groups of 5, for fish sellers and boat owners and to community associations of 15-25 for trading activities. Loans range from 950,000 – 6m MT, with 3.5% per month flat interest.</p> <ul style="list-style-type: none"> <li>• ECOTEC-MICRED microcredit programme starts in the District of Buzi in Sofala Province funded by Austrian Development Cooperation (ADC) through Austrian NGO ECOTEC and managed by Zimbabwean NGO Zambuka Trust. The programme targets microentrepreneurs organized in solidarity groups.</li> <li>• KULIMA provides livestock credit in Maputo/Marracuene area with CRS funding. Loans are on an individual basis ranging from 3.5m-10.5m MT. No interest is applied.</li> </ul>
<p><b>1998</b></p>	<ul style="list-style-type: none"> <li>• First National Workshop on Microfinance in Mozambique is organized by INDER. Recommendations include i) close coordination of the 3 existing task forces (the Government Reference Group, the informal working group and CARE's Action Research Programme) ii) openness to different microfinance models; iii) development of a local training capacity with Mozambican trainers and private sector. The BoM is slated to initiate dialogue to review current efforts in drafting the legal and regulatory framework.</li> <li>• The (first) Mozambique Microfinance Study is published. The study is commissioned by INDER, BIM and the Ministry of Planning and Finance and funded by SIDA, UNDP and The World Bank and presents a list of operators (largely based on the directory prepared by MEDA), and an evaluation of a sample of 8 operations. The first draft is discussed during the First National Workshop on Microfinance in Mozambique and a revised version subsequently published.</li> <li>• The Foundation for Research and Application of Alternative Finance for Development (RAFAD) proposes building a pilot guarantee fund for Mozambican small financial intermediaries with the objective of testing the fund to enhance the financial intermediation capacity of national development organizations.</li> <li>• COCAMO organizes a Northern Mozambique Microfinance Working Group. It does not last long.</li> <li>• A regional conference (Cabo Delgado, Nampula, Niassa and Zambezia) on private sector rural trade is hosted by the Ministry of Industry, Commerce and Tourism. The conference inter alia examines credit offered by FARE, the <i>Fundo de Comercialização</i> and AMODER.</li> <li>• The World Bank presents an Action Plan for the Microfinance Sector which includes: i) establishing a common vision and a definition for the role of the participants; ii) models for the establishment of MFIs; iii) training and capacity building; iv) legal and regulatory development and iv) the creation of institutional networks.</li> <li>• Eight representatives from Mozambique attend the Southern Africa Region Microcredit Summit (SARMS) held in Lusaka.</li> <li>• The Irish Embassy launches Credit Initiative for the Development of Rural Trade (a 3 year programme) in Inhambane through AMODER.</li> <li>• AMODER starts a 5 year programme in Cabo Delgado providing credit to fishing communities along the coast (mainly in the form of trader credit, including the provision of fishing materials). The project is funded by Oxfam (Belgium) and coordinated with the IDPPE.</li> <li>• AMODER starts a 5 year programme in Niassa and Nampula provinces to develop the rural trade network.</li> <li>• The World Bank announces in a GITMIF meeting that they are pre-appraising their Private Sector support programme but that it would only have a very small component for microfinance and would not include a line of credit.</li> <li>• Tchuma is authorised by the Council of Ministers and registered as a credit cooperative in 1999. First loans are made in the same year to solidarity groups of 4-6. Individual loans are offered to those who can provide acceptable guarantees. Savings products are envisaged for the future.</li> <li>• Decree 3/98 establishes the general lines for rural development and the responsibilities of INDER. The decree elaborates a Microfinance Programme which at the time was said to consist of about 30 operators with less than 5,000 clients. The decree sets the goal for the Microfinance Programme to reach 30-50,000 microfinance clients by the year 2000 and 100,000 by the year 2005.</li> <li>• GITMF appoints a sub-group to make recommendations on a decree based on financial institutions law 28/91 and requests the late Antonio Siba Siba of the BoM to furnish GITMF with draft regulations for microfinance operators for their consideration. Several meetings are held and results presented and discussed with interested stakeholders and the BoM.</li> <li>• The main proposals from GITMIF for microfinance regulation are that i) interest rates should be free; ii) minimum capital requirements are set at 20m MT and that the maximum loan size be 5% of paid</li> </ul>

up capital up to a maximum value of 50m MT.

- GITMF appoints a sub-group to look at the possibility for MFIs to use a common MIS for cost saving and other beneficial reasons. No consensus is reached.
- CGAP/World Bank promotes the first of several microfinance courses through the local training company FINCO.
- African Development Fund Microfinance Initiative for Africa (ADF-AMINA) funds a study of informal credit and savings practices. Over 1,000 interviews are conducted in rural and urban areas throughout the country. Analysis is never completed due to contractual problems. AMINA also indicates its intention to assist 7 national NGOs involved in microfinance. Nothing came of it.
- CARE's Action Research Programme for Microfinance organises 3 training seminars in Maputo, Beira and Nampula.
- PAPIR comes to an end in Sofala Province.
- George Soros' Southern African chapter of his Open Society Initiative (OSISA) holds a regional conference on microfinance with the objective of establishing a regional microfinance programme. Little came of the initiative.
- ITER (Italian NGO) plans to launch a center for promoting microenterprise in Urban District 5 of Maputo in collaboration with GPE, AEPRIMO and AMICROP. The objective is to promote new microenterprises among vulnerable groups. It is not known if this project was ever implemented.
- Decree 47/98 providing regulations for operators falling under article 7 or law 28/91 is approved. This legalizes microfinance activities for the first time (operators are required to register with the BoM). The decree gave the right to the BoM to determine rates of interest and credit ceilings.
- The Supervision Department of the BoM invites GITMF to provide opinions related to interest rates, minimum capital requirements and maximum loan size. GITMF responds by suggesting i) that interest rates should not be controlled; ii) that minimum required capital be 20 million MT and that the maximum loan size should be 5% of capital up to 50 million MT. The document is signed by 23 people.
- CONCERN launches the *Caixa de Poupança e Crédito*.
- MEDA with financial assistance from World Bank produces Mozambique's first directory of microfinance programmes, providing details on 40 credit programmes of which 34 are microfinance operators.
- GITMF establishes a working sub-group to review MIS systems on the market.
- MEDA *Kulane* Programme negotiates with CreditCoop bank to share a Xikelene Office so that credit activities be done in the morning and that savings deposits by market vendors be made into CreditCoop in the afternoon. This would allow for the provision of credit and savings products by two different institutions from same premises. The idea does not materialize.
- SOCREMO becomes a limited liability company and the first microfinance programme to become a registered financial institution: SOCREMO SARL. The 3 principal shareholders are the Government of Mozambique through the GPE (94%), *Coselhos Cristão de Moçambique* (3%) and the UGC (3%). The GTZ provides technical assistance through its technical partner LFS.
- The faculty of Agronomy and Forestry introduces a course on Rural Credit and Savings which invites various speakers with experience in microfinance and rural credit to provide lectures.
- CARE International introduces a stamp based savings programme for women of Angoche based on experiences in Zimbabwe, where some 10,000 groups were organized. Groups consisted of 5-15 members. Stamps of denominations of 5,000 and 10,000 MT were sold to members and could later be redeemed when the client wished.
- CARE Mozambique introduces the Financial Intermediation for Rural Entrepreneurs in Nampula Province which integrates the FISH programme and later becomes known as *Crédito para Empresarios Rurais* (CRER). Loans are given to individuals and "confidence groups". CRER is designed as a two-year pilot project to test a broad range of savings and credit methodologies including community based ROSCAs known as *grupos de poupança e crédito rotativos* (PCRs).
- A study conducted by MEDA in Xikelene market interviewed 200 clients regarding start-up capital and savings behaviour. The study found that 30% of the vendors started their business with their own funds and 40% with funds borrowed from family members. A further 11% borrowed from others without interest. Around 78% of the respondents deposited daily with a mobile banker (*xitique geral*). Some mobile bankers were found to lend money (usually up to a maximum of 3m MT) for 3-4 weeks at rates varying between 10-50% per loan. Nearly 15% of the respondents were members of group *xitiques* (ROSCAs) and only 8% had a bank account with a commercial bank.

