



CREDIT FOR SMALL SCALE FISHERY IN MOZAMBIQUE



by

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Abstract

The small-scale fishery is a traditional activity and enrolled in social and cultural practices of the coastal communities and some places of the inland waters of Mozambique. This activity is one of the largest sources of income and employment. In 1990, Mozambique adopted the market economy and since 1992, the State begun a progressive liberalisation of financial institutions. At the same time, Government defined politics with the aim to establish some institutions to provide credit for small scale activities.

Access to the credit for small-scale fishery, particularly, artisanal fishery, continues to be difficult, for example: a limited number of financial institutions, difficulties of answering to the requirements and the pre-conditions access, mainly those related with the provision of real warranties and shares, etc. Actually, the small-scale fishery in Mozambique is financed through a variety of mechanisms and sources sometimes in combination form. Thus, the State should promote actions public as private for the establishment of effective programs, which have socio-cultural, economical and political components.

The supportive guaranty could be one of way for changing commercial banks and some registered credit institutions behaviour, turning the most credit accessible for small-scale fishery. The support model of loans in groups (for instance, associations and/or committees) could be a way to reduce the operational costs of the financial institutions; on the other hand, these fishermen associations or commissions can still require guarantee. Like this, the financial institutions will be minimizing a loan risk, through loans in-group and supportive guaranty, simultaneously.

The issue is increase more and cheaper credit for artisanal fishermen, in the long run. The perspective is that the coastal communities will grow possibilities of making a living outside fisheries, and the pressure on the fishery will reduce; probably, the overcapacity consists of labour or employment, which is easier to replace in case of alternative employment possibilities, for instance, agriculture, trader, etc.

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Acronyms and abbreviations

AMODER	Mozambican Association of Rural Development
BoM	Bank of Mozambique
BPD	Peoples' Development Bank
CPPE	<i>Combinados de Pesca de Pequena Escala</i>
DANIDA	Danish Agency for Development Cooperation
DNAP	Fishery Administration National Directorate
DNEP	Fishery Economy National Directorate
DNP	Fishery National Directorate
EEZ	Economic Exclusive Zone
FARE	Economic Rehabilitation Fund
FFP	Fishery Development Fund
FFPI	Fund for Development of Small Industry
GDP	Gross Domestic Product
IDPPE	Institute for Development of Small Scale Fisheries
IFAD	International Fund for Agricultural Development
IIP	Fishery Research Institute
INE	Bureau of statistical of Mozambique
MAP	Ministry of Agriculture and Fisheries
MCS	Monitoring Control and Surveillance
MIC	Ministry of Industry and Trade
MoF	Ministry of Fisheries
NAFP	Nampula Artesanal Fishery Project
NGO	Non Government Organizations
NORAD	Norwegian Development Agency
OPEC	Organisation of Petroleum Exporting Countries
PAC	<i>Postos de Apoio e Compra</i>
PCR	Rotating Savings and Credit Groups
SBAFP	Sofala Bank Artesanal Fishery Project
SEP	State Secretariat of Fisheries

SMBCGF	Small and Medium Business Credit Guarantee Fund
TAC	Total Allowable Catch
UDPPE	Unit of Directorate of Small Scale Fisheries
USD	United States Dollars

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CHAPTER 1: GENERAL ASPECTS

1.1 Introduction

The small-scale fishery is a traditional activity and enrolled in social and cultural practices of the coastal communities and some places of the inland waters of Mozambique. This activity is one of the largest sources of income and employment.

Several studies were already accomplished and they have demonstrated a great contrast between the level of demand of the credit and his supply level for the part of the financial institutions, particularly for artisanal fishing and related activities. These contrasts are demonstrated by the reality imposed by the actual politics economic in Mozambique.

In 1990, Mozambique adopted the market economy and since 1992, the State begun a progressive liberalisation of financial institutions (banks). At the same time, Government defined politics with the aim to establish some institutions to provide credit for small activities; there activities are considered key for the development income improvement of the rural communities, as the case of the Government funds; for instance, Fishery Development Fund (FFP).

Access to the credit for small-scale fishery, particularly, artisanal fishery, continues being difficult. However, the fishermen associations have been playing a relief role to obtain credit. The creation and the establishment of these associations has been one of the alternatives found by the communities to get job and increase their income.

1.2 Relevance of the study

Mozambique has a coastline around 2.800 km that stretches from Tanzania in the north to South Africa in the south, jointly with the countless masses of inland waters. The country

is divided in ten provinces, seven¹ of which are on the sea coastline and two² are the most important inland water fisheries.

Figure 1.1 Map of Mozambique



Source: http://pt.wikipedia.org/wiki/Imagem:Moz_map_provincias.jpeg

Mozambique has seen a significant economic development, being Africa's fastest growing economy in the late 1990's; with gross domestic product (GDP) growth rates around 10% and inflation down to 2% in 1999 from 70% in 1994. In 1999 and 2000 Mozambique received a debt relief that by 2001 will have reduced the foreign debt from United States dollars (USD) 6 billion to USD 1.7 billion, and reducing the debt to export ratio from 538 to 150 with a debt service to export ratio of 5% and in 2001 around 70% of the population living in absolute poverty (NORAD 2002a).

¹ Cabo Delgado, Nampula, Zambézia, Sofala, Inhambane, Gaza and Maputo

² Niassa and Tete

A comprehensive economic reform program was initiated in 1987 including market determination of exchange rate, interest rates, prices and liberalisation of foreign trade. Economic reforms in recent years have included privatisation of a large number of state enterprises (including the fishery sector).

The economy is based on agriculture and exports are dominated by fisheries (with prawns constituting 40% of export value in 1997) agricultural products – cashew, cotton, sugar, copra, citrus, coconuts and timber. Aluminium and hydroelectric power are expected to contribute significantly to export earnings in the future after the installation of the Mozambique aluminium company (Mozal) smelter in 2000 and new or restored electricity lines connecting from Cahora-Bassa to South African and Zimbabwean electricity markets (NORAD 2002a).

Several studies carried out on the fishery sector, particularly, the small-scale fishery, identified problems and constraints regarding the access of the small-scale fishermen to financial services. Therefore, these problems and constraints are weakness to carry out investments, constituting a serious embarrassment for its development.

A limited number of financial institutions in the Mozambican market, that although not being specific for the fishing activity, they are accessible to the fishermen. However, rarely, the difficulties to answering the requirements and the pre-conditions of access, mainly the one related with the provision of real warranties and shares, block the small-scale fishermen the access to these credit.

In addition, the artisanal fishing has geographical and socio-cultural specificities. Besides, an evident contrast exists between the physical concentration of the financial institutions and the location of most of the small-scale fishermen. Consequently, although the demand for financial services in small-scale fishery is apparently high, the satisfaction of this is far away from constituting the dominant reality.

1.3 Main problems and constraints

The issue of credit to the small-scale activities developed in the individual, associative and/or cooperative form is considered as a decisive model for development in developing country, for instance, Mozambique. The advantages are increment of demand and supply, also income and distribution and as well as the businesses level.

It is commonly perceived that the access to financial services in general and in particular credit is a constraint to the development of fisheries. Private banks, Government funds, and the micro-finance institutions all have weaknesses with respect to credit in small-scale fisheries. The most serious constraints are assumed to be in artisanal fisheries (for purchasing of fishing boats and fishing equipment), the semi-industrial fisheries (for purchasing / renewal of fishing boats and equipment), and land-based handling, processing and marketing of fish and shellfish.

The small-scale fishery in Mozambique is presently financed through a variety of mechanisms and sources, sometimes in combination: reinvestment of revenue / labour, loans from some registered credit institutions (for instance, non government organizations (NGOs), Government funds, development programs financed by bilateral, multilateral donors or development banks, with credit aimed at developing the fisheries sector, or programs intended for the development of private sector in a larger context, mostly directed at small and medium-sized enterprises or micro enterprises.

These mentioned constraints most often include: too high interest rates, poor distribution networks as fishing takes place in areas that do not fall within the radius of sustainable operations for financial providers, lack of information to potential borrowers, rigid rules and regulations including the requirement for collateral, lack of consistent lending terms and conditions, Missing good practices in credit delivery and reliable loan recovery instruments, inconsistent practice in the rules and guidelines applied by different financial providers.

1.4 Objectives

However, in order to analyse the magnitude of the problem of lack of access to financial services in general and in particular credit and the real causes of the problems listed above, a study was conducted on the constraints facing both the supply side (constraints on outreach) and the demand side (constraints on access).

1.4.1 General objective

A study had the analysis focused on the magnitude and the problem of lack of access to financial services in general and in particular credit and the real causes of these situations in the small-scale fisheries.

1.4.2 Specific objectives

The specific objectives for this are:

- The supply side,

“Which are the main strengths and weaknesses for the banks, registered credit institutions, Governmental development funds, and other micro-credit institutions to extend / increase their services to the small-scale fisheries (artisanal fishery), and which could be the action of these institutions”.

- The demand side,

“How to turn to financial services in general and in particular credit accessibility to small scale fisheries (artisanal fishery)”.

1.5 Methodology

1.5.1 Data collection

The fieldwork was in Mozambique, during July and August in 2004, namely, Maputo³ (collection of documents of fisheries politicise, study of small scale fishery and documents on policies of finance services in Mozambique) and Nampula province (precisely in district of Moma for the interviews to fishermen).

1.5.2 Method

For this study used the following methods:

- Bibliographical revision: the bibliographical revision occurred on theoretical issues raising the base of the several approaches on commercial bank, Government funds, micro-credit institutions and NGO's. Also, relevant information from the website was used.
- Interviews: questionnaires (see appendix one).

Still, as a main bibliographic revision it was considered the general documents of fisheries politics and finance services in Mozambique.

1.6 Structure of the study

Having introduced the theme, the remain part of this study is organised as follows:

- In **chapter two**: describes briefly the fisheries in Mozambique, namely policy and administration in generally, historical evolution of the artisanal fishery,

³ Capital of Mozambique

socio-economic profile of the main intervening part in the artisanal fishery and fishing resources accessible for the artisanal fishery.

- In **chapter three**: gives some background of financial services in Mozambique; reviews legal and regulatory environment and policy and institutional context. It shows the source of financial services and discusses some experiences about the credit applied for artisanal fishery in Mozambique and some theoretical basis of the experience in other countries.
- In **chapter four**: treats the study area. In this chapter, the main objective is to present the results of the questionnaires.
- In **chapter five**: presents analyse and discuss and also give some considerations about the theme.
- In **chapter six**: offers some conclusion and general recommendations.

CHAPTER 2: MOZAMBIQUE FISHERIES

2.1 Fisheries policy and administration⁴

The overall strategic perspective of the fisheries sector in Mozambique is represented by the Master Plan that was approved in 1995, with an accompanying Action Plan completed in 1996. The Master Plan highlights three main objectives which basically can be summarised as: improved domestic food supply, improved national income, and increased standard of living in fishing communities.

Therefore, according the Mozambique (1996), the great objectives of development established are: alimentary safety, sustainable economy, reduction of the unemployment rate, and decrease poverty levels.

The fisheries are composed of:

- **Artisanal Fishery** by coastal communities all along the coastline and in inland waters landing for both subsistence and commercialisation, the size of vessels is until 10 m.
- **Semi-industrial Fishery** by intermediate size (10<20 m) boats mainly involved in shallow water shrimp fisheries and the kapenta fisheries in Cahora-Bassa for local consumption and export; and
- **Industrial Fishery** with larger vessels fishing for shallow water shrimp and resources in deeper waters, mainly for export.

