

# DEVELOPMENT FINANCE

## Agriculture Guarantee Fund:



This fund focused directly on channeling investment to small scale farmers, to contribute to their growth and their recognition

in the market. It came under a policy named "Agro-Investe" to ensure an accessible channel which directly provided and made

these funds available to these Agribusinesses to help them become recognizable by the Ministry of Agriculture. The idea was that by acknowledgement from the Ministry, the needs of these Agribusinesses be met by giving those favourable policies to enable them to survive and continue to steadily grow in the market. These funds were also channeled to other areas like the Road Funds, to ensure that farmers who came from poor areas with bad roads or none at all, were able to have access to good roads so that they could continue day to day business for the benefit of the community and success of the project.

## EVALUATION OF MOZAMBIQUE'S DEVELOPMENT CREDIT AUTHORITY (DCA)

As a mid-term performance evaluation of the USAID-funded Loan Portfolio Guarantees (LPG) through the Development Credit Authority (DCA) activity, where it stated: **(a)** the purpose of the evaluation; **(b)** the evaluation questions that must be answered; **(c)** the evaluation design and methodology; **(d)** the expertise needed to undertake the evaluation; and **(e)** the time frame and budget available to support this task.

The DCA is guaranteed by funds from USAID/ Washington and managed by USAID/ Mozambique. It is designed to strengthen the guaranteed party's (lending institutions)

ability to finance loans to medium-sized farm, agribusiness and tourism enterprises in Mozambique, thereby stimulating economic growth. USAID/Mozambique currently has three DCA programs with two banks, namely: Banco Terra and Banco Oportunidade. All DCA activities are national in scope, with special concentration on the Beira and Nacala corridors and the southern zone of Mozambique; the banks can lend anywhere, but borrowers cannot be located in Maputo City.

As a result the recommendations made by ELJM were accepted and implemented by

USAID Mission in Mozambique. As part of the recommendations were the increase in the number of implementing financial institutions and the inclusion of a microfinance institution to enable loans to be retailed to small microfinance institutions which directly lend to MSMEs.

On the 5th of November 2014 USAID in partnership with AISD launched a new chapter of the DCA Guarantee Fund where two other commercial banks, Banco Unico and Moza Banco, were added to list of holders of the Guarantee together with SOCREMO a microfinance bank.

# TECHNICAL REVIEW OF AGRO-INVESTE PROGRAM

## Overview

The program regulated the level of implementation and performance of the agriculture finance program of Danida applied by Gapi and the technical support which was given to the ministry of Agriculture and Food Security (MASA). ELIM Serviços tasks were in this aspect to conduct a survey among these Gapi borrowers and resolve the efficacy of these loans and guarantee products which were managed by 8 commercial banks. ELIM's assignment amongst others was to provide reference



activities and procedures which would be taken to ensure better loan transactions and encourage greater uptake of the guarantee fund product, as well as create institutional capacity within MASA.

## DESIGN OF M&E FRAMEWORK

Danida as part of its M&E framework Design developed a sound platform to ensure the progressive scaling of the Country Development Strategy Programme. The goal of the project was to ensure the implementation of a solid measure of growth and employment in the country and together with ELIM serviços the steps to facilitating the

evaluation of all systems and procedures were accurately measured, therefore classifying prominent opportunities which would result in cost effective recommendations.

In the process of identifying gaps and opportunities, eloquent and achievable objectives to indicators were established in line with the DCED M&E standard. In recognition

of the pre-requisites, ELIM Serviços ensured processes such as the Development of the Results Chain for each component and the definition of their indicators, as well as the participatory approach with different stakeholders at the implementation and management level were met, amongst other criteria's to ensure the clients gratification.