	<ul style="list-style-type: none"> <li>• Elisabeth Rhyne reports on her impressions of a conference in Nairobi dealing with the commercialization of microfinance.</li> <li>• A participant of GITMF suggests that a group of donors and others should come together to try and develop best practices which would form the basis on which donors would supply funding to microfinance activities. GITMF establishes a sub-group to deal with the proposal and prepares a presentation for the donors. As a result, donors involved in micro and small enterprise finance in Mozambique meet and it is generally agreed that the most effective way to encourage adherence to best practices would be for the government to hold donors to a government policy related to best principles and practices.</li> <li>• The Action Research Programme (MICRONET) mounts a survey of MFI training needs. It also establishes a listserve (email network) of all operators and interested partners in order to facilitate the exchange of information.</li> <li>• Bilateral and multi-lateral donor agencies supporting small and microfinance in Mozambique issue a statement of common standards for supporting small and microfinance practitioners in Mozambique. The statement is largely based on CGAP's Donor Guidelines. The original initiative for the donor statement came from GITMF.</li> <li>• CIDA announces its plans to support the microfinance sector with a project of CAD \$5m (later known as the Mozambique Microfinance Facility).</li> <li>• UNCDF undertakes a consultancy mission to establish a Loan Guarantee Facility for microfinance in Nampula Province, with the BoM as the focal point of the programme. The proposal is based on 3 phases: i) 6 month preparatory phase for a microfinance/credit specialist to lay groundwork with the BoM/Nampula, NGOs and commercial banks to start up project operations, ii) 18 month phase for training in microcredit loan appraisal to NGO staff (two contracts to be awarded, one for an international technical service provider and the second for an international NGO to manage a village banking programme, iii) a 3 year implementation phase with lending to be backed by a guarantee facility.</li> <li>• UNDP hires a consultant for a 6 month assignment to i) to concentrate on UNDP funded projects related to microfinance and ii) support INDER and the BoM in the area of microfinance (regulation, promotion of the industry etc.).</li> </ul>
1999	<ul style="list-style-type: none"> <li>• The Action Plan for the Reduction of Absolute Poverty (PARPA) is adopted. Component 5 (Rural Development) has the specific objective "to promote access to financial resources by low income rural populations" with the target of guaranteeing adequate financial services for 100,000 clients within 5 years (the report indicates that only 5,000 low-income clients were served as at 1999). Microfinance as a tool for poverty reduction is not mentioned elsewhere.</li> <li>• FARE contracts Tchuma to be its executing agent for the Province of Maputo.</li> <li>• Debate emerges among stakeholders of GITMIF about the pros and cons of regulating MFIs; opinions on the matter are circulated.</li> <li>• Credit and Financial Institutions law 15/99 replaces law 28/91.</li> <li>• BoM Aviso No. 1/GGBM/99 fixes minimum capital requirements of 50m MT and unrestricted interest rates for entities licensed to provide credit under decree 47/98.</li> <li>• GAPI starts microfinance wholesaling activities (clients include Tchuma, UGC, SOCREMO).</li> <li>• BoM Aviso No. 5/GGBM/99 stipulates inter alia loan loss provisions for different categories of overdue loans.</li> <li>• An evaluation of the Commercialization Fund (see 1989) undertaken by the National Directorate of Internal Commerce (research paper 8) finds that that the fund has few resources, is badly managed and virtually in-operational by 1998. The report recommends that the Ministry of Industry and Commerce should distance itself from the direct concession of credit and should focus more on creating more favourable conditions for agricultural marketing.</li> <li>• World Vision implements the <i>Projecto de Microfinanças de Zambézia</i> PROMIZA funded by DFID using a village banking methodology.</li> <li>• INDER publishes one of a series of working documents entitled <i>Microfinance Programme: General Recommendations for the Implementation of Microfinance Activities</i>. The strategy calls for the creation of a "BOARD" constituted by principle donors and members of the Microfinance Reference Group to reach consensus on microfinance policy implementation. It also calls for the creation of a network of operators which would facilitate a larger, more rapid and efficient dissemination of microfinance practices and awareness of what operators are serving which areas. The paper also looks at the institutional and legal framework of microfinance, the role of donors, the role of MFIs, the</li> </ul>



target group, and the need for a rural focus and the issue of capacity building. The study was undertaken with the assistance of Elizabeth Rhyne.

- IRAM/BoM's CCCP project starts operations in Chokwé.
- AMODESE is established.
- National Directorate of Internal Trade (DNCI) undertakes a feasibility study on the establishment of a warehousing and inventory credit pilot scheme in northern Mozambique (DNCI Research Note 9).
- A similar study is undertaken for the Nacala Corridor by the European Food Security Network.
- Following legal financial requirements, GAPI becomes a joint stock company "GAPI Sarl" with equity capital of \$2.05m. It was agreed that the government would reduce its share to 30% in due course.
- The ILO holds an international conference in Geneva on Microfinance in Post-Conflict Countries. Six country case studies are presented of which Mozambique is one (others being Cambodia, El Salvador, Uganda, Bosnia, Ukraine and Liberia).
- DNCI undertakes a study considering the financial options for promoting agricultural trade in Mozambique (DNCI Research Note No. 11). The options considered involve FARE, AMODER and GAPI Sarl.
- James Coates, World Bank Resident Representative, gives a speech on rural finance and agro-industry to the First National Seminar on the Agricultural Private Sector in Chimoio. Prakash Ratilal delivers a presentation on financing the agricultural sector to the same seminar.
- World Relief requests funding for \$1.8m from UNCDF to establish an independent and sustainable MFI to be called AGIR Norte based on the AGIR Sul experience which by that time had about 5,000 active clients using a village banking methodology. The proposal is accepted and the programme started in 1999. AGIR later becomes known as the *Fundo de Crédito Comunitária (Norte & Sul)*.
- The NGO CONCERN undertakes a comprehensive evaluation of its microcredit activities in Nampula, Nakhonha, Majune, Gondola and Chimoio. The evaluation concludes that the programmes are unlikely to become sustainable without continued support from CONCERN. It recommends that each programme looks at whether impact justifies continued contribution and that no further activities be introduced until a more careful assessment is made.
- UNDP & UNCDF through the Special Unit for Microfinance (SUM) submit a proposal for establishing a MicroStart programme in Mozambique. The 3 year programme is budgeted at \$1.6m for technical assistance and seed capital for up to 7 microfinance start-ups and/or transformation.
- INDER organises a debate on "The Impact of Decree 47/98 and Future Challenges". A paper entitled "Some Points of Reflection on Decree 47/98" is distributed for comment. Presentations are made by BoM and Elizabeth Rhyne.
- Doen Foundation (Holland) undertakes a study of microfinance in Mozambique and concludes that microfinance services do not adequately serve the needs of the middle class and that there is an opportunity to fill this gap.
- INDER takes the position that Government sectoral funds known as *Fundos de Fomento* often run counter to best practices and that they should follow the principles laid down by decree 47/98.
- INDER collaborates with UEM to develop courses on microfinance for students and interested public servants.
- The Railways of Mozambique (CFM) starts to retrench about 13,000 workers. GAPI Sarl is contracted to provide training and credit to those wishing to benefit from the scheme.
- FARE takes over from the now privatized BPD to disburse loans from the Poverty Alleviation Fund (financed by the ADB).
- The Harvard Institute of International Development considers a possible intervention in microfinance but decides against it, because it feels that there are sufficient donors and operators in the sector.
- UNDP/ILO/Italian Cooperation launch the Programme for the Development of Local Populations (PDHL) in Sofala and Manica Provinces. Micro credit of \$4m is to be offered through local entities at the district level. SOCREMO is contracted to undertake a market study. Concern is raised by GITMIF about best practice issues.
- GAPI Sarl and Agrimo (now Dunavant) reach agreement for GAPI to provide credits to cotton small holders ranging from \$500-1,000 in Murrambala (Zambézia).
- World Relief complains to the *Nucleo de Apoio aos Refugiados* about credit activities provided by a priest with 0% interest rates, prejudicing the work of WR with the refugees located in the areas of Manhiça and Boane. World Relief also has serious problems in Xai Xai whereby the confiscated guarantees of delinquent clients were ordered to be returned by the Court. WR is to hold a workshop for police and government officials over the issue of guarantees. As a result WR starts notarizing