The Ministry of Fishery is the ministry responsible for the fisheries matters, including fisheries management and control duties. The principal management measures employed

⁴ In “Sector Report for the formulation of the Master Plan” 1996.

to control fisheries in Mozambique are licensing, quotas and a seasonal closure of the most important fishery. Quotas are only employed in the industrial and semi-industrial fisheries of crustaceans.

All fisheries and fishing related operations, except non-commercial self-supporting activities, have to be licensed. In industrial and semi-industrial sectors this function as a limited entry regulation. In the artisanal fishery the licence is a fishing fee. Licences are issued annually, this are non-transferable and can be revoked by the fishing authorities. Unjustified non-use of fishing rights for more than six months may lead to loss of fishing licences.

A closed season regulation (from December to February) was introduced as a measure to increase catches. Even though the catches have shown a positive trend lately, the main contribution of the closed season regulation is a more profitable fishery during the main season, the first period after opening (March-April).

Three fisheries are managed by total allowable catch (TAC) regulation based on biological considerations. These are the shallow water shrimp fishery, the deep-water shrimp fishery and the rock lobster fishery. The monitoring control and surveillance in fisheries management (MCS) is the responsibility of the Ministry of Fisheries and is based on land-based control (Hersoug, B. and Paulsen, A. 1996).

It is the policy of the Mozambican government to develop co-management approaches to fisheries management and co-management arrangements have been implemented in the artisanal sub-sector. An extension of such arrangements in the other sectors is expected to have influence on the set up and efficacy of MCS.

2.2 Historical evolution of the artisanal fishery

2.2.1 Period before independence

The fishery in Mozambique presents historical lines that result from long and old traditions, particularly the artisanal fishery. Donato (1991) reported that in 1893, in António Enes, now Angoche, Nampula province, had already been made reference to the existence of fisheries communities.

Still, according to Donato (1991), end of the century XIX and beginning of the century XX, the Portuguese colonial administration was already in control of the artisanal fisheries activity in some areas of Mozambique, through the concession of fishing licenses, for instance, *gamboas*⁵. This activity was made by *Capitanias do Porto*⁶ (IDPPE⁷ 1999).

However, the reality of Mozambique in this period, show that there was a total absence of any politics for the development of fisheries. The Portuguese colonial administration prohibited industrial fishery and the fish for the domestic market was imported majority from Portugal or from Portuguese companies in Angola and South Africa.

Consequently, during many years the fishing activity stayed basically the subsistence activity for the coastal communities, with little social differentiation in relation to other primary activities, like agriculture and craftwork. It was a modest surplus from artisanal fishery activity; perhaps, it was one of the reasons that Portuguese colonial administration had given a little importance (IDPPE 1999).

Since 1960 the politics for the development of fisheries in Mozambique begin to change as a consequence of economic crisis of the colonials and a growth of the urban centres in Mozambique. As a result the first industrial fleets exclusively dedicated to catch shrimp for the export begun to appear (SEP 1990).

⁵ Barrier with catching chambers made of fences. For instance, in 1908 there were 6 fishing licenses in Inhambane and in 1928 the licenses had increase to 43, being 4 for fishing trawling.

⁶Maritime Administrations

⁷ IDPPE

Due to the population increase in some areas and urban centres of Mozambique, the artisanal fishery reached a high level, making use of fish catching methods relatively more developed. This development established a commercial incentive such as a network of rural canteens, that guaranteed the supply of productive inputs and it assured the drainage of the surplus (IDPPE 1999).

2.2.2 Period after Independence⁸

(a) Period between 1975 and 1980:

The first evaluations carried out soon after the independence, indicated that the artisanal fishery played a relief action in the economy of the coastal districts, particularly to provide a job opportunities and incomes for the communities. Besides, it contributed in a significant way, in the providing animal proteins for the populations, and also together with the agriculture, it was the main income activity.

This situation, together with the move out of the Portuguese colonial administration, the broking of the commercial net, the weak capacity to import fishing materials and the replacement of the capital and equipments suffered an accentuated fall in production of fishery sector in general, particularly, in artisanal fishery (IDPPE 1998).

In the perspective of reverting the situation, for the first time, the fishery sector made part of Ministry of Industry and Trade (MIC). Among other attributions, it was attributed the task to reorganise institutionally the fishery sector. So, in 1976, MIC created the first Fishery National Directorate (DNP). At the same time, the process of constitution of state companies in the different production sector specialised for the fishing activity was started.

⁸ Independence was in June 25th, 1975

As a first measure, in the extent of the fishery Government's policy sector, census were carried out in all the main fishing artisanal centres, a process of mobilisation of artisanal fishermen to organise in production co-operatives initiated.

(b) Period between 1980 and 1987:

As a result of the works made by Ministry of Industry and Trade, especially by Fishery National Directorate and in perspective to strengthen the fishery sector in Mozambique, it was created in 1980 the State Secretariat of Fisheries (SEP). The State Secretariat of Fisheries created among other institutions with different responsibilities, the Unit of Directorate of Small Scale Fisheries (UDPPE). The responsibility of UDPPE was to execute the politics and strategies for the development of Small Scale Fisheries.

One of the defined strategies for the development of the artisanal fisheries for the State Secretariat of Fisheries and executed for UDPPE and had a big impact in the standard of living of the artisanal fisherman and coastal community in general, was the establishment of *Combinados de Pesca de Pequena Escala* (CPPE), known as *Combinados Pesqueiros* in 1981.

Donato (1991) wrote that in this period the UDPPE created 9 CPPE and 34 *Postos de Apoio e Compra* (PAC) as in table 2.1. The main activity of the CPPE and PAC was:

- *“Supply of fishing materials, equipments, fuels and lubricants and other inputs, purchase of fish surplus;*
- *Trailing and dissemination of new technologies, fish catching methods and the vessel building;*
- *Providing services as maintenance, repairing and building of new vessel close to communities of artisanal fishermen;*

- *Encouragement for cooperatives to communities of artisanal fishermen”* (FFP & IDPPE 2000).

Table 2.1 List of CPPE and PAC

Province	CPPE	PAC
Cabo Delgado	Pemba	Ibo, Quirimba, Macalôe, Arimba
Niassa	Metangula	Meluluco, Ngô
Nampula	Moma	Hori, M’Puitine, M’Bhuna, Macone, Mucoroje, Larde
	Ilha de Moçambique	Celeiro, Lunga, Matibane, Sanculo, Quissanga
Zambézia	Sopinho	Gazelas, Zalala
Tete	Nova Chicôa	Nhamtimbsa, Chipalapala, Manherere
Sofala	Beira	Rio Maria, Chiloane, Inharingue, Machanga, Inhanjue
Inhambane	Inhambane	Tofo, Inhassoro, Vilankulo
Maputo	Maputo	Macaneta, Inhaca, Costa do Sol, Machangulo

Source: Donato (1991) in FFP & IDPPE (2000)

(c) Period of 1987 until now:

Mozambique introduced the economic rehabilitation programmer, which brought deep changes to the socio-economic perspective, particularly in the production of small-scale activities, as an artisanal fishery. The new socio-economic view, led to 1989, the extinction of the UDPPE (institution that guaranteed the management of CPPE) and then the CPPE started to be privatised.

However, the SEP created the IDPPE. Still in the same context, other new support institutions for small-scale fishery, namely, Fisheries Development Society (SFP) and FFP were created. The SFP was the institution that guaranteed the management of CPPE privatisation process, but now it is extinguished too.

In 1992, FRELIMO and RENAMO signed a peace’s general agreement, putting an end of a sixteen years civil war. In 1994, with the Government's formation after the first elections, SEP was extinguished and it DNP created and inherited part of duties of the extinct SEP, but this time into the Ministry of Agriculture and Fisheries (MAP); also subordinated all of the fisheries institutions.

Finally, the Mozambican Ministry of Fisheries was established by a Presidential Decree⁹, as a result of a remodelling of the governmental fishery sector (NORAD 2002a) and of the second elections in 1999 until now.

2.3 Socio-economic profile of the artisanal fishery

According to the Fisheries Law¹⁰, in Mozambique, the Small Scale Fishery includes the Semi-industrial Fishery and the Artesanal Fishery. Still, according to the Marine Fisheries Regulation¹¹, the Artesanal Fishery is defined as:

“[Of] local character, producing surpluses for the commercialisation, [carried out] without or with vessel whose total length is until ten meters, a driven by oars, candle, or by outboard engine, or by engine inboard but of small power, rarely using ice on board for fish conservation and [normally] using traditional fish catching methods.”

On the other hand, under the socio-economic view, the artisanal fishery is defined as:

“An enormous and badly defined group of fishermen, with multiple activities, alternating agriculture and fishing,... is depending on agricultural seasons, the migratory effects and possibilities of alternative sources [of income] and credit...” (IDPPE 1998).

The semi-industrial fishery “usually practiced in coastal areas with vessels with intermediate lengths between ten to twenty meters, a driven by engine and usually using ice on board for fish conservation and making use of fish catching methods namely bottom trawl, pair trawling, gillnet, dropline or handline¹².”

⁹ Presidential Decree 06/2000, January 17th

¹⁰ Law 3/30, September 26th

¹¹ Resolution 16/96, May 28th

¹² Resolution 16/96, May 28th

The fishermen in Mozambique are approximately 100.000, working in the industrial, semi-industrial and artisanal fisheries, and as well as in the inland waters and aquaculture. In 1990, IDPPE began a systematic census process in the artisanal fishery; the last census was in 2002 only for the coastal provinces of Mozambique.

Table 2.2 Artesanal fishing centre and type of fishermen

Provinces	Fishing centre ¹³	Permanent fishermen (1)	No permanent fishermen (2)	Fishermen without vessel (3)	Total (1+2+3)
Cabo Delgado	141	12,579	3,050	246	15,875
Nampula	158	20,452	2,276	212	22940
Zambézia	114	9,207	807	364	10,378
Sofala	92	7,571	1,621	149	9,341
Inhambane	106	4,024	3,434	380	7,838
Gaza	13	671	28	70	769
Maputo	34	1,794	377	47	2,218
Total	658	56,298	11,593	1,468	69,359

Source: IDPPE (2002)

The artisanal fishermen use different type of boats¹⁴, namely, canoes, *lanchas*, *chatas*, fibreglasses and other. These have also been registered in the census (table 2.3).

Table 2.3 Artesanal boat

Provinces	Canoes	Lanchas	Chatas	Fibreglasses	other	Total
Cabo Delgado	3,117	973	2	7	25	4,124
Nampula	3347	27	431	4	1	3810
Zambézia	2,775	107	19	2	0	2,909
Sofala	2,135	2	153	41	6	2,337
Inhambane	479	354	446	62	39	1,376
Gaza	11	146	10	9	0	177
Maputo	1	310	136	32	53	532
Total	11,876	2,326	782	157	127	15,265

Source: IDPPE (2002)

In coastal areas and some inland waters, artisanal fishermen use similar fishing gear, the main are beach seine, gillnet, sharknet, handline, crab and fish cages, fishing weir, purse

¹³The fishing centres refers just the centres was applied the census.

