

PORTUGUESE FUND TO SUPPORT INVESTMENT IN MOZAMBIQUE

CHANGES TO THE FUND MANAGEMENT REGULATIONS



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The Portuguese Fund to Support Investment in Mozambique was created by Decree no. 42/2010 of 30 April and the Management Regulations of this fund were approved by Ministerial Order no. 815/2010 of 30 August (and amended by Ministerial Order no. 76-A/2014 of 24 March). The objective of this new Fund is to promote investment in Mozambique by Portuguese companies, through the financing of investment projects in strategic partnerships, in particular, in the areas of renewable energies, the environment and infrastructures, while always respecting the criteria of economic, financial and environmental sustainability.

The requirements for eligibility and the applicable conditions are: i) A minimum share capital of the Mozambican companies equivalent to the exchange value of USD 150,000, at the time of incorporation; ii) The financing complements the contribution of benefits and the financing awarded by other financial institutions; iii) The interest rate of the loans to be granted by the Fund may benefit from a reduction compared with the weighted average cost of the other non-concessional financing; iv) The investment periods are a minimum of 3 years 9 years.



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However, due to the lack of forms of financing provided for in the face of the demand for financing options by Portuguese companies that wish to invest in Mozambique, Ministerial Order no. 132/2018 was approved on 11 May. This Order amends articles 2 and three of the Management Regulations of the Portuguese Fund to Support Investment in Mozambique.

As a result of the changes made, article 2 now provides for two new forms of financing. They are: i) Direct financing to companies with their seat in Portugal to make additional injections of capital and/or shareholder loans in companies with their seat in the Republic of Mozambique; ii) Provision of guarantees to local entities financing eligible projects as an indirect form of financing of these projects.

In relation to eligibility, companies with their seat in the Republic of Mozambique and with a shareholding above 51%, including, for this purpose, any capital that is made available by the Fund, are now considered eligible.

It is hoped that the fund that will bring new dynamism to the use of the forms of financing made available by the Portuguese State, to make it possible to increase investment by Portuguese companies in Mozambique.

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