	<p>guarantee documents.</p> <ul style="list-style-type: none"> <li>• A team of 5 Mozambican technicians from various state institutions, sponsored by IRAM, visit the Comores Islands to observe the Sanduks (local credit and savings unions).</li> <li>• A grant agreement for the Microenterprise Best Practices (\$80,000) is signed between CARE Mozambique and Development Alternatives Incorporated.</li> <li>• CRER introduces community based ROSCAs to <i>centros de pesca</i> in collaboration with the IDPPE. By 2000, 12 ROSCAs are formed in the Districts of Angoche and Moma with 153 members. Average savings balance per group is \$31 and average savings balance per member is \$2.40. Outstanding loans are \$104 with 14 borrowers (average loan size \$7.3). Women's participation is comparatively low (22%).</li> </ul>
2000	<ul style="list-style-type: none"> <li>• CARE International, through its Maputo Urban Livelihood Recovery Project, offers a savings service for small savers through Tchuma.</li> <li>• UGC establishes credit programme, providing cash loans through the CPC.</li> <li>• A revised workplan is completed by CARE Mozambique on its role as MICRONET/Mozambique. The programme includes: continuation of the quarterly newsletter, setup and design of website/listserves, preparation of a follow-up to the 1998 MFI study, preparation and organization of the second MFI workshop and a plan undertake a joint study with World Relief on the impact of the floods and the emergency response on the clients of the FCC/S and the lessons learned from the experience.</li> <li>• The Bank Rediscount Rate stands at 35.04%.</li> <li>• IRAM engages a consultant to review the microfinance regulatory framework and to make recommendations for reform which are submitted to BoM.</li> <li>• Second National Microfinance Conference is held in Beira. The conference is attended by 108 delegates. The results of the Second Study of the Microfinance Sector in Mozambique (financed by MICRONET and UNDP in collaboration with MADER/DNDR) are presented. Elizabeth Rhyne from ACCION discusses the future of the MF industry in Mozambique by comparing it to the experience of Uganda and Bolivia. Although she considers that Mozambique is well poised for a period of microfinance growth, key issues remain to be addresses such as a responsive regulatory framework and effective staff development. The BoM outlines the current regulatory framework. Discussions show that there is an urgent need for an adequate regulatory framework and that the legal options available are not suitable for most MFIs. The conference also discusses the issue of coordination mechanisms, reviewing the existing networking arrangements such as GITMIF, the Action Research Programme/MICRONET and the government's Reference Group. The general consensus is that setting up an association of microfinance institutions would be a good idea, with some caveats.</li> <li>• IRAM organizes workshop to discuss various legal institutional options for MF operators; it is attended by both operators and BoM.</li> <li>• The Spanish Agency for International Cooperation announces a \$2m revolving fund to support microfinance institutions in Mozambique.</li> <li>• The DNCI undertakes a diagnostic study of AMODER and GAPI Sarl as part of a formulation study for the Programme to Develop Mozambican Financial Intermediaries in Rural Areas (DNCI Research Note 15).</li> <li>• IRAM/BoM's CCCP project starts operations in Montepuez District in Cabo Delgado.</li> <li>• The <i>Cooperativa de Poupanca e Crédito SCRL</i> is established for existing and previous workers of the Bank of Mozambique and of the former BCM. By the end of 2004 the CPC has 1,362 members of whom 391 received loans worth 32.7 bn MT. Outstanding loans by end 2004 stood at 94.1bn MT.</li> <li>• MicroStart and the "Upstream Project" are approved by the UNDP. MicroStart projects are a product developed by the Special Unit for Microfinance - a joint initiative of the UNDP and UNCDF - and operational in more than 20 countries. The objectives are to: i) build institutional capacity of selected MFIs, ii) increase their financial capacity; iii) contribute to the development of a microfinance network and dissemination of sound microfinance practices. The main objective of the <b>Upstream Project</b> was to increase the capacity of key government institutions dealing with microfinance by increasing the understanding of best practices, promoting the establishment of a sound legal and regulatory environment and creating a consensus on how to address several special issues such <i>Fundos de Fomento</i>, rural finance and savings mobilization.</li> <li>• CARE issues its "Chocas Declaration" which outlines its strategic plan for CRER, focusing on how CRER could make a transition from an NGO pilot project to a sustainable financial services institution. The declaration noted: <i>CRER believes that the growing number of agricultural Associations and Fora present an opportunity to provide competitive financial services to rural</i></li> </ul>

	<p><i>members and still cover its costs. CRER as a Financial Institution will develop its services to agricultural production and marketing, trading, manufacturing as well as expanding the portfolio towards individuals, micro, small and medium scale enterprises along the Malawi/Naca corridor. The strategy considered 3 forms of financial institution and felt that a commercial bank would probably have the greatest potential to serve/support the economic development in Nampula and foresaw an alliance with CLUSA. It further felt that the best institutional option for the three of CRER's products (solidarity groups, association based lending and stamped based savings) would probably be incorporation within CRESCE and spinning off the PCRs.</i></p> <ul style="list-style-type: none"> <li>• The consultancy company ICC presents a proposal to CARE, in the context of its role as programme manager for MICRONET, for the preparation of a microfinance needs assessment, a workshop and the development of risk mitigation strategies. This proposal is then developed into undertaking the second Mozambique microfinance study.</li> <li>• CIDA enters into a 5 year agreement with MEDA/DevPar to undertake the Mozambique Microfinance Facility (MMF) project. The MMF would focus on capacity development of selected MFIs, capital support and support to improve the policy/regulatory environment.</li> <li>• USAID launches its Emergency Reconstruction Agriculture and Commercial Trade Programme which includes 4 components: victims' compensation, inventory credit guarantees, rural enterprise reconstruction (RER) loans, and microfinance recapitalization matching grants and market reconstruction grants.</li> <li>• Novo Banco starts operations in Mozambique as the first microfinance bank. BIM holds 30% and Government 5%. Other shareholders include IMI, IFC, DOEN and FMO. Management advisory services are provided by German consultancy company IPC in collaboration with American consultancy firm Frontier Finance International (FFI). USAID and DOEN provide substantial technical assistance grants.</li> <li>• Union of Smallholder farmers of Manica (UCAM) starts providing credit through PDHL programme. Problems in managing the funds result in handing over the funds to GAPI for credit line management.</li> <li>• Ministry of Industry and Commerce and EU organise a seminar on Credit and Agricultural Marketing. Presenters include AMODER, GAPI, CRER (CARE).</li> <li>• UNDP/ILO organise the "Feminization of Poverty Conference". Among various papers presented, one entitled <i>Microfinance in Mozambique: Are Donors Promoting Regional Feminization of Poverty?</i> argues that by requiring minimum female participation, donors have caused microfinance to focus more in the southern parts of the country to the expense of the North where socio-economic, cultural and religious factors have mitigated against greater female participation in the economy.</li> <li>• Tchuma receives \$800,000 of funding from USAID Microenterprise Implementation Grant Program (providing technical assistance for 3 years and grants toward operational expenses).</li> <li>• The Malonda Programme is launched in Niassa Province. Malonda is jointly financed and administered by the Mozambican government and the Swedish International Development Agency (SIDA). The programme focuses on developing services to improve the business environment and co-investing in strategically important investments. AMODER is contracted to manage joint-venture partnerships and FCC(N) contracted to introduce microfinance (10,000 clients projected by 2006).</li> </ul>
<p><b>2001</b></p>	<ul style="list-style-type: none"> <li>• Following the Chocas Declaration to spin off the ASCA (PCR) component of CRER, CARE launches its Nampula Community Savings Project <i>Ophavela</i> modeled on CARE's successful MMD programme in Niger. The methodology was originally piloted with the IDPPE with fishing communities along the Nampula coast. The pilot project is funded for 8 months by the Netherlands Embassy, covering 5 districts.</li> <li>• The Action Plan for the Reduction of Absolute Poverty (PARPA) is approved by the national assembly and later by the IMF and World Bank as the Poverty Reduction Strategy Plan.</li> <li>• The Support for Private Sector Initiatives in the Agricultural Sector (ADIPSA, Danish funded programme) and GAPI sign an agreement to launch the \$150,000 Manica Agricultural Credit Fund. The agreement also includes \$20,000 for institutional capacity building and \$30,000 for market promotion and training credit beneficiaries. This fund is doubled in 2003.</li> <li>• Representative from SAMCAF (Zimbabwe) presents paper <i>Building Strong Networks of Microfinance Institutions</i> to GITMIF.</li> <li>• AKSM starts its microfinance programme in Manica District.</li> <li>• Hluvuku – Male Yeru starts its microfinance programme in southern Maputo Province.</li> <li>• MicroStart programme is launched by UNCDF and implemented by Ebony Consulting International (ECI). From over 20 operators, the programme would seek up to 3 that could be considered to be</li> </ul>