¹⁴ Lanchas and Chatas are two kinds of artisanal boat, they are different with canoes, for instance, Lancha has a round skull and sometime could have an/or two prows and mirror stern, and the mean characteristic of Chata has barge bottom. The length is more than six meters and the skull has longitudinal reinforcements and they are security more than simple canoe; but, normally in English all this kind of artisanal boat called canoe.

seining, divers and by-catch. Some of these fishing gears were also recorded during the census (see table 2.4.)

Table 2.4 Artisanal fishing gears

Provinces	Beach seine	Handline	Gillnet	Entangling net	Drop line	Purse seining	By-catch	Cage	Others	Total
C. Delgado	489	2,185	511	12	1	172	9	482	323	4,359
Nampula	1,320	1,158	684	5	5	134	54	35	312	3,912
Zambézia	923	951	742	23	36	19	247	63	169	3,225
Sofala	867	455	750	2	0	25	1	88	289	2,485
Inhambane	486	690	131	10	2	67	0	67	249	1,707
Gaza	66	47	101	0	0	2	0	1	31	248
Maputo	200	115	206	0	0	4	0	0	10	560
Total	4,351	5,601	3,517	52	44	423	311	736	1,383	16,496

Source: IDPPE (2004)

According to the tables 2.2, 2.3 and 2.4, the number of artisanal fishing centres is 658, 24% in Nampula province; the number of fishermen is approximately 69,000 and around 2% are fishermen without boats; also 14% in Nampula province. The total number of artisanal boats is around 15.000, and 78% are simple canoes. The fishing gear used by artisanal fishermen is in total around 16.000, and more than 80% is composed by beach seine, handline and gillnet.

The artisanal fishery is a complex and diversified activity with its own socio-economic characteristics. NORAD (2002b) considered the main socio-economic characteristics of artisanal fishery as follows:

- **Incomes**, Muchave (2000) showed through a study for Nampula province, that annual income of the crewmembers' households was 120 - 400 USD / year. The same study estimated that the annual income of the owners' of the gillnets households was 700 – 1,800 USD / year and the annual income of the owners' of the vessels and the nets simultaneously was 1,200-3,300 USD / year;
- **Savings**, usually the level of income determines the level of saving. In the artisanal fishery the levels of savings are very low or not available. One of the methods used to solve this problem, has been the forced savings, which consist of drying fish, to give more value and sell in the big consumption centres;

- **Seasonal variation**, the fishing activity depends a lot on weather conditions, like tide, wind, rains, etc.; when fishermen said this is a good month, the fishing can take place during about 18 to 20 days. The seasonal variation will influence in the determination of the fish price and as a result it will influence the capacity of payment of the credits to the fishermen;
- **Geographical location**, the natural location of the fishing activity will not create conditions for the alternative incomes for the fisherman. The occasional alternative have been for example the passengers' transport (usually tourists), agriculture, cut wood for building construction or firewood and make alcoholic drinks;
- **Migrations**, usually, the artisanal fishermen are a big migratory group from one fishing centre to another, from one region to another, etc. That can be even temporary in some cases. The migrations also influence negatively the trust and the seriousness of the fisherman in relationship to the credit institutions.
- **Associations / Committees**, the fishermen associations and or commissions play a relief action to obtain credit, and the creation the establishment of these associations and / or commissions. It has been, the solution found by fishermen for job generation and income.

2.4 Fishing resources accessible for the artisanal fishery

The distribution and abundance of the accessible fishing resources for the artisanal fishery, as well as the catch methods used are largely defined by near shore dynamics. All of the accessible resources for artisanal fishery have been considered to aspects as distribution in the marine ecosystem, type of fishing, fish catching methods, catches, commercialisation, etc (IIP¹⁵ 1993).

¹⁵ Fishery Research Institute

The coastline of Mozambique doesn't present significant relief's, in conformity with the types of bottom and characteristics of coastline. It has five different areas:

- *The coast of corals and continental platform narrows, from the mouth of the Rovuma river (10°28'S) to Ponta Namalunga (15°38'S), in Angoche district, Nampula province;*
- *The coast of mangroves and vast continental platform, from the of Ponta Namalunga (15°38'S) to Bazaruto Island (21°30'S), Inhambane Province;*
- *The coast of dunes, corals and continental platform narrows, from the Bazaruto Island (21°30'S) to Cabo das Correntes (24°06'S), also in Inhambane Province;*
- *The coast of the dunes, near shores areas, corals and enlarged platform, from Cabo das Correntes (24°06'S) to Maputo bay; and,*
- *The coast of dunes, corals and continental platform narrows, extends from the Maputo bay until Ponta de Ouro (26°51'S,) at the border with South Africa (FAO 1990 & FFP 2003).*

Mozambique has seven coastal provinces and two with most important inland waters for artisanal fishing activity, but in the present study the accessible resources for the artisanal fishery are only for five provinces, namely Nampula¹⁶, Zambézia¹⁷, Sofala¹⁸, Inhambane¹⁹ and Maputo²⁰.

For the sample, IIP considered three main artisanal fishing gears, namely beach seine, handline and gillnet. The remaining artisanal fishing gears used were considered

¹⁶ Momba, Mogincual, Angoche and Moma districts

¹⁷ Pebane, Maganja da Costa, Namacurra, Nicoadala and Quelimane districts

¹⁸ Beira district

¹⁹ Inhassoro, Vilanculo and Inhambane districts

²⁰ Maputo bay

secondary due to low contribution in the total catch. The following table gives us the summary of the total catch of each fish catching method for province during 2003:

Table 2.5 Total catch of each fishing gears for province (in tonnes)

Provinces	Beach seine	Handline	Gillnet	Total
Nampula	25,706	6,017	2,912	34,635
Zambézia	19,383	799	2,215	22,397
Sofala	886	1,277	608	2,771
Inhambane	2,642	325	178	3,145
Maputo	249	28	3,849	4,126
Total	48,866	8,447	9,761	67,074

Source: IIP (2004)

The harvest data is only collected in a systematic ongoing basis from industrial and semi-industrial fisheries of the most important resource, shallow water shrimp. A data collection system for the artisanal fishery has been developed only for some provinces; table 2.6 gives us the summary of the total catch of each main resource for such provinces.

Table 2.6 Total catch of each main resource for province (in tonnes)

Provinces	Shrimps	Fish	Cephalopods ²¹	Crab	Sharks	Others	Total
Nampula	3,557	30,460	367	178	48	24	34,635
Zambézia	1,949	17,781	18	87	324	2,238	22,397
Sofala	96	2,607	1	7	57	4	2,772
Inhambane	150	2,871	2	82	0	40	3,145
Maputo	83	4,040	1	2	0	0	4,126
Total	5,834	57,760	388	357	429	2,307	67,074

Source: IIP (2004)

According to the results, the most important artisanal fishing gears are beach seine, handline and gillnet and Nampula province has around 52% of the total amount of catch. The distribution of the total amount of catch by fishing gear is 73% for trawling, 13% for handline and 14% for gillnets.

The resources accessible for the artisanal fishermen are shrimps, fish, cephalopods, crab, and sharks. Fish is the most important resource; contributes with 75% of the total catch. The main market of these catch is local market into community and some time in the market of urban areas and inland farmers (case of dry fish).

The information about catch per unit effort (CPUE) is only measure for the most important artisanal fishing gears, namely beach seining, handline and gillnet. The big problem of the CPUE until 2002, was just collected in Memba, Moma, Angoche and Mogincual districts (Nampula province), Pebane (Zambézia province), Inhassoro and Vilanculo (Inhambane province) and Maputo bay (Maputo province).

²¹ Squids, octopus and *chocos*

CHAPTER 3: FINANCIAL SERVICES

3.1 Overview

In Mozambique, financial services reflect the under-developed and under-monetised nature of the really economic structure. Formal institutions such as commercial banks operate almost in the large urban centres, with most their activities concentrated around Maputo.

The weakly developed cash economy has not supported the operations of formal financial institutions in rural areas and actually most rural areas do not have any formal credit institutions. IFAD²² (2004) with begin of the financial services privatisation process in 1992, the commercial bank is increasing in urban areas and the rural areas are declining or not exist.

The problem created by the absence of the commercial banks and to lack have been made to expand the financial services to rural areas, the government was promote this services through government development funds and registered credit institutions. The number of government development funds and their activities are increasing rapidly in very different social and economic activities, although with an orientation to mostly urban and per-urban clients. At the same time as some progress has been achieved, but it has been continue demonstrating a great contrast between the level of demand of credit and his supply level.

3.2 Legal and regulatory environment

Since 1992 the legal and regulatory environment of financial services in Mozambique promote a private bank and to encourage micro-finances institutions. In 1998 the Bank of Mozambique²³ (BoM) issued a Decree²⁴ to regulate micro-credit activities requiring all

²² International Fund for Agricultural Development

²³ Mozambican central bank

institutions and individuals providing credit to register with the BoM. These institutions had their minimum capital requirement set at USD 2,000, but only to provide credit and never to accept savings deposits.

Now, the banking law regulates the Mozambican financial services system²⁵. This law defines three types of institutions that are allowed to conduct financial services operations and the requirements for registrations under each institutions category, as well as the supervisory role of BoM, which are:

- **Banks**, with a minimum required capital of about USD 3 million, but reduced to USD 1 million for commercial banks focusing solely on micro-finance operations;
- **Registered credit institutions**, with no deposit taking licence and minimum required capital of approximately USD 1 million;
- **Credit co-operatives**, providing services to members only, with a minimum capital of USD 8,000.

IFAD (2004) the finance institutions registered under the above banking law constitute the formal banking sector and other organizations and individuals engaged in financial intermediation, like micro finance institutions and other small credit providers report semi-annually to Supervision Department of BoM.

3.3 Some experiences applied for artisanal fishery

3.3.1 Banks

²⁴ Decree 47/98, September 22th

²⁵ Banking law 15/99,

The interesting experiences of credit applied for small-scale activities in general were developed by Peoples' Development Bank²⁶ (BPD). That experiences was applied in very different way and very different methodologies. According Vletter and Le Grand (2003) since 1980 until 1990 had four significant attempts to use credit for stimulating the economy:

- **CCADR²⁷ credit line**, meant to stimulate small private agricultural and other rural activities, the fund which offered highly subsidised credit was meant to target special needs groups such as ex-combatants and repatriated mine workers. The beneficiaries pulling political rank and almost no money were paid back.
- **Gapi** used BPD personnel to act as agents to contact potential clients and to forward loan requests, etc.
- **World Bank** established an urban micro enterprise-lending scheme through the Employment Promotion Office (GPE) of the Ministry of Labour. Though the project was a financial failure, it represented a turning point in the development of micro enterprise credit in Mozambique and set the stage for similar approaches but without dependence on a formal bank.
- **African Development Bank** chose it as its agent to manage credit meant to target vulnerable groups such as unemployed women, retrenched migrant workers, war victims, returned refugees, etc. Rather than being broad-based and lending small amounts, the Fund restricts itself to productive micro enterprises and offers loans.

²⁶ Now is private bank and called Austral Bank.

²⁷ *Caixa de Crédito Agrário e de Desenvolvimento Rural*

3.3.2 Registered credit institutions

Mozambique has significant number of registered credit institutions with of own specific characteristic. Most of development projects have an important credit lines component. For instance, the IFAD and Organization Petroleum export Countries (OPEC) to the artisanal fisheries in Angoche and Moma districts, Nampula province implemented by IDPPE, Danida's support to development of semi-industrial fisheries.

