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MOZAMBIQUE

## BANKING AND FINANCE | CAPITAL MARKETS

# The Portuguese Fund to Support Investment in Mozambique:

## Extension of essential deadlines

On 9 March, Decree 74/2026 came into force, introducing the second amendment to Decree-Law 42/2010 of 30 April (“DL 42/2010”), which established the FPAIM to finance structural investment projects undertaken by or with the participation of Portuguese companies, particularly in the energy, environment, and infrastructure sectors.

The 2010 legal framework originated from Portugal’s commitment following the return of the majority ownership of the Cahora Bassa Hydroelectric Plant to the Mozambican State.

### Legislative developments

In light of DL 42/2010, the remainder of the Fund’s capital was to be paid up by the end of the fifth year of its duration. Initially set at fifteen years from the commencement date, this period was defined under the aforementioned law.

In 2021, this law was amended by Decree-Law 95/2021 of 10 November. Under this new legislation, the deadline for realising the remaining capital was extended from **5 to 15 years**, while the duration of the Fund remained unchanged at **15 years**.

The legislation has recently been revised, with amendments introduced by Decree-Law 74/2026.

**Decree-Law 74/2026 of 9 March amends Decree-Law 42/2010 of 30 April. It extends the duration of the Fund to 24 years and sets the deadline for realising the remaining capital at the end of the Fund’s 20th year.**

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**Changes introduced by DL 74/2026**

DL 74/2026 extends the duration of the FPAIM from **15 to 24 years**, counting from the start of its activity. This adjustment aligns the FPAIM with the operational reality and financing needs of projects.

Similarly, the deadline for paying the remaining subscribed capital to the Fund has changed. This must now be completed by **the end of the Fund's twentieth year**. This ensures the strengthening of investment capacity, the ability to respond to delays and contingencies in ongoing projects, and the feasibility of new coherent operations.

**Reasons for the recent change**

Over the years, it has been found that the projects supported by the FPAIM often have a long maturity period, which depends on structural investment cycles, institutional cooperation and the local economic situation. Taking these factors into account, the Portuguese government deemed it necessary to adjust the duration and implementation deadlines for the remaining capital of the Fund. The aim is to:

- Avoid interruptions to the financial execution of projects, accommodating long-term investment cycles and complex institutional cooperation processes.
- Maintain an important foreign economic policy instrument.
- Ensuring the continuity of strategic bilateral commitments between Portugal and Mozambique.

**Conclusion**

DL 74/2026 is a timely and significant update to the FPAIM's legal framework, aligning its duration and capital realisation schedule with the operational requirements of the projects.

The changes introduced in the recent legislative update reinforce the stability of the Fund and ensure the continuity of strategic partnerships. They also reaffirm Portugal's commitment to economic cooperation and the internationalisation of companies within the Portuguese-Mozambican context. ■

**This latest legislative update strengthens the Fund's stability and investment capacity, addressing delays and contingencies in structural projects within the energy, infrastructure, and environmental sectors.**