	<p>“potential breakthrough MFIs”. The first phase consists of providing \$5,000 to up to 10 MFIs to prepare capacity building plans for submission for a much larger grant of between \$200,000-250,000. In addition to grants, selected MFIs would benefit from technical assistance provided by ECI. The launching seminar is attended by 74 participants. The selection process involves visits and evaluations to 13 operators from which 5 are eventually selected (GGLS, Tchuma, SOCREMO, AKSM and CMN).</p> <ul style="list-style-type: none"> <li>• The Hunger Project starts operations in 2001.</li> <li>• The African Development Fund proposes Artisanal Fisheries Development Project for the north of Mozambique (north of Ilha de Moçambique to the Tanzanian border) with a credit component of about \$13m, of which a significant amount is earmarked for microfinance.</li> <li>• The National Directorate of Trade (DNC, formerly DNCI) proposes a programme for supporting the development of the financial intermediaries AMODER and GAPI Sarl as part of the EU/FAO/MIC programme to facilitate credit for agricultural trade (DNC Research Note No. 17). The programme is later launched to cover the Nacala Corridor.</li> <li>• MMF starts its technical assistance programme with Hluvuku (Male-Yeru) which then later extends to GGLS (later FDM), FCC, CRESCE (later taken over by BOM) and SOCREMO.</li> </ul>
2002	<ul style="list-style-type: none"> <li>• Opportunity International undertakes a study of the sector with the view of possibly operating in Mozambique.</li> <li>• MEDA (Kulane ka Ntwananu partnered with Male Yeru) start a programme of commercializing dipped mosquito nets.</li> <li>• ADEM starts promoting ASCAs in Manica Province.</li> <li>• CMMEA starts in Angonia District, Tete Province in continuation from the credit programme established by the UNDP Proarea project.</li> <li>• ECI undertakes a study in Zambézia Province on appropriate microfinance products for families affected by HIV/AIDS.</li> <li>• GAPI, in collaboration with CLUSA, starts an innovative credit programme that allows umbrella groups of farmers associations (fora) to receive credit for agricultural commodity marketing. Each forum is required to sign a contract that applies the “solidarity group” concept requiring the debts of defaulting fora to be borne by signatory fora. Twenty-three fora receive cereal trading loans amounting to 2.25 bn MT. A further 11 receive 740m MT for cashew trading.</li> <li>• The Union of Farmer Associations of Southern Niassa (UCASN) receive 500m MT from GAPI for on-lending to member associations.</li> <li>• MMF starts collecting portfolio information on MFIs including: CMN, CCCP-CCOM, CRESCE (later taken over by BOM), FCC, GGLS (later FDM), Hluvuku (Male Yeru), Ophavela, NovoBanco (recently), SOCREMO and Tchuma.</li> <li>• ICC conducts a market study for Tchuma as well as an evaluation of the impact of different financial products.</li> <li>• GAPI experiments with another innovative financial arrangement which allows mostly unlicensed traders and other entrepreneurs to access credit through solidarity groups of association members. The advantage seen by the borrowers is that the loan sizes are larger and more adequate for their needs than those offered by FCC(N).</li> <li>• The <i>Ophavela</i> project is extended for 2 years with funding from Novib and Hivos having expanded to 7 districts in Nampula Province. In mid 2002 it has about 125 groups and 1,700 members.</li> <li>• LFS Financial Systems, on behalf of GTZ, undertakes a viability study to transform SOCREMO into a bank. The report states that: <i>The corporate vision of the future Bank is to establish the institution as a <u>house bank</u> of low income groups in Mozambique, in particular micro, small and medium enterprises.</i> The report envisages that: <i>The loan portfolio will mainly be financed by loans from banks and international financial institutions in local and foreign currency, with a growing share of deposits from the public.</i> The founding shareholders of the bank would be UGC, CCM, GPE (previous shareholders) with newcomers GAPI and LFS.</li> <li>• BoM Aviso No. 3/GGBM/2002 establishes minimum required capital values for credit institutions and other financial entities (e.g. microfinance banks 70bn MT, and credit cooperatives 200m MT).</li> <li>• DANIDA carries out a review of the National Energy Fund (FUNAE) which inter alia sought to: <i>Determine how to optimise efforts at strengthening FUNAE’s capacity as a financial institution intended to promote and facilitate the extension of energy to low-income urban and rural areas.</i></li> <li>• GAPI issues an <i>Ordem de Serviço</i> which indicates new procedures for decentralizing the decision making powers of its regional branches and provincial agencies.</li> </ul>