In registered credit institutions, for the small-scale fisheries, it is most important three experiences from Gapi, AMODER and ONG Care. It is possible find another interesting experience, such as of the Word Relief's Community Banks (largest micro finance programme in Mozambique, mainly involved in village banking but with an interest in fisheries in areas with fisheries concentration), *World Vision, Kulima, Male Yeru, etc.* (Vletter F. and Le Grand J. 2003) and (NORAD 2002a).

(a) Gapi

Gapi is a national agency for entrepreneurship promotion; it was established in 1990 and later in 1999 was transformed into a joint stock company. Gapi operates as non-bank financial intermediary that handles credit to medium level entrepreneurs, but the activities also include training for prospective or operating business people and consultancies (NORAD 2002a).

Experience with fishing sector:

Gapi provided credits to semi-industrial fishing vessels and related land based processing and commercialisation activities through a DANIDA financed credit line of approximately DKK 29,000,000 (10 years credit line, started in 1997). The individual credits have ranged between USD 50,000 and 500,000. Few exceptions, the credits present repayment problems, such as:

- (i) The change of the Government regulations implying the permission goes installing on-board freezing capacity in semi-industrial vessels, which had alone far been allowed only in the industrial fleet,
- (ii) The fact that important interlinks ages and synergies between the semi-industrial and the artisanal sector have alone far been neglected. Other factor contributing to unsuccessful is a deficient follow up of credit by Gapi, especially where Gapi is not represented.

(b) AMODER

AMODER, a Mozambican Association of Rural Development was founded in 1993 with the principal objective of promoting national development through financing rural activities, his funds came principally from the proceeds of used clothing sent from Nordic countries with further support coming from the European Union (EU), British Embassy, DANIDA, Irish embassy and Oxfam (Belgium) (NORAD 2002a).

Experience with fishing sector:

In 2001 allocated USD 10,500 to fishermen, in 2002 USD 24,000 to fish traders and USD 3,300 to suppliers of fishing gears, all in Cabo Delgado province. Other experience is in Inhambane province for fish traders. These programmes has achieved some success but failed in promoting the sale of fishing gears.

(c) Care

Care is NGO as a very interesting development in rural finance has been the introduction of the rotating savings and credit groups, started in Inhambane province in 1998 and then later brought to Nampula province in 1999 for fishing communities (Vletter F. & Le Grand J. 2003).

Experience with fishing sector:

- (i) **Stamp-based savings groups**, introduced in 1998 by project for Nampula Artesanal Fishery Project (NAFP). The system allows for members to make deposits of any size which are recorded in savings books using stamps denominated by amounts of USD 0.20 or USD 0.42, withdrawals can only be made once a page (10 stamps) has been filled.

Money is stored in a small wooden box with two locks, the keys of which are held by the President and Secretary of the group, while the treasurer keeps the box. Groups are encouraged to open bank accounts once deposits reached USD 12.5. After various stages of training and monitoring, groups are expected to operate totally independently after 6 months. Savings are usually held for family related expenses such as sickness, funerals, ceremonies, school fees, etc.

A significant number save to accumulate for the establishment of informal economic activities, particularly trading. Groups decide how often they should meet (it is not necessary for members to save). For most it has been their first opportunity to see money as a pooled resource that can grow at the individual and group levels.

As a minimum requirement at least one or two members should know how to read and write. Savings groups are highly suitable in areas where there are nearby bank branches but not so suitable in more isolated areas. The program ended in 2000 but will be continue by new programme, Sofala Bank²⁸ Artisanal Fisheries Project (SBAFP).

²⁸ Sofala Bank: South of Nampula province together with Zambézia and Sofala provinces.

- (ii) **Rotating Savings and Credit Groups (PCR)**, this methodology is largely based on the traditional “xitique²⁹” revolving savings and credit fund. The PCR is seen as a “Xitique Plus” bringing in the flexibility of allowing members to borrow when they want to and for savers to benefit from interest paid by the borrowers and saving is an important factor for the poor to reduce their vulnerability to crises and emergencies.

The PCR groups could easily evolve into a credit union or a village bank. For instance, in 2001 allocated USD 10,500 to fishermen, in 2002 USD 24,000 to fish traders and USD 3,300 to suppliers of fishing gears, all in Cabo Delgado province.

Other experience is in Inhambane province for fish traders. These programmes has achieved some success but failed in promoting the sale of fishing gears.

3.3.3. Government funds

Most of the Government funds were established to carry out a promotion action inside of specific sector, it is mainly as public investment fund, and prior tally collected of incomes and delivery for public investment: however, others are to guide their activities as credit institution and these provide financial services to small scale activities (FFP 1999).

Interesting credit experiences of the Government funds of small-scale fisheries are from:

- FFP;
- FFPI; and,
- Economic Rehabilitation Fund (FARE).

²⁹ All members contribute on a daily, weekly or monthly basis and one member rotationally receives the entire pot

(a) FFP

FFP is one of the government fund established in 1989 to reallocate a part of the license income from the fishery back into fisheries related activities, FFP receives 50% of the licenses, Ministry of Finance receives 40% and Fisheries National Directorate the another 10%.

The FFP strategy is credit in-group promote by associations / commissions of artisanal fishermen. Unfortunately, FFP has the difficult role of fulfilling its government obligations while at the same time playing the role of financial intermediary for the donors. This latter role led it to apply sometimes-contradictory credit practices.

Another thing, The FFP is highly centralized and depends on decentralized structures of the Ministry of Fisheries in order to perform its role as credit retailer. These structures having varying quality of personnel and operate under different conditions which is partly responsible for highly varying loan reimbursement rates.

Experience with fishing sector:

Credit subsidised in the emergency programme after floods in 2000, financed by Island and Italy, these was to buy fishing gears, repairs and replacement of boats, motors and gear; privatisations and revolving loan funds, individual credits with monthly instalments over 5 years.

(b) FFPI

FFPI was established in 1990 but his operations officially started in 1996. Now, FFPI is a private institution from 2002, it was approved to register itself as a limited liability company.

Experience with fishing sector:

Through IFAD has received USD 500,000 for loan capital in Nampula include institutional support; funds borrowed from the Ministry of Finance and Planning at 5% per year. For the new project designate SBAFP, the FFPI signed an agreement for USD 1,2 million, also include institutional support.

In the first project NAFP the balance was 73 loans to fishermen (ranging from USD 125 – USD 5,000 and averaging USD 1,250 for a total amount of USD 95,833); 21 to fish traders (ranging from USD 250 – USD 3,000 and averaging USD 1,208 for a total amount of 25,333); 12 to fish processors (averaging USD 733.33 for a total amount of 8,820); 29 for general traders and 16 for other activities (the total loan amount for the latter two categories is USD 80,000) (Vletter F. & Le Grand J. 2003).

(c) FARE

FARE was created by the Ministry of Finances in 1992, but was activated only started in 1996 with a loan capital base of USD 625,000, arising from proceeds derived from the privatization of state-owned companies and this fund still has many of the attributes such as subsidized rates of interest (50% of BoM rediscount rate).

Vletter F. & Le Grand J. (2003) FARE consists of two principal programmes: credit for the promotion of national entrepreneurs and the guarantee fund for the financing of rural canteens.

The first offers loans on a concessional basis to activities like agriculture, fishing and industry with terms up to 5 years. The second offers commercial banks guarantees of up to USD 12,500 for financing the rehabilitation and working capital needs of rural canteens.

Experience with fishing sector:

In Cabo Delgado province 6 of 44 (13.6%) loans were given to fishermen averaging of USD 3,000 or 8% of total loans conceded in the province, in Inhambane province, district of Inhassoro, and Sofala province According with Inhassoro fishermen minimum criteria was an active fisherman, a member of an association and at least 3 years fishing experience.

3.4 Some experiences in other countries

It is many and different experiences in different countries that might be most interesting for this study, but as always all study have limited time and period. Like this, the following points it is reviewing some experiences in developed and developing countries.

(a) Co-operatives and credit guaranty consortia: the case of Italy

In the beginning of seventies, between the north and the south of Italy appeared the new economic zone that was called “third Italy”. In that new economic zone, the growth of the micro, small and medium companies were impelled the economic growth rate and late called “industrial districts”, the level of the business settled down a trust system and cooperation among the all companies. Manufactured products in this zone took a slogan “Made in Italy.”

In this new economic zone of Italy, mainly in Emilia Romagna, credit guarantee's consortia had and continue to have a notoriety action in the financing of the micro, small and medium companies. Casarotto & Pires (1998) refers that the credit guarantee's consortia work as a type of catalyst of the credit guaranty co-operatives, offering the best conditions for the co-operatives negotiate resources with the bank system.

The Italian cooperatives and the credit guaranty consortia demonstrate of a great integrated and dynamic system for the all institutions involved in the financial system,

working certain as true banks, providing to access a credit for the companies with smaller cost and bureaucracy.

According with Casagrande (2000) the Italian development banks has as their agents, organizations that work at the same time as facilitators (processing the first operations) and as co-responsible (endorsing total or partially operations). It easy understand that this procedure in the same time resolve the big problem, access of credit and cost / risk for the financial institutions.

The procedures for the obtaining of the credit:

1. Firstly, the client goes to local bank agent (co-operative) and he receives all credit information and instructions to proceed, including the credit request form,
2. The client submits his credit request form (if possible in same day),
3. The co-operative will take a first analyses and send direct to the bank, the own co-operative makes the negotiation with the bank about guaranties, timing, etc. It is important understand which the co-operative only discuss about guaranties if the client is not satisfactory,
4. The bank and the co-operative together approve the credit, and the cooperative is co-obligatory in 50% of the credit,
5. Finally, the cooperative is consortium partner in 50% of the business.

(b) Guarantees fund: the case of Taiwan

One of the State actions is give support the micro, small and medium business; in the other hand it is important to combination private and public support for the establishment of credits program more effective, efficient and sustainable. For instance, according with

Baumgartner & Casarotto (2001) a supportive guaranty can be a structure for to change the banks posture and the financial institutions turn-off the most accessible credit for the small-scale activities.

In Taiwan, Baumgartner & Casarotto (2001) the micro, small and medium companies are considered speedy structures to answer the changes of environmental world business, so the Government stimulates his growth through the special credit programs, technical support and promoting companies associations. Therefore, to credit access facilities to the micro, small and medium companies the Government created the special program called Small and Medium Business Credit Guarantee Fund (SMBCGF).

The SMBCGF is used thoroughly for provide credit by the bank system and other financial institutions. The bank system and other financial institutions can only request the guarantees fund case the guarantees offered by the micro, small and medium companies are insufficient.

(c) Micro-credit: the case of Bangladesh

According with Cavalcante (...) the first micro-credit experience happened in the south of Germany in 1846, it was an initiative of Raiffeinsen, shepherd and mayor of the Flammersfeld city. That initiative appeared to alleviate the consequences of biggest winter that it left in debt the local farmers... Then the Shepherd and Perfect gives some loan to the local farmers (the loan was in wheat seeds).

After that, the local farmers created the “bread association”; after some years, the association developed for a “credit union” for the poor population of Flammersfeld city. The important experience in that “credit union” was the rich people gave guarantee to the credit for the poor population.