<p><b>2003</b></p>	<ul style="list-style-type: none"> <li>• GCAP commissions the study <i>A review of 3 Successful Cases of Rural Finance in Northern Mozambique</i> as part of an international research programme to identify and assess the success and innovation in agricultural microfinance.</li> <li>• Swiss Development Cooperation (SDC) undertakes a comprehensive study of rural finance options and decides to replicate the IRAM/CCCP model as applied in Montepuez to 3 districts in Nampula Province.</li> <li>• The African Development Bank finances a \$23m project for supporting artisanal fishermen in northern Mozambique. The project has a \$13m credit line for on-lending to financial service providers including MFIs.</li> <li>• AMODER is contracted by SNV to provide credit to small cashew processors supported by the CASCA programme (Nampula Province). AMODER normally provides credit to traders.</li> <li>• CCC is established.</li> <li>• As part of the Institutional Development Project of AMODER (funded by EU/FAO/MIC) a market study is undertaken on financial products in northern Mozambique.</li> <li>• A KPMG study of the banking sector shows that total loans from commercial banks are the equivalent of only 37.5% of deposits.</li> <li>• GAPI and AMODER propose the creation of a Revolving Fund to Support Agricultural Markets (FAMA) to enhance the IFAD-funded Programme for Supporting Agricultural Trading (PAMA) in Niassa and Cabo Delgado provinces. This fund was capitalized by Irish Aid.</li> <li>• The national NGO OLIPA-ODES helps channel credit to the associations it is promoting. Credit comes from various sources (large traders, GAPI and the Dutch NGO PEIPA).</li> <li>• A consultancy is undertaken on behalf of <i>Ophavela</i> examining the best way to institutionalise the project.</li> <li>• The Aga Khan Foundation establishes the First Microfinance Project in Cabo Delgado.</li> <li>• The association Phambeni Makweru starts its <i>Projecto Lhuwuka Microcrédito</i>.</li> <li>• IFAD organizes a seminar to introduce the Appraisal Report and Working Papers for the proposed Rural Finance Support Programme. The seminar provides an opportunity for potential stakeholders to react to the proposal and the implementation of the programme. Issues such as the most suitable ministry to lead the programme are debated.</li> <li>• UNDP provides \$287,000 for development of the VSL methodology to CARE International for 2 years, with objective of reaching 6000 people in 3 districts of Zambezia.</li> <li>• TechnoServe awards Rural Enterprise Innovation Grants (REIGs) up to \$50,000 funded by United States Department of Agriculture, intended to support the creation of innovative businesses that would employ, buy raw materials from, and in other ways benefit large numbers of the rural poor in Mozambique. Applicants are expected to contribute at least 10% of the capital required for the innovation.</li> <li>• The <i>Fundo de Crédito Solidário</i> is established to concede credit to member unions of the Union of Farmers' Associations of Southern Niassa (UCASN). Loans are provided by the Fund at the rate of 2.5% per month. In turn the Fund obtains its loan capital from GAPI.</li> <li>• The Netherlands Microfinance Platform initiates a Microfinance Poverty Outreach and Impact Assessment of the Maputo-based operations of Novo Banco, SOCREMO and Tchuma. The study would be undertaken in 5 separate stages. Phase A would separately analyse each MFI in terms of performance, products and client profiles; phase B would analyse data collected by the MFIs through loan assessment; phase C would consist of a qualitative client survey to assess poverty outreach; phase D would entail a qualitative impact survey based on the QUIP methodology and phase E would evaluate the findings for strategic planning of the MFIs.</li> <li>• The <i>Ophavela</i> PCR programme starts the process of transforming the programme into a local NGO.</li> </ul>
<p><b>2004</b></p>	<ul style="list-style-type: none"> <li>• IFAD publishes the Appraisal Report and 10 working papers for the Rural Finance Support Programme (RFSP) funded by IFAD and the ADB.</li> <li>• Law 9/2004 makes certain alterations to the Credit and Financial Institutions section and replaces Law 15/99.</li> <li>• The 3<sup>rd</sup> National Microfinance Conference organized by the MMF and DNDR is held in Namaacha.</li> <li>• The conference appoints a task force to elaborate a microfinance decree to accompany Law 9/2004.</li> <li>• Decree 57/2004 gives certain categories of "microbanks" the right to take deposits from the public.</li> <li>• The former ASCA programme, ILRP, becomes a national NGO called Kukula (Inhambane Province).</li> <li>• The MMF conducts a study on the potential MFI market, involving clients and non-clients.</li> </ul>

	<ul style="list-style-type: none"> <li>• MaLanga Microcrédito, a private Mozambican company, owned by a Mozambican businessman, starts operations in Maputo.</li> <li>• CARE starts the VSL-Zambezia project supported by UNDP.</li> <li>• SOCREMO is given licence to operate as a Microfinance Bank (MFB). The government reduces its shareholding from 61% to 34%. Most of these shares are purchased by KfW (34%) and LFS (15%). Other shareholders include GAPI (11%), CCM (3%) and UGC (3%).</li> <li>• ACDI/VOCA undertakes study for the USAID Microenterprise Development Office and produces a report <i>Mozambique Rural Financial Services Study</i> focusing primarily on the Beira Corridor. On the <b>institutional level</b> the study recommends: 1) supporting the development of a rural financial services brokerage; 2) supporting the development of an inventory financing system; 3) ensuring that guarantee fund access is linked to bank performance; 4) strengthening rural savings mobilization capacity; 5) supporting commercially oriented MFIs willing to expand into rural and agricultural financing; and 6) assessing the feasibility and need for an agricultural bank. On the <b>product level</b> it recommends: 1) lease financing; 2) overdraft facilities; 3) trade financing and 4) equity and subordinated debt financing.</li> <li>• UNCDF/SUM in collaboration with ICC produce a draft report <i>Inventory Survey of Rural Finance and Microfinance in Rural Areas of Mozambique</i>.</li> <li>• ECI Africa on behalf of the MicroStart Project conducts an analysis of Tchuma's client dropouts.</li> <li>• Project Hope is established.</li> <li>• A rural finance workshop funded by the USAID-funded Center for the Promotion of Rural Financial Services (CPSFR) is organised by Ophavela in Nampula. The workshop is attended by some 30 participants from around the country.</li> <li>• CPSFR provides funds to NovoBanco to expand to Chimoio.</li> <li>• CPSFR provides a guarantee to BIM Leasing.</li> <li>• CPSFR provides 50% guarantees to 9 cashew processors in Northern Mozambique (total value \$4.5m).</li> <li>• The Fund for Agricultural Development of the Zambézia Valley (FAZ) is launched by the Danish Embassy through its ADIPSA programme in Manica and Tete and managed by GAPI. The fund integrates the earlier fund created for Manica in 2001 (and reinforced in 2003) amounting to \$700,000. The agreement stipulates that 20% of the loan volume be channeled to microcredit and credit for farmers' associations (by 2004 only 7% had been allocated to these categories).</li> <li>• An evaluation of <i>Ophavela's</i> PCR programme finds that despite the very encouraging results of the programme, some weaknesses need attention. These include: i) the ability of groups to continue for the long-term without external assistance has yet to be proven; ii) the high cost per PCR group created and assisted; iii) reliance on external assistance for institutional and methodology development which may not be sustainable with future funding; and difficulties in creating an independent institution given the centralization in CARE's accounting and administrative systems.</li> <li>• <i>Ophavela</i> becomes a national NGO known as <i>Associação para o Desenvolvimento Socio-Economico Ophavela</i>.</li> <li>• MMF prepares a draft MFI directory (not published).</li> <li>• Novo Banco registers as commercial bank.</li> <li>• KPMG, funded by Malonda Foundation (Niassa), undertakes a feasibility study of establishing a savings facility with the Post Office.</li> <li>• A Memorandum of Understanding is signed between the G15 donor agencies and Mozambique for the Programme Aid Partnership (PAP) to provide budget and BoP support to Mozambique and to provide efficient and effective financial support to the implementation of the PARPA. Priority indicators and targets are defined in the performance assessment framework (PAF) which includes microfinance.</li> </ul>
2005	<ul style="list-style-type: none"> <li>• The National Policy and Strategy on Microfinance is presented by the Government.</li> <li>• Microfinance is introduced as an important tool in the fight against poverty at the National Meeting of District Administrators (Vilanculos).</li> <li>• Planet Finance sends a mission to Mozambique to meet microfinance stakeholders. One area of possible assistance is the training of senior MFI personnel by schools in Portugal. It is also mentioned that Planet Finance could provide expertise on MFI ratings in Africa.</li> <li>• <i>Banco Oportunidade de Moçambique</i> (BOM) starts operations in Mozambique, having acquired 3 branches of CRESCE and MEDA's Kulane project in Maputo.</li> <li>• A seminar on Policy, Legislation and Training in Microfinance is held in Maputo during which it is</li> </ul>

announced that the consultancy group ICC and the IFB have created a consortium with the objective of institutionalizing the training of MFI personnel. The seminar also includes presentations from the BoM on decree 57/2004 and the Upstream Project presents its final draft of National Microfinance Policy and Strategy.

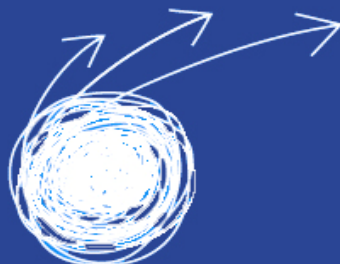
- Aide Memoire of a mission to finalize the Financial Services Technical Assistance Project (FSTAP) indicates that the project will be funded by the World Bank, KfW, GTZ, DFID, SIDA, AfDB and the GoM to the tune of \$30m. Ten components are envisaged of which component 2, Expanding Financial Sector Outreach and Access has 2 sub-components dealing with microfinance. The first sub-component would support expansion and strengthening of microfinance and rural finance institutions through support to sector institutions by i) assisting in the establishment and development of sustainable operations of an association of MFIs or microfinance center; ii) through the MFI association/center support the graduation and transformation of MFIs: develop models for the expansion of financial services, conduct research and disseminate information, promote transparency and dialogue among stakeholders, develop capacity building for microfinance, develop new instruments and methodologies; iii) supporting the improvement and integration of credit reporting (credit bureau); iv) supporting the sector (MFI, BOM etc.) upon request, to improve regulation and supervision of microfinance. Assistance would include the provision of a long-term international advisor to the MFI association/center. The second sub-component, Promotion of Rural Expansion and the Integration of Microfinance Institutions in the financial system, would support qualified MFIs to reduce the gap between the microfinance and the commercial bank sector by providing support i) to qualified microfinance institutions for the transition to International Financial Reporting Standards (IFRS), involving the preparation of new chart of accounts, training of MFI staff, and a review of the effects of the introduction of IFRS; ii) to qualified MFIs to access the national payment system (real-time gross settlement), involving the co-financing of hardware, software, and training of MFI staff; iii) to qualified MFIs to expand to rural areas, involving the promotion of outbranching (Challenge Fund) and research for the adaptation of financial products to rural areas.
- IRAM wins a bid to continue to manage the second phase of the CCCP programme (CCCP changes name to Caixa de Credito de Operadors das Microfinanças, or CCOM).
- Phase D of the Impact Assessment study undertaken with in-depth interviews with active clients and dropouts of Socremo, Novo Banco and Tchuma.
- NovoBanco undertakes a comprehensive study to consider introducing agricultural loan products.
- AFD takes the initiative to create donor group International Partners Group for Microfinance (GIPMF).
- British volunteer service VSO – youth and microfinance programme is linked with GoM.
- KPMG proposes the publication of a rural finance and microfinance quarterly (announced at a GIPMF meeting).
- The Rural Finance Support Programme is launched.
- SDC establishes a CCCP clone in Nampula with IRAM.
- SOCREMO registers as commercial bank.
- BOM starts the registration process for becoming a commercial bank.
- The final draft of the National Microfinance Policy and Strategy is produced by National Directorate of Rural Development (Ministry of Planning and Development).
- Treasury bills (1 year) are issued at 11% p.a.
- The Bank Rediscount Rate drops to 11.5%.
- The Dutch Microfinance Platform disseminates the report *Characteristics of the Microfinance Sector and of the Three Institutions involved in the Impact Assessment* which summarizes the findings of phase A of the study *Poverty Outreach and Impact Assessment in Mozambique with Three Partner Institutions of Members of the Dutch Microfinance Platform*. Later during the year various internal studies are completed including institutional reports relating to client characteristics based on loan portfolio data, a poverty outreach study of Tchuma's clients and in-depth studies based on interviews with more-than-2-year old clients and dropouts.
- The Upstream Project commissions the study *The Potential of Mobilizing Savings in the Rural Areas*.
- The Upstream project is completed with the organisation of a closing workshop in which 3 products are launched: the MF Strategy, the study on rural savings, and the MFI directory.
- The IDPPE starts the Northern Nampula and Cabo Delgado Small Artisanal Fishers Project (PPANNCD). The project has a credit line of approximately \$13m which would be wholesaled through the FFP to institutions expected to provide finance to SMEs and microentrepreneurs. The project will also promote PCRs in fishing communities.

	<ul style="list-style-type: none"> <li>• MMF holds a seminar on HIV/AIDS and its impact on the microfinance sector.</li> <li>• FFP becomes the apex lending institution for the ADB fishing project.</li> <li>• Notice 4/GGBM/2005 abolishes the category “microfinance bank” requiring a minimum capital of 25bn MT. The notice provides for new minima for other categories and differentiates for locations of headquarters for some categories, providing for smaller minima for certain areas outside of Maputo. SOCREMO subsequently registers as commercial bank and BOM is in the process of registering as commercial bank by the end of 2005.</li> <li>• Large MF operators agree to meet once a month for a year to discuss common issues. BoM is invited as well as other operators. After one year the feasibility of establishing an MFI association would be assessed.</li> <li>• RFSP attempts to get an MFI association started. IFB is requested to coordinate the initiative.</li> <li>• MMF initiates a survey of microfinance operators to commemorate the International Year of Microfinance.</li> <li>• The RFSP invites GIPMF to play the role of the Donor Coordination Group. GIPMF agrees to discuss the proposal among its members.</li> <li>• The British Volunteer Service announces its intentions to establish a microfinance programme for Youth within the Ministry of Youth. The programme would be established by a volunteer expert in microfinance from St. Lucia.</li> </ul>
<b>2006</b>	<ul style="list-style-type: none"> <li>• World Bank develops a proposal for the development of the Zambezia Valley. At the time of writing, the main strategic emphasis for microfinance was to promote a savings driven approach through ASCAs or village banks. It was also hoped to solicit interest (possibly through financial incentives) of a formal financial institute to provide credit to outgrowers.</li> <li>• DANIDA is in the process of preparing its rural finance strategy, and at the time of writing was contemplating either a combination of establishing a programme based on the CCOM model, establishing a 50% guarantee fund to work with commercial banks such as Standard Bank or to work in collaboration with NovoBanco with their new rural credit product.</li> <li>• The Financial Sector Technical Assistance Project (FSTAP) calls for bids to provide microfinance courses through the Bank Training Institute.</li> <li>• The Dutch Microfinance Platform releases its synthesis report of the overall findings of its Poverty Outreach and Impact Assessment study.</li> <li>• By April the group of microfinance operators meeting on a monthly basis consists of SOCREMO, NovoBanco, CCCP-CCOM, FCC, Banco Oportunidade, FDM, IRAM, AMODER, Assoc. Hluvuku and TCHUMA. The group distributes a letter to all known operators requesting those interested in becoming involved in the process of establishing an association of microfinance operators to sign a protocol. The protocol establishes the procedures for an interim “forum of microfinance operators” to meet on a monthly basis. The letter states that the main concerns of the group are to improve the exchange and collection of information on the sector; to develop a singly unified voice in relation to Bank of Mozambique, the Government, donors and other external agencies; and to serve as an implementing agency for the RFSP.</li> <li>• The group of microfinance operators calls for a consultant to work on the establishment of association of microfinance operators. The consultancy would be financed by the RFSP.</li> </ul>



## MICROFINANCE IN MOZAMBIQUE

### Achievements, Prospects & Challenges



International Year of Microcredit 2005

## Statement of the Advisors Group to the United Nations International Year of Microcredit 2005

**United Nations Forum to Build Inclusive Financial Sectors**  
**United Nations Headquarters, New York**  
**8 November 2005**

*Endorsed by*

**Stanley Fischer**

*Chairman of the Advisors Group  
Governor, Bank of Israel*

**Rene Azokli**

*CEO, PADME*

**Charles Konan Banny**

*Governor, Central Bank of West African States*

**Gregory Casagrande**

*President, South Pacific Business Development  
Foundation*

**Marilou van Golstein Brouwers**

*Senior Fund Manager, Triodos Bank*

**Enrique Iglesias**

*President, Inter-American Development Bank*

**Marge Magner**

*Independent Advisor*

**Diana Medman**

*Director, AO Bioprocess*

**Raghuram G. Rajan**

*Economic Counsellor and Director, Research  
Department  
International Monetary Fund*

**Hernando de Soto**

*Director, Institute for Liberty and Democracy*

**Fouad Abelmoumni**

*Executive Director, Association Al Amana*

**Ajay Banga**

*Chairman & Chief Executive Officer, Citigroup  
Global Consumer Group and Global Consumer  
Group International*

**Matthew Bishop**

*Business Editor, The Economist*

**In Channy**

*General Manager, ACLEDA Bank*

**Fazle Hasan Abed**

*Chairperson, BRAC*

**Diederik Laman Trip**

*Chairman, ING Netherlands*

**Princess Maxima**

*The Hague, Netherlands*

**Leonor Melo de Velasco**

*President, Fundacion Mundo Mujer-Popayan*

**Christopher Rodrigues**

*President and Chief Executive Officer  
Visa International*

**Washington Sycip**

*Founder, the SGV Group*

1. The United Nations International Year of Microcredit has exceeded even our expectations as the Advisors Group to the Year. The UN Year has raised the profile of microcredit and of microfinance in general. It has generated a great deal of enthusiasm, among microfinance users and providers, suppliers of capital, commercial businesses and the public of many nations, developed and developing: a record number of national committees - most of which are impressively diverse and actively engaged - have been formed to promote the goals of the UN Year. The critical role that access for poor people to financial services plays in reducing poverty is now much better understood by policymakers. Promoting greater access has become a key part of the international development agenda, including achieving the Millennium Development Goals.