Muhammad Yunus, founder of Grameen Bank in Bangladesh in 1978, was influenced by the hman solidarity because the poor people was not applied by the traditional bank

system and was needed to break a vicious cycle of the poverty. It was necessary to found some institutions where the poor were lending money in appropriate conditions; in other words, guarantee flexible, minimum of bureaucracy and competitive interest tax.

For Muhammad Yunus, micro-credit should have a power of social revolution when making possible the enlargement of the business opportunities and to allow the increase of the income of the more poor (Grameen Bank 2000).

Yunus & Jolis (2000) refers which the micro-credit system of the Grameen Bank in Bangladesh has mean characteristics:

1. The mean customers are the more poor people, living in the rural areas, priority women;
2. To organize the customers in small groups from 4 to 5 people. At 10 groups to be constitutes a “communal centre” that is linked to the Bank. The communal centre are the places of local customers take information about credit procedures;
3. The amount of credit is low, average USD 100 and the minimum value is USD 10, credit approved without formal guarantee and the credit should be to pay weekly. About of risk of credit, the Grameen Bank take agreement for the value of savings, that can be voluntary or obligatory;
4. To expand the credit folder to assist the socio-economic needs of the customers.

Actually, the micro-credit strategy is developed in more than 50 countries; it is more than seven thousand micro-credit institutions around the world, and reaching more than 16 million poor people (Yunus & Jolis 2000). The table 3.9 presents some experiences in some countries:

Table 3.1 Experiences of micro-credit in some countries

Africa	23	South Africa	Morocco
		Burkina-Faso	Nigeria
		Chad	Central African Republic
		Egypt	Sierra Leone
		Ethiopia	Somalia
		Ghana	Sudan
		Guinea	Tanzania
		Kenya	Togo
		Lesotho	Uganda
		Mali	Zanzibar
		Malawi	Zimbabwe
Asia	15	Afghanistan	Lebanon
		Bangladesh	Malaysia
		Bhutan	Nepal
		Cambodia	Pakistan
		China	Quirquistao
		Filipino	Sri Lanka
		India	Vietnam
		Indonesia	
America	15	Argentina	United States
		Bolivia	Guatemala
		Brazil	Guiana
		Canada	Jamaica
		Chile	Mexico
		Colombia	Peru
		El Salvador	Dominican Republic
Europe	4	Albania	Netherlands
		France	Norway
Oceania	2	Papua New Guinea	Fiji
Total	59		

Source: Yunus & Jolis (2000)

CHAPTER 4: RESULTS

4.1 Background of the area of study

Nampula has around 460 km coastline that stretches from Cabo Delgado province in the north to Zambézia province in the south, is divided in twenty one districts and eight³⁰ of which edge on the sea. The coastline of Nampula province present corals in the north and mangroves in the south, namely Angoche and Moma districts, which are part of Sofala Bank (FFP 2003).

According the census of 1997, population of Nampula province has approximately 3,4 millions of inhabitant, 19% of the total population of Mozambique, and 23% of the population of the coastal provinces. Like this, could be understood that the Nampula province is the one that has larger number of inhabitants in Mozambique and also largest concentration of artisanal fishermen.

Table 4.1 Mozambican population for province (in 1,000)

Provinces	Total
Niassa	917
Cabo Delgado	1, 526
Nampula	3, 410
Zambézia	3, 476
Tete	1, 388
Manica	1, 207
Sofala	1, 516
Inhambane	1, 327
Gaza	1, 266
Maputo	2,049
Total	18,083

Source: *Instituto Nacional de Estatística*³¹ - INE

The total of the eight coastal districts of the Nampula province, have approximately 1,1 millions of inhabitants, around 32% of the total population of the province. The table 4.2

³⁰ Memba, Nacala-a-Velha, Nacala Porto, Mossuril, Ilha de Moçambique, Mogincual, Angoche and Moma.

shows the population distribution among the urban area and rural area of the coastal districts. Of the total population in these coastal districts, 42% lives in the districts of Angoche and Moma, and only Moma is around 21%.

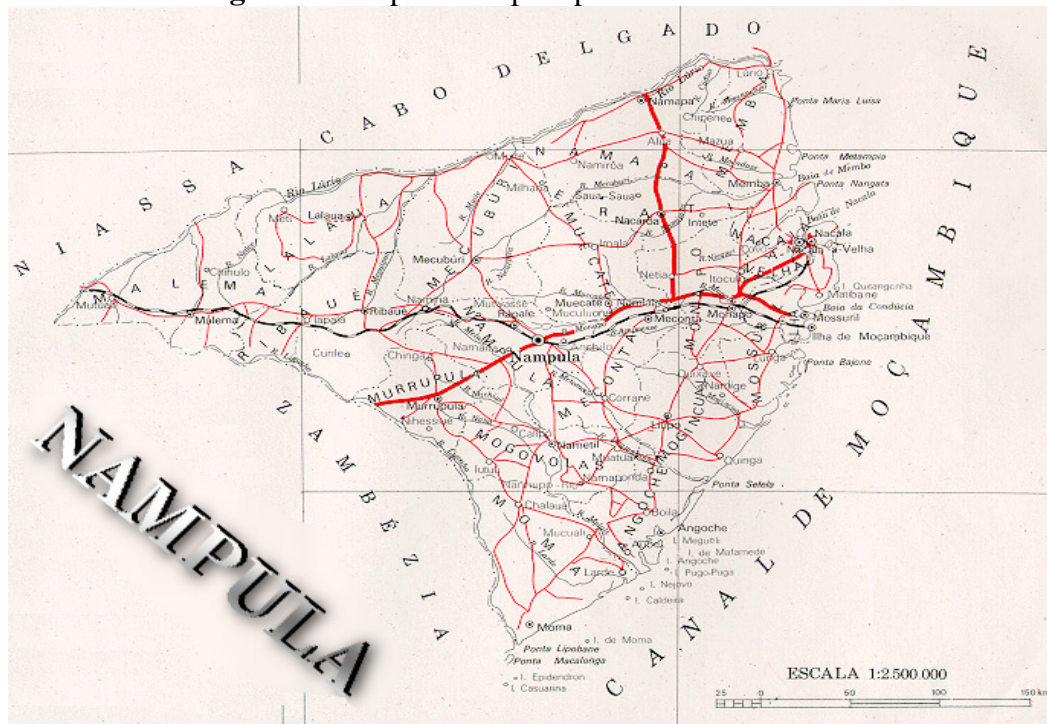
Table 4.2 Total population of coastal districts of Nampula province (in 1,000)

Districts	Urbana	Rural	Total
Memba	0	189	189
Nacala-a-Velha	4	74	78
Nacala Porto	158	0	158
Mossuril	18	72	90
Ilha de Moçambique	42	0	42
Mogincual	0	92	92
Angoche	59	170	229
Moma	16	223	239
Total	297	820	1,117

Source: INE

The figure 4.1 shows the map of Nampula province, which it is possible to see all coastal districts.

Figure 4.1 Map of Nampula province



Source: <http://www.mozambique.mz/provinc/nampula/imagens/nampula.jpg>

³¹ Bureau of statistical

Socio-economic profile

According the IDPPE census accomplished in 2002, Nampula province has around 23,000 artisanal fishermen, approximately 33% of the total artisanal fishermen in coastal provinces of Mozambique (see table 2.2), and it is possible to see the importance of the artisanal fishing activity for the communities to provide income and job.

The table 4.3 shows the summary of fishing centres, number of the permanent and no permanent fishermen, and fishermen without boat of coastal districts of Nampula province.

Table 4.3 Artesanal fishing centre and type of fishermen of the coastal districts of Nampula province

Districts	Fishing centre	Permanent fishermen (1)	No permanent fishermen (2)	Fishermen without vessel (3)	Total (1+2+3)
Memba	24	1468	199	237	1904
Nacala-a-Velha	6	495	57	73	625
Nacala Porto	9	1245	110	241	1596
Mossuril	20	1583	280	491	2354
Ilha de Moçambique	8	1554	163	96	1813
Mogincual	16	1933	180	235	2348
Angoche	40	5631	552	560	6743
Moma	35	6543	735	303	7581
Total	158	20452	2276	2236	24964

Source: IDPPE (2002)

The total number of the permanent fishermen, no permanent fishermen and fishermen without boat in Nampula province are distributed in around 158 fishing centres; Moma and Angoche districts have 47 % of the fishing centres, and 60% of the permanent fishermen. 9% of Nampula artisanal fishermen are going the fishing without boat. For only Moma, it has 22% of the fishing centres, and 32% of the permanent fishermen. 14% are going the fishing without boat.

The table 4.4 shows the total number of artisanal boat distributed in 88% of canoes, 11% of *lanchas*, 1% of *chatas* and fibreglasses and others minus 1%. Moma has of total 24%

of canoes; nevertheless, the local artisanal carpenters manufacture the largest numbers of this kind of vessels, namely canoes, *lanchas*, and *chatas*.

Table 4.4 Artesanal boat of coastal districts of Nampula province

Districts	Canoes	Lanchas	Chatas	Fibreghlasses	Others	Total
Memba	197	104	0	0	0	301
Nacala-a-Velha	62	39	0	0	0	101
Nacala Porto	297	52	0	1	0	350
Mossuril	311	123	8	0	1	443
I. de Moçambique	166	98	16	0	0	280
Mogincual	342	14	0	2	0	358
Angoche	1159	0	2	0	0	1161
Moma	813	1	1	1	0	816
Total	3347	431	27	4	1	3810

Source: IDPPE (2002)

The fishing gears used by artisanal fishery in Nampula province are similar in almost all coastal areas, namely beach seine, handline, gillnet, entangling net, purse seining, etc and they are certain influenced by cultural, social and economic reasons.

The table 4.5 summarise the mean artisanal fishing gears in coastal districts of Nampula province.

Table 4.5 Nampula artisanal fishing gears (in unit)

Districts	Beach seine	handline	gillnet	Entangling net	Drop line	purse seining	by-catch	Cages	others	total
Memba	51	135	45	0	0	36	0	15	29	
Nac. Velha	33	22	34	0	0	6	0	2	7	
Nac. Porto	30	220	50	0	1	26	0	3	38	
Mossuril	78	258	36	0	0	33	2	8	139	
Ilha Moç.	46	163	16	0	0	30	0	4	74	
Mogincual	112	94	147	0	0	2	1	0	4	
Angoche	473	225	438	1	2	1	2	0	19	
Moma	497	41	123	4	2	0	49	3	2	
Total	1320	1158	889	5	5	134	54	35	312	3912

Source: IDPPE (2002)

According with the dates, the mean Nampula artisanal fishing gears are beach seine, handline and gillnet approximately 86%; the largest number of this artisanal fishing gears are in Moma and Angoche districts.

Normally, handline is practiced using canoes with 2 or 3 fishermen, but also for a single fisherman with or without vessel in estuaries, channels and rocky banks and coralliferous usually with lines with a single fishhook. Trawling is the most important fish catching methods in coastal districts of Nampula, used a larger number of artisanal fishermen depending of the net size (among 5-14 fishermen) and is using *lanchas*, *chatas* and fibreglasses. Gillnet is used mainly for the catch of small pelagic (FFP 2003).