2. As an Advisors Group, we are confident that, although microfinance remains very far from its potential, significant progress can be made in overcoming the remaining obstacles to the spread of financial services that can meet the needs of poor people. We have seen encouraging evidence that microfinance works. We applaud the efforts of thousands of people who have brought it this far. In this note, we make a number of key observations arising from the UN Year, and set out our recommendations for further action. This note contains the collective view of the 20 members of the Advisors Group alone, the result of our meetings and other conversations during the UN Year. It is intended to complement other important work produced as part of the UN Year, such as the “Blue Book” on “Building Inclusive Financial Sectors for Development”.

3. The focus of the UN Year quickly expanded from microcredit to the whole of microfinance, including services such as savings, insurance and money transfer, as well as lending. With good reason, the main message of the UN Year became: there is a vital, pressing need to build inclusive financial sectors in which the billions of poor people around the world have access to affordable financial services.

4. At its launch last November, we said that the overarching goal of the UN Year was to “secure a global commitment to develop inclusive financial sectors in which all people have access to the financial services they need to make the best possible use of their human potential”. Specifically, we agreed that the UN Year would be a success if it achieved three goals. First, if it increased awareness of microfinance and the conditions in which it can flourish. Second, if it contributed to filling the information gaps about who has access to what financial services, at what cost, what impact this access has, and why access is currently limited. Third, if it secured the commitment of governments to ensure that their fiscal, macroeconomic, regulatory and supervisory policies support rather than stunt the availability of microfinance, and of multilaterals, donors, NGOs and private-sector institutions to treat microfinance as a serious part of the financial sector and as a business concern, not an act of charity.

5. Given these demanding goals, our aim as an Advisors Group has not been to cheerlead but to focus attention on the many difficult questions that arise regarding financial access for poor people. From the start, we have been particularly concerned about the lack of reliable data (except in a few cases) about what financial services are available to poor people, and what services are actually used by them. This lack of data has made it hard to move beyond a general observation that, in sharp contrast to rich countries, a large majority of the populations of poor countries is essentially ignored by the mainstream financial sector. In our view, the lack of good data has made it hard for governments and others to make well-designed policy, hard for potential providers of financial services to poor people to accurately judge the need/opportunity, hard for multilaterals and donors to

judge if their actions are helping or hindering the financial sectors in which they intervene, hard for investors to assess the market opportunities, and hard even to reach empirically sound conclusions about the relationship between financial access, poverty and economic growth.

6. The generation of good data has therefore been one of our priorities during the UN Year. Specifically, the Advisors Group has brought together central bankers, leading economists and statisticians, including from the UN, World Bank, IMF, Britain's Department for International Development (DFID), the Central Bank of West Africa (BCEAO) and the private and non-government sectors, to develop common measures of financial sector inclusion and to answer the central question of how many poor people have access to what kinds of financial services and what is the quality and impact of those services.

7. In September, the International Monetary and Financial Committee of the Board of Governors of the IMF observed in the official communiqué at its annual meeting that "2005 is the International Year of Microcredit. The Committee notes the IMF's role in improving data availability on microcredit and in addressing microcredit issues in the Financial Sector Assessment Program". Following on this, we urge the IMF and the World Bank to include more of an analysis of the financial services targeted at poor people in the various statistics it collects. We expect that financial access will increasingly be recognised as a key indicator of the efficiency of a country's financial sector.

8. Although much work remains to be done, we are delighted that the process of gathering good data about the access of poor people to financial services has begun. Already it has yielded two notable achievements. The first is a window into the current state of microfinance. The second is that it has provided a foundation on which multi-year comparisons between nations can be built. We strongly recommend that this work continue, so that inadequate data will soon cease to be a factor slowing the spread of microfinance.

9. We are particularly hopeful that countries will soon employ common measures of financial inclusion developed during the UN Year by the World Bank and DFID as an indicator of progress in reducing poverty. We recommend that national governments (and their regulators and supervisory institutions) adopt common indicators and methodologies and work with the IMF, the World Bank and others in using these data to assess the breadth, depth and inclusiveness of their financial sectors. We also recommend that multilaterals and other donors support governments in this effort and help them to strengthen their statistical collection systems and that the UNDP Human Development Reports, amongst other publications, include this data.

10. We note recent empirical analysis by the World Bank, which for the first time shows that increased access to finance helps to reduce poverty (rather than, as is sometimes argued, that greater financial access is merely a consequence of reductions in poverty). The results support the view that building an inclusive financial sector should be considered a driving force of economic development and poverty reduction, and we hope that the increased availability of data about microfinance will encourage further research into its potential role.

11. The World Bank analysis is noteworthy in two other respects. First, it confirms that access to financial services remains extremely limited in most poor countries. Although throughout the UN Year we have been encouraged by numerous examples of how microfinance can transform the lives of poor people, it is clear that the biggest challenge for the next few years is to provide microfinance on

a significantly greater scale than anything we see in poor countries today. A particular challenge is in rural areas that can be especially costly to reach.

12. Second, the World Bank analysis also finds that government ownership of the financial sector is inversely correlated with access. This underlines a crucial lesson for policymakers as they consider how to “scale up” microfinance: the private sector will play a critical role in enabling poor people to receive financial services.

13. This does not mean that governments should ignore microfinance. On the contrary, we believe that governments have a crucial enabling role to play in increasing access to financial services.

14. In general, financial services are more likely to be available to poor people in countries which are essentially well-governed: with sensible macroeconomic policies aimed at keeping inflation and interest rates low, a competitive economy with strong antitrust laws, limited red tape, clear enforceable property rights (for poor people as well as rich, for men as well as women) and effective law enforcement, including against corruption.

15. In addition, there are several crucial areas of government policy that specifically relate to microfinance. One common temptation is for governments to impose ceilings (caps) on the rate of interest that can be charged on micro-loans. Such ceilings have a simplistic political appeal, by appearing to ensure cheap credit for poor people, but in practice interest-rate ceilings tend to reduce the supply of credit, especially to the poorest would-be borrowers, who are driven instead to borrow from illegal money-lenders whose rates are not capped, and whose collection methods are notorious. Interest-rate ceilings can also reduce the transparency of the cost of credit to borrowers, as lenders seek to evade the caps by adding various service charges and application fees. We strongly recommend that governments do not impose interest-rate ceilings on micro-lenders. The evidence shows that a far more effective way for governments to ensure that interest rates are not excessive is to foster healthy competition within the financial sector.

16. Government regulations on the collection of deposits often prevent, or impose a significant cost on, micro-lenders providing other financial services, in particular savings accounts. These regulations are often intended to protect savers from bank failure, which is clearly a desirable goal. However, they raise the cost of capital to micro-lenders, which are prevented from operating as normal banks that lend money that has been deposited with them. Moreover, these regulations can mean that poor people are denied access to savings accounts, and thus have to save by methods that involve far greater risks than that of bank failure. We recommend that financial sector authorities should devise prudent and appropriate means to make it possible for microfinance providers to qualify to accept deposits.