Fishing resources / catches³²

The whether of the coastal districts of Nampula determine the fishing and agriculture activities along of the year. The hot and rainy station between November and April characterized with temperatures that oscillate among 27°C to 33°C and the fresh and dry station between May and October with temperatures that oscillate among 17°C to 25°C (FFP 2003).

The best fishing time is between August and middle of November, that is, after strong winds time and beginning of the rainy season. During the rainy station, the fishing activity is best and artesinal fishermen obtain high incomes, because the fish price is high in this time in spite of the rain affecters in process of drying fish.

Also, the alternative income for fishermen and his relative in this time has been agriculture (according to the fishermen). The table 4.6 gives the summary of the total catch of each mean Nampula artisanal fishing gear considered the three main artisanal fish catching methods.

Table 4.6 Total catch of each main resource³³ (in tonnes)

Provinces	Shrimps	Fish	Cephalopods	Crab	Sharks	Others	Total
Memba	12	11,228	25	8	9	14	11,296
Mogincual	38	3,126	47	4	2	1	3,218
Angoche	1,146	7,367	20	47	38	4	8,622
Moma	2,360	8,740	275	118	0	6	11,499
Total	3,557	30,460	367	178	48	24	34,635

Source: IIP (2004)

³² Fishing resources and catches dates are only available for Memba, Mogincual, Angoche and Moma

³³ This information report only 2003

Table 4.7 Total catch of Nampula artisanal fishing gear (in tonnes)

	Year	Memba	Mogincual	Angoche	Moma	Total
Bach seining	2000	na ³⁴	3273	8552	12711	24596
	2001	na	2545	2450	6323	11318
	2002	na	1398	3537	5072	10007
	2003	6177	2408	6482	10639	25706
Handline	2000	na	392	141	291	824
	2001	na	909	819	324	2052
	2002	na	264	374	124	762
	2003	3947	388	1359	323	6017
Gillnet	2000	na	na	81	na	81
	2001	na	na	117	na	117
	2002	na	202	445	387	
	2003	1195	422	749	546	2912

Source: Adapted IIP (2002, 2003 and 2004)

According with table 4.7, Moma district has around 33% of the total catch and fish contribute more in total amount of catch, it is approximately 88% and only Moma around 76 %. The following table (table 4.8) shows the dates of CPUE in Moma district for last 5 years.

Table 4.8 Dates of CPUE of Moma district³⁵

	Year	Jan	Feb	Mar	Abr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dez
Bach seining	2000	na	na	na	140	100	50	70	140	150	130	150	70
	2001	144	129	246	186	134	89	118	109	130	35	123	49
	2002	500	300	350	340	300	340	300	200	250	290	200	450
	2003	68	159	235	221	91	91	62	79	241	133	77	83
Handline	2000	20	20	40	10	10	20	10	50	80	50	50	10
	2001	20	10	30	30	40	10	20	10	10	10	10	5
	2002	12	30	28	32	65	28	50	60	40	50	55	40
	2003	8	5	2	6	59	7	3	19	4	0	0	5
Gillnet	2000	na	na	na	140	100	50	70	140	150	130	150	70
	2001	50	30	40	250	200	40	160	2	na	40	10	na
	2002	0	0	1	50	200	2	50	2	2	4	2	2
	2003	9	165	42	14	0	5	15	86	9	71	11	42

Source: adapted IIP (2002, 2003 and 2004)

³⁴ na: not available³⁵ CPUE is measure in kg / method / day (Volstad 1998)

Fishermen associations or commissions

According IDPPE (2003), Nampula has 166 types of based-community organizations. The following table (table 4.9) shows the distribution of those organizations:

Table 4.9 Based-community organizations of Nampula Province

	Fishermen associations	Fishing committee	Saving and credit revolving groups
Memba	3	4	na
Nacala-a-Velha	1	1	na
Nacala Porto	2	3	na
Mossuril	na	Na	na
Ilha de Moçambique	1	Na	na
Mogincual	13	3	10
Angoche	11	5	14
Moma	27	11	63
Total	58	27	87

4.2 Questionnaire for the fishermen

The methodology used was to get a larger number of interviewees and achieve the main objective for this study. Along these lines, the interviewees were divided in three groups, namely:

- **Group1**, fishermen that have / had access to credit and have either paid back or are still paying without big problems,
- **Group2**, fishermen that have / had access to credit and have / had problems to pay back,
- **Group3**, fishermen that have never had access to credit but they are waiting for some opportunity.

The questionnaire had a timing around 15 to 20 minutes in an informal way and the inquired were explained clearly about the objective as condition to turn the environmental friendlier, open and to obtain safe answer as possible. The table 4.9 is a summary of the

main activity of interviewees. Like that, the total number of interviewees is 51 people, 6 of the group1, 3 are group2, and 43 of the group3.

Table 4.10 Summary of main activity of the fishermen interviewees

Main activity	Group1			Group2			Group3			Total		
	M	F	T	M	F	T	M	F	T	M	F	T
Fishermen	6	0	6	3	0	3	35	0	35	44	0	44
Trader	0	0	0	0	0	0	7	0	7	7	0	7
Total	6	0	6	3	0	3	42	0	42	51	0	51

According with the data, the interviewees were applied only male, although women participate in the fishing activity in Mozambique, but only in the southern provinces, like Maputo, Gaza and Inhambane. Therefore, the sample was 10% for group 1 (fishermen that have / had access to credit and have either paid back or are still paying without big problems), 6% for the group 2 (fishermen that have / had access to credit and have / had problems to pay back), and 84% for the group 3 (fishermen that have never had access to credit but they are waiting for some opportunity).

Also, the interviews were not applied to the processors, carpenters and traders, but during the interviews it was normal the hear answers “I am a fisherman, processor, trader and carpenter for myself”; it was difficult to find someone that answered for only one activity. However, 7 traders were inquired. Therefore, a fisherman was assumed, as the main activity.

The table 4.10 summary the statute of interviewees, namely owner and employee:

Table 4.11 Summary of statute of the fishermen interviewees

Statute	Group1			Group2			Group3			Total		
	M	F	T	M	F	T	M	F	T	M	F	T
Owner	6	0	6	3	0	3	24	0	24	33	0	33
Employee	0	0	0	0	0	0	18	0	18	18	0	18
Total	6	0	6	3	0	3	42	0	42	51	0	51

About the questions:

□ **Group1 - fishermen that have / had access to credit and have either paid back or are still paying without big problems:**

- All are owners and they received an individual credit;
- They know the financial institutions that operate in Nampula province, namely banks, registered credit institutions and FFPI (of the 6 interviewees only 1 knew FFP, but he said “I don’t know exactly what this institution does);
- All 6 are customers of FFPI, 4 paid back their credit and have now received a second credit, and the other two were still to pay the first credit and after that they will look into a second credit;
- For all when starting their fishing activity received credit from the NGO Care (this was credit in group) and after FFPI;
- They made the request through a letter or form (NGO Care and FFPI) and presented the following documents:
 - Fishing license,
 - Personal identification,
 - Tax confirmation (from Ministry of Finance).
- Real guaranties (house, fishing boat, nets; For FFPI, the guarantee is a house);
- In the NGO Care it was very interesting because the request, approval and credit process is done during 15 - 30 days, the payment is done weekly; but the disadvantages was the amount of credit and the periodicity of payment (the amount was about USD 150);

- In FFPI the request and approval took more than 30 days. Credit is given for a period of one year and the periodicity of payment is monthly. This is good for the fishermen, but FFPI needs to decrease burro racy;
- Actually, the necessary investment for the artisanal fishery is a minimum of USD 1,500 - 2,000 and a maximum of USD 4,000 - 6,000; and the limit period to pay back is 5 years;
- All inquired fishermen never had credit requests rejected and they are unanimous that the whole loan have to be accompanied by a guarantee; without a guaranty can not have loan;
- The advantages of this kind of credit (FFPI, Care):
 - o It helps customer like artisanal fishermen;
 - o You can negotiate, for instance, the amount of credit, the periodicity, in situations of lower turn over;
 - o Interest rate is low; it is not the same of the commercial banks;
 - o There is tolerance,
 - o The credit object can also be presented as guarantee.
- The main conditions for the institutions to improve the access to their services are:
 - o To localise in the rural areas, as fishing districts, for the case of the fishing activity,
 - o To go along with the customers before and after the credit availability.
- For this group, the mean reasons for not paying back the other customers are:
 - o Lack of honesty;

- Lack of day to day care by the institutions.

- **Group2 - fishermen that have / had access credit and they have / had done problems of pay back:**
 - All are owners and they have received an individual credit;

 - They know the financial institutions that operate in Nampula province, namely banks, registered credit institutions and FFPI (of the 3 interviewees only one knew the FFP, but he said “I would like to contact, but the problem, is that this institution is in Maputo);

 - All are customers of FFPI, pay back the loan in a common problem due to:
 - Lack of income, meanly the problem of amount of catch,
 - Fish price is very low.

 - For all, when starting fishing activity received credit, one from NGO Care and the other two was only from the FFPI;

 - They made the request through letter or form (Care and FFPI) and presented the following documents:
 - Fishing license,
 - Personal identification,
 - Tax confirmation (from Ministry of Finance).

 - Real guaranties (house, fishing boat, nets; For FFPI, the guaranties is a house);

Note: The questions about requirements, facilities, amortizations and payment of the loan the answers are same to the Group1.

- Actually, the necessary investment for the artisanal fishery is a minimum of USD 2,000 - 3,000 and a maximum of USD 5,000 - 6,000; and the limit period to pay back is 7 year;
- The advantages of this kind of credit (FFPI, Care):
 - o Interest rate is lower; it is not the same of the commercial banks.
- The main conditions for the institutions to improve the access to their services are:
 - o To localise in the rural areas, as fishing districts, for the case of the fishing activity,
 - o To go along with the customers before and after the credit availability,
 - o To decrease a bureaucracy.
- For this group, the secret for paying back without big problems are:
 - o They are not really fishermen, they have other activity.
- **Group3 - fishermen that never had access to credit but they are waiting for some opportunity:**
 - 33 owners and 18 employees;
 - They would like to receive individual such as that from the FFPI, but not a credit in groups like that given by NGO Care;
 - They know the financial institutions that operate in Nampula province, namely banks, registered credit institutions and FFPI (nobody knows the FFP);

- They would like to be customers of FFPI, and some had submitted their requests about a year ago and are still waiting for an answer;
- Actually, the necessary investment for the artisanal fishery is a minimum of USD 4,500 - 5,000 and a maximum of USD 7,000 - 8,000; and the limit period to pay back is 7 - 8 years;
- They are unanimous that the whole loan should be accompanied with a guaranty; without a guaranty are can never have a loan;
- The advantages of this kind of credit (FFPI, Care) are:
 - o It helps customers like artisanal fishermen,
 - o You can negotiate a periodicity if some thing happens,
 - o Interest rate is low; it is not the same as that from the commercial banks;
 - o There is tolerance,
 - o FFPI has an agency in Moma.
- The main conditions for the institutions to improve the access to their services are:
 - o To decrease bureaucracy;
 - o To provide credit but not in money, but in sort;
 - o To provide total amount requested by the customers;
 - o To increase the activity of the Moma FFPI agency so that can cater for the customers needs;
 - o To monitory customers before and after the credit availability.
- For this group, the mean reasons for not paying back the other customers are:
 - o Lack of honesty,
 - o Divergence concerning credit application.

4.3 Questionnaire for the institutions

For the institutions, the questionnaire in the study was seeking to find credit institutions that had as customer's fishermen, in Moma districts or in other Nampula coastal districts. The questionnaire had a timing of around 45 to 50 minutes; the inquired were explained clearly about the objectives of the questionnaire as a condition to a more open discussion and obtain safer answers.

Therefore, 3 institutions were interviewed, namely FFP, FFPI, FARE. The interviews of some of these credit institutions were in their agencies, located in Nampula city, and other in Maputo, in the main offices.

About the questions:

- Location of the institutions:

Table 4.12 Location actions for institutions interviewees

Province	FFP	FFPI	FARE	Nampula costal districts	FFP	FFPI	FARE
Cabo Delgado	x	x	x	Memba			
Niassa	x	x	x	Navala a Velha			x
Nampula	x	x	x	Nacala Porto			x
Zambézia	x		x	Mossuril			
Tete	x	x	x	Ilha de Moçambique	x		x
Manica		x	x	Mogincual		x	x
Sofala	x	x	x	Angoche		x	
Inhambane	x	x	x	Moma		x	
Gaza	x	x	x	Total			
Maputo	x	x	x				
Maputo city	x	x	x				
Total			x				

- Requirements applied to obtain credit in these institutions:

Table 4.13 Requirements for credit

Requirements	FFP	FFPI	FARE
Licence	X	x	x
Guarantee property		x	x
<i>Estudo de viab. econ. Financ.</i>	X		x
Co participation			
Tax confirmation			x
Experience in the field	x	x	
Living in rural areas			
Academic level			x

- Facilities and target group:

Table 4.14 Facilities and target group

Facilities	FFP	FFPI	FARE	Target groups	FFP	FFPI	FARE
Interest rate	x	x	x	Fishermen	x	x	x
Grant period	x	x	x	Processor	x	x	x
Payment periodicity	x	x	x	Fish trader	x	x	x
Other	x	x	x	Carpenter	x	x	x
				General trader		x	x
				Small industry		x	x
				Others		x	x

- The most frequent causes for the non approval of the received requests:

Table 4.15 Causes for non-approval of the received requests for credit

Requirements	FFP	FFPI	FARE
Non presence of licence			x
Non presence of guarantee property		x	
Economic financial viability			
No presents co participation			
No payment of tax			
Don't have Experience in the field			
Living in rural areas			
Academic level			
Amount of money requested			x
Institutions don't have money		x	

- About bureaucracy (timing and competence for the decision): For all institutions, the requests for credit are either approved or not in the main offices, Maputo. The

timing depends a lot on the flexibility of “Maputo; usually it is more than 3 months.

- The Policies and strategy for defining the credit in urban and rural areas³⁶ are the same for all institutions.
- The institutions have agencies or small offices in rural areas with the same objective to serve the customers.
- All institutions have not got clear strategies about the cases of doubtfulness;
- The main causes of the amount overdue are: lack of honesty, credit from Governmental institutions and or development projects financed by international cooperation, non-attendance of the customers by institutions.
- To improve more or turn the credit for small businesses sustainable in the artisanal fishery. The following measures need to be considered:
 - (a) Decrease bureaucracy;
 - (b) Increase investment in organization by the community-base;
 - (c) Education and training;
 - (d) Better attendance of the customers.

³⁶ Fishing districts

CHAPTER 5: DISCUSSION

5.1 Results of the questionnaires

It is important to refer that the two questionnaires were carried out in Nampula province during a period of about two weeks. The fishermen questionnaire was in Moma district, and the credit institutions questionnaire was carried out within the institution that had customers in Moma or in other Nampula coastal districts but with fishermen customers.

5.1.1 Questionnaire for the fishermen

The Moma and Angoche districts, in the Nampula province, artisanal fishing is one of the largest sources of income for their communities; among the eight coastal districts, the interviews were only carried out in Moma district. Another questionnaire, applied for financial institutions tried to include those institutions that have lines of credit in Moma district or in one of the coastal districts of the Nampula province.

About the questionnaire given to the fishermen, in spite of the sample not being considerable in terms of numbers of fishermen and in terms of the FFPI customers, some considerations can be made:

- On fishing activity, the big number of customers of credit (this case, FFPI) are owners, rarely employees;
- The credit customers (group1) are fishermen, processors, traders, simultaneously;
- All the interviewees know the financial institutions that operate in Nampula province. The negative aspect is about FFP, that is the government fund that promotes financial services focused as the small-scale fishery, particularly the artisanal fishery.

- Actually, FFPI is the only institution that provides credit to fishermen communities in Moma district; the customers are satisfied with the FFPI; only the bureaucracy is considered a very negative aspect.
- The majority of the customers of FFPI were at first customers of NGO Care; these prefer FFPI modalities than NGO Care.
- To request the credit from NGO Care and FFPI, they presented a form and the demanded conditions are to reach of the artisanal fishermen. All are unanimous in the subject of presentation of guaranties; some think the guaranty should just be the credit object and never the fishermen house (it is the opinion of the members of group2).
- Actually, the necessary investment for the artisanal fishery is a minimum of USD 1,500 - 5,000 and a maximum of USD 4,000 - 8,000; and the period limit to pay back is 5 - 8 years;
- The advantages of this kind of credit (FFPI, Care):
 - o It helps customers like artisanal fishermen (group 1+3),
 - o You can negotiate a periodicity, if some thing happens (group 1+3),
 - o Interest tax is discounted; it is not the same as the commercial bank (group 1+2+3),
 - o Tolerance (group 1+2+3),
 - o The credit object can also be presented as guaranty (group 1+3);
 - o FFPI has an agency in Moma (group 3).
- The main conditions for the institutions to improve the access to their services are:

- To localise in the rural areas, as fishing districts for the case of the fishing activity;
 - To monitor customers before and after the credit availability;
 - To decrease a bureaucracy;
 - To provide credit in sort, but not in money;
 - To provide total amount requested;
 - To increase activity in Moma's FFPI agency.
- For this group, the main reasons for not paying the other customers:
- Lack of honesty;
 - Lack of day to day care by the institutions.

5.1.2 Questionnaire for the institutions

About the questionnaire for the credit institutions; it was simple coincidence. That these 3 institutions are Governmental funds³⁷, and have as a main objective to provide credit.

Some considerations can be made:

- All institutions have credit actions in all coastal provinces, and in Moma district, only the FFPI has credit actions. The important thing is that these 3 institutions have credit actions in coastal districts of Nampula province.
- Probably more depressing issue is the FFP which is a Governmental fund and was established to promote credit to small scale fishery, particularly artisanal fishery. Unfortunately, the artisanal fishermen don't know exactly what is FFP is and said that this institution is in Maputo. However, FFP has a representation in Nampula province, in Angoche district.

³⁷ Contacts: FFPI (Mr. Bene), FFP (Mr. Albino)

- The requirements for credit are almost the same. The main remarks are for FFP it is not obligatory to present property guarantee. The guarantee is normally credit object and as for FARE it is important academic level. These two issues are trade-off for artisanal fishermen; because they considered that guarantee is obligatory for credit and about academic level is ambiguous, artisanal fishermen in Mozambique did not have any opportunity to have formal education.
- The facilities of these credit institutions are quite the same. The interest rate, grant period, and payment periodicity; target group defined according statutes and objective of development Governmental programme.
- The amortizations of loan not attend the main socio-economic characteristics of the artisanal fishery, namely: incomes, capacity of savings, seasonal variation, geographic location, and migrations. For credit of FFP has a strategy of revolving funds via fishermen associations or commissions.
- When fishermen got these credits, few paybacks his credit... Lack of honesty? Low incomes? Capacity of savings of artisanal fishermen? Bad investment? Bureaucracy? Day to day care by the institutions? Etc.

5.2 Some remarks

In Moma district, Nampula province, for the rural communities in Mozambique, and as for almost all developing countries, small scale activities is traditional and is enrolled in a social and cultural practice of these populations. This activity is one of the largest sources of income; provide jobs, and opportunities for the social mobility.

However, in a globalise world, the opportunities to provide job opportunities, and get incomes for these rural communities, in this case for the artisanal fishermen, are every time limited by some reasons, among which the difficulty is access to the financial services (credit).

Access to the credit from commercial banks, registered credit institutions, Governmental fund, and or any kind of credit institutions around the world is a conditions such as guarantees, experience in the field, licenses, etc are necessary.

Specifically about guarantees, Baumgartner & Casarotto (2001) consider that guarantees seek to increase the probability of the repayment of the loan and for the credit institutions, it is most important to receive the amount of credit (capital and rates) according with a plan of amortizations. This point of view is also shared by the interviews.

According with the dates, fishing activity for these coastal communities is one of the most important sources of income, and to provide job; it is most important to analyse accessibility of credit when we have some background about the main socio-economic characteristics of the artisanal fishery, and include information about traditions, habits and the behaviour of that communities.

Looking at the CPUE date for fishing resources accessible for the artisanal fishery for the study area in the short run, we can say that beach seining is the one that contributes more for the total catch. On the other hand, this artisanal fishing gear is the most important because it provides jobs and the generation of more income for the community, for example, beach seining uses at least six people. The tendency and variation of the CPUE date in Moma is explained mainly by the migrations of the fishermen from other districts, mainly Angoche.

It is well known that there are resources available and accessible for artisanal fishery, in open access and low investment capital. According to Eide (2004) in the case of growing possibilities to making a living outside fisheries, the pressure on the fishery is reduced; normally this leads to increase CPUE, mainly depending on biological property of the resource. As in other open access fisheries, the resource rent is invested in what could be interpreted as over capacity in strict economic terms; in this case the over capacity almost

completely consists of labour or employment, which is easier to replace in case of alternative employment possibilities.

However, the new technologies and or improvement of the current technologies have been contributes in a positive way; for instance, the interviewees consider that the rainy weather is a best time for artisanal fishermen. They get larger incomes because the price of the fish tends to be high, in spite of a lesser amount of catch; it is the result of processing technologies.

The results of the questionnaires and many different experiences in several countries show that the establishment of micro-credit or credit for micro, small and medium business developed many in the rural areas, for instance in communities of artisanal fishermen, it tends to be a politic, social and development task. But, the important issues are that these programmes should be efficient, effective and sustainable.

According with the Fishery Policy and Operation Strategies approved by the Mozambican Government, the State should set up favourable conditions to encourage private initiatives. Like this, in the artisanal fishery, the Mozambican State needs to establish mechanisms in order to

“Promote actions which lead to the development of small fishery production, with emphasis on small scale fisheries, which contribute to the improvement of the living and working conditions of the fishing communities, to increase domestic fish market and in a sustainable way of the fishing exploitation accessible for the artisanal fishery” (Fishery Policy 1996).

Like this, in the perspective of implementing the Poverty Reduction Plan, actions like credit, extension services, training and education may create visible effects; the Fishery Master Plan refers that:

“The State will establish a specific plan... to facilitate the access to the credit...for artisans fishermen and naval builders” (FFP 1999).

Many and different experiences, mainly from registered credit institutions and Governmental funds have important synergies that should deserve notoriety in the establishment of the policies and strategies financial services for artisanal fishery. Eventually, these registered credit institutions may be potential partners of the FFP in a way the implementation of credit lines defined through development projects.