17. Finding the appropriate balance between consumer protection and a light regulatory burden is not easy, but getting it right should be a priority for governments everywhere, and particularly in poor countries. We believe that too often well-run microfinance institutions are being overly constrained by regulations (particularly with regard to restrictions on what services they can provide) as they look to increase the scale and scope of their operations. We recommend that governments, assisted by the relevant multilaterals, urgently review their regulations to ensure that they encourage prudent and sound provision of financial services to poor people. We also recommend that priority is given to training competent bank regulators, accountants and auditors, lawyers and credit-raters, who are often in short supply in poor countries. This may be a fruitful area for international assistance, from

multilaterals and national governments, and from private donors. We commend the Bank for International Settlements, the Federal Reserve Bank of New York, the Banking Superintendent of New York, Citigroup and the Central Bank of West Africa (BCEAO), leading trainers of central bankers and other regulators and supervisors in developing countries, for including issues pertaining to microfinance in their training programmes. We recommend that others follow their example.

18. Regarding consumer protection, there are at least three areas in which government can play a helpful, enabling role. First, we recommend that lenders be required to inform borrowers clearly of the full cost of their borrowing, including interest rates and any other fees. Such a requirement ought not to impose significant costs on either lenders or regulators.

19. Secondly, we are concerned that, in some countries, laws to protect privacy are preventing the emergence of credit bureaus. Such credit bureaus can greatly reduce the cost of lending – and thus increase the overall supply of loans - by giving lenders better information about the creditworthiness of borrowers. Some rich countries have managed to combine strong, effective privacy protection with sufficient freedom to share financial information to enable viable credit bureaus, and we recommend that poor countries follow their example and take measures to facilitate and encourage the establishment of credit bureaus. Furthermore, we encourage efforts to help microfinance providers improve their information systems, not least so that these bureaus can receive relevant information.

20. Third, deposit protection is often woefully inadequate in poor countries. Although deposit protection schemes, such as insurance, can have some downsides, including a heavy regulatory burden and the creation of a moral hazard that can make savers careless of who they entrust with their money, combined with effective but light regulation such schemes can greatly increase consumer confidence in the financial system. A lack of such confidence is often – and not unreasonably – a serious constraint on the growth of financial systems. We recommend that governments explore whether they can sensibly and cost-effectively introduce deposit insurance or other protection scheme for savings accounts provided to poor people.

21. A difficult issue for suppliers of capital for microfinance is how or if they should subsidize the provision of financial services to poor people. Here there is no simple answer. We observe that even at current levels of subsidy, many microfinance institutions find themselves constrained by a lack of funds. Increasingly, they are looking to find other sources of capital, not least by focusing more on generating profits from their activities, which in turn makes them attractive to private-sector investors. We welcome this increasingly commercial approach to serving poor people, not least because we believe that only the private sector will have the ability to provide the organization, expertise and capital that can drive a rapid increase in access to financial services.

22. Whether it would even be desirable for more subsidized capital to be made available is debatable. In practice, government or other donor subsidy of microfinance has often gone hand-in-hand with a lack of transparency, significant corruption and general inefficiency, which in turn has distorted the provision of financial services in ways that have hindered their long-run development. Whilst there may be poor people to whom it will never be commercially viable to provide financial services – in which specific circumstances, a case can arguably be made for subsidy (but perhaps a better case for social safety nets) – we believe that the best hope for a rapid increase in access to financial services lies in the provision of these services to poor people becoming more commercially-driven. We therefore recommend that governments and others are restrained in their provision of subsidized capital to microfinance, and aim to deploy it in ways that encourage, not discourage,

commercially-driven capital into the sector. For instance, governments and other donors might more usefully invest in the development of the regulatory infrastructure within which microfinance can thrive, in seeding new microfinance institutions and new technologies that speed the increase in financial access, and in providing relevant education and training to users and providers of microfinance.

23. We also welcome the increasing enthusiasm of many providers of microfinance – old and new – for delivering financial services to poor people on a commercially sustainable basis. Though many established microfinance institutions are rightly proud of their charitable roots, a growing number of them are willing to talk about possible partnerships with established commercial financial institutions, about scrutinizing loan portfolios, retailing insurance policies underwritten by commercial insurers, and even of making profits and perhaps becoming listed public companies. Some of the best institutions are now reducing their dependence on donor financing, exposing their operations to critical ratings agencies, and hunting out private capital. We also welcome the growing interest of commercial financial institutions in serving poor people, who until recently they often avoided as customers. Encouraging examples of commercial institutions entering microfinance include large banks in Latin America, Asia and Eastern Europe, and some of the major international banks based in rich areas of the world including America, Western Europe, and Australia.

24. Nevertheless, rhetoric is certainly running ahead of action. Although a growing number of institutions and governments talk about treating people who are poor as clients and not beneficiaries, they often continue to ghettoize microfinance within the philanthropic arms of their organizations, where resources and accountability are typically limited, or otherwise evaluate them in non-commercial ways. A culture change is still required in many of the established institutions that provide financial services to poor people. In particular, we recommend that providers of microfinance become more transparent, especially about their loan problems and about the degree to which they depend on subsidized capital, and we recommend that they subject their performance data and accounts to independent audit. Likewise, whilst we wholeheartedly welcome the growing interest in microfinance of established mainstream national and international financial institutions and even some industrial firms, we urge them to back up their rhetoric with more substantial action.

25. We note with some concern the fact that much of the commercial capital available to microfinance providers is foreign, and therefore carries significant exchange-rate risk. This risk has been sufficiently large to bankrupt some microfinance providers in the past. We recommend that foreign suppliers of capital to microfinance institutions develop ways of providing such funding in local currency. We further recommend that governments examine whether their own policies are constraining the supply of local capital to microfinance.

26. We are also concerned about those multilaterals and other donors who, through their actions, appear wedded to microfinance remaining an activity subsidized directly through cash contributions or indirectly through technical assistance and subsidized financing. We recommend that multilateral institutions and other donors give serious thought to how they can use their resources more effectively to develop commercially sustainable microfinance.

27. We have been greatly encouraged by the growing interest in microfinance of a new generation of philanthropists, many of whom made their fortunes as entrepreneurs during the recent wave of technological innovation. We recommend that they bring that entrepreneurial mindset to microfinance, not least so that they avoid replicating existing subsidy-based microfinance.

28. We are also greatly encouraged by various attempts now underway to use technology such as mobile telephony to dramatically lower the cost of providing financial services to poor people. This may offer large economies of scale and reduce the need to deploy traditional high-cost bank branch networks. We recommend that donors do what they can to spur this technological innovation in the early stages where it may not be able to generate an economic return. We also recommend that regulators have an open mind to such technological innovation, which may challenge traditional approaches to providing, and regulating, financial services.

29. Throughout the UN Year, we have been greatly encouraged by the active role played by clients, and aspiring clients, of microfinance institutions. It is their demand, more than anything, that is driving the growth of microfinance, and their insights have been invaluable. We recommend that providers of microfinance continue to actively consult and otherwise involve microfinance clients to ensure that the financial services they offer truly meet their needs.

30. With the International Year of Microcredit, the UN has exemplified its role as a neutral broker, bringing together disparate parties to address an issue of critical importance. We commend the UN for the seriousness with which it has undertaken this task. In the light of this, we note that much of our work as an Advisors Group has been to initiate activities that will not be completed until after the end of the UN Year. Although our role concludes with the UN Year, and we do not wish to extend our mandate, we recommend that the UN should appoint a group of experts, for a limited period not exceeding two years, to see the work we have begun through to completion.

31. All that remains is to congratulate the UN for dedicating this year to such an important subject, and to thank all the many people involved in making the UN International Year of Microcredit such a success.