Grameen bank, in Bangladesh, is one of the supporting models need to define credit lines for micro and small customers of great repercussion in the world. The Mozambican legislation has already a form of this model (Micro-finance Law). It is one of the first steps for the implantation and implementation of the rural financial services and on the other hand, it could be the answer for the credit bureaucracy problem.

The credit issues for the micro and small customers, mainly in rural communities, developed by individual, associative, and/or cooperative forms is crucial in the perspective of the economic stability, for the most part of the developing countries. The advantages are

“To increase speed to the demand and supply, also to increase the production level and the distribution of incomes, to increase the trade level, to make easy relocate the money and businesses level” (Ettenger and Golieb 1971:35).

When we try to analyse, in general, the access of credit, it is important to know the country development level. In the case of the developed countries, the credit is a little problem because the market is sufficiently strong and it assures the necessary mobilization and allocation of resources. In these countries, the private and public savings levels allows for the accomplishing of concrete programs of support to the micro and small initiatives developed by individual, associative, and or cooperative forms.

But, in developing countries, like Mozambique, the situation is different:

“The saving levels is not enough, [maybe nearly zero] because the level of incomes is very low and the population growth rates are high... the consumption of imported luxury goods still reduces more the saving levels even in the medium class population” (Nhabinde 1997:5).

In the developing countries, one of the most generalized weaknesses is credit institutions (commercial banks for Mozambique) non-trust of the new business initiatives mainly for micro and small forms. The Italian and Taiwanese experiences could not be of great relief for Mozambique, but those can be lessons to be learned.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Policies and strategies of financial services for artisanal fishery

Mozambique has abundant natural resources and around 2,800 km of coastline. It has ten provinces and seven of this is coastal provinces and two are important inland waters areas. The total area of Mozambique is around 800,000 km² and Economic Exclusive Zone (EEZ) is 562,000 km² with diversities of marine resources with high commercial value.

In spite of this potential, more than 70% of the Mozambican population is live in condition of esteemed absolute poverty. The high level of malnutrition, food insecurity, low level of education, high population growth rates, unemployment, etc characterize this reality. Then this reality usually results in pressure to use more of the natural resources, in this case marine resources.

In Mozambique, as well as in most of the developing countries, the artesanal fishing activity has been answering for the need of jobs and income for the fishing communities, maybe the opportunity cost in these communities tends to be nought. However, these opportunities to get a job and provide income in the perspective of Poverty Reduction Plan are every time restricted, for instance the difficulty access to the financial services (credit).

Several studies carry out on the fishery sector, particularly, the small-scale fishery, identified problems and constraints about the access of the small-scale fishermen to financial services. Therefore, these problems and constraints are weakness to carry out investments, constituting a serious shame for his development.

Therefore, it is vital to establish a policy and strategy of financial services for small-scale fishery, particularly for artisanal fishery. The goals of that policy are summarized in:

- (i) To improve living and working conditions of the fishing communities;
- (ii) To increase domestic fish market; and,
- (iii) Sustainability fishing resources accessible for the artisanal fishery.

6.2 Development conditions of financial services for artisanal fishery

Castelo-Branco (1994) refers that the Mozambican economic policy positively discriminates the big companies, because it considers that the big companies or the big projects are most efficient. In other words, only the big companies or the big projects should have capacity to save, to reinvest and increase the Gross National Product (GNP). However, to the present Governmental initiatives tend to promote micro, small and medium companies.

Access to the credit from commercial banks, registered credit institutions, Governmental fund, and or any kind of credit institutions around the world, is a necessary conditions the property of guaranty. The financial economic viability study may be one of the obligatory requirements, but the property of guaranty is *sine qua non requirement*.

Specifically about guaranties, Baumgartner & Casarotto (2001) considers that property of guaranty seek to increase the probability of the repayment, for the credit institutions is most important to receive the amount of credit (capital and rates) according with the amortization plan. Still, the interviewees also share this point of view.

The commercial banks, and some registered credit institutions use credit analysis instruments that are the basically the financial balance sheets and customer's own registered analyses. But, it is true that the credit availability needs more than financial balance sheets and customer's own registered analyses. This reality shows clearly the discrimination against new initiatives and on the other hand requests from micro, small and medium business have problems to present real guaranties.

Presently, small scale activities, like fishery are financed through a variety mechanisms and sources sometimes in combination: reinvestment of revenue or labour, loans from NGOs, Government development funds, development programs financed by bilateral, multilateral donors or development banks, with credit aimed at developing the fisheries sector, or programs intended for development of private sector in a larger context, mostly directed to small and medium-sized enterprises or micro enterprises.

The important issues in some of these institutions or programmes are to be sure that the credit is allocated to potentials customers in sustainable way. If not, then what will be happening is a paradox: “money available in the credit institutions, but customers looking for credit”.

The different credit experiences for small-scale activities in Mozambique and in other countries are developed in very different social, cultural, economy, and political environment. However, there are a lot of things that can be done to increase credit to small-scale activities because this sector is the most important in the perspective of poverty reduction in most developing countries, particularly Mozambique.

Grameen bank, in Bangladesh, is one of the support models to the define credit lines for micro and small customers of great repercussion in the world. The Mozambican legislation has already a form as this model (Micro-finance Law). It is one of the first steps for the implantation and implementation of the rural financial services; and on the other hand, it could be the answer for the credit bureaucracy problem. This model cold applied to develop financial services to small-scale fisheries in Mozambique.

6.3 Financial instruments to improve credit accessibility to artisanal fishery

It is not doubt that the most important issues are increase credit accessibility to artisanal fishery until now excluded from traditional financial system, for several reasons. Micro-credit was specifically created to assist this sub-sector, because the business has small

amounts of money, and this kind of business is not attracting the traditional financial system for these institutions.

Micro-credit is a social, development and political issue and sometimes it is not a financial economic issue because the resource rents tend to be nought. According with Muhummad Yunus,

“Micro-credit is a goal to fight against the poverty, because through the credit the poor can improve their socio-economic conditions”.

So, micro-credit is a task for Government Fund and NGO because among the reasons evoked by Muhummad Yunus, this also involves high operational costs for the larger need of physical service of the customer. There are not doubts that the small businesses are the most important customers for micro-credit, for instance artisanal fisherman.

The financial instrument to promote credit access to artisanal fishermen is micro-credit, an important action of the FFP. However, it is necessary to have well thought-out measures, for instance:

- To define the role of the main intervening in small scale fishery (institutions, associations, etc.);
- To promote training and education in the short run;
- To increase exchange credit institutions of experiences among; and,
- To establish the policy and strategy of financial services applied to artisanal fishery.

6.4 Final considerations

It is recognized that the legal framework in Mozambique is designed to protect the poor people and the small-scale activities, in this case small-scale fisheries, particularly artisanal fishery, that is true and the study founded the dilemma, both the supply side and the demand side.

Many times the legislation could be unsatisfactory, but this should not be the prerequisite for the State to design development programmes that contribute to the improvement of the living and working conditions of the fishing communities and increase of national fisheries production and the supply of protein for the population, for instance *increase per capita fish consumption*.

Thus, the State should promote actions for public and private establishment of effective programs, which have social, economic, cultural and political components. Such programmes should be converted in policies and strategies of financial services applied to small-scale fishery, particularly artisanal fishery.

The supportive guaranty could be one of the ways to changing commercial banks and some registered credit institutions behaviour, turning the most credit accessible for small-scale fishery. A strategy arrangement among Government funds, commercial banks or and registered credit institutions (mainly Government funds and registered credit institutions) to effective guarantee's funds, it could be the answer to the credit bureaucracy problems.

The support model of loans in groups (for instance, fishermen associations or commissions) could be a way to reduce the operational costs of the financial institutions. On the other hand, these fishermen associations or commissions can still require guarantee. Like this, the financial institutions will be minimizing a loans risk, through loans in-group and supportive guaranty, simultaneously.

The Mozambican legislation has already a form as Grameen bank, in Bangladesh. The big institutional challenge for the credit accessibility for small-scale fishery in Mozambique could be linked to socio-cultural and historical problems (mainly period after independency, from 1975 until 1990, Mozambique had central economic planning). Many of the interviewees showed that these were linked. Maybe both the credit institutions and the potential customers should have trust behaviour of honesty and most importantly a cultural behaviour.

Many and different experiences, mainly from registered credit institutions and Governmental funds, have important synergies that should deserve notoriety in the establishment of the policies and strategies of financial services for the artisanal fishery. Eventually, these registered credit institutions may be potential partners of FFP in the way to the implementation of credit lines defined through development projects.

The Ministry of fishery is the most important institution in this process. Institutions subordinated to the Ministry of Fishery in Mozambique and participating in the process are FFP, IDPPE, IIP, *Direcção Nacional de Administração Pesqueira* (DNAP) and *Direcção Nacional de Economia Pesqueira* (DNEP).

A short-run focus for these institutions could be:

- **FFP:** to coordinate the establishment of a policies and strategy of financial services applied to artisanal fishery;
- **IDPPE:** to expand socio-economic studies of the main intervening in the artisanal fishery (fishermen, trader, naval carpenter, etc.).

Also, Ministry of Planning and Development, Ministry of Finance, BoM and own fisheries communities are important partner. It is important to refer that all the institutions will participate in the process according to statutory attributions. But, in this process, FFP

will be the institution of support. Thus, it is very important to discuss about some current credit activities.

Also, for IIP, it is well known that if resource is available and accessible for artisanal fishery, in open access and low investment capital, but it is necessary and urgently know conditions of using fishing as an maximum economic yield, and the free entry / exit of artisanal fisheries reflect opportunity cost of labour in fisheries communities for coastal districts and inland water.

In the perspective of implementing mechanisms to the improvement of credit accessibility for artisanal fishery, it should be taken into account that credit is not on its own a tool to poverty reduction or development goal; but just an instrument or an important strategy support model to reach a certain goal.

This framework should guide any initiative in the sense to increase credit accessibility for artisanal fishery, if not it will create risk and uncertainty. If we increase more and cheaper credit for artisanal fishermen, in the long run, we assume that the coastal communities will grow possibilities of making a living outside fisheries, and the pressure on the fishery will reduce; in this case, probably, the overcapacity consists of labour or employment, which is easier to replace in case of alternative employment possibilities, for instance, agriculture.

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³⁸ Programme to Promote Agricultural Markets

Appendices

1. Questionnaires

1.1 Questionnaire for the fishermen

(a) Generality

- Name: Sex: M..... F.....
- Date: .../...../..... Hour...
- Main activity: Fisherman.... Processor.... Trader.... Carpenter.... Other....
- Statute: Owner..... Employee..... Other....
- Nature of credit: Individual.... Collective.... [(M..... F..... Total.....)]

(b) Specific

1. Have you ever heard about any institution or credit organization (for instance: bank, Fund of development, ONG, etc.)? Yes..... No..... ; (If yes, which are)
2. When you begin your fishing activity, did you receive some support (for instance, money, boat, net, etc)? Yes..... No..... (If yes, which kind of support)
3. The support was from:
 - Inheritance..... Family or friend's loan..... Credit from institution.....
 - (If it was credit from on institution, what is the name of the institution?)
4. Did you remember the amount of support (Value in USD)?
 - Inheritance..... Family or friend's loan..... Credit from institution..... Total.....
5. About credit from institution:

5.1 How was the request made? Letter..... Form..... Other.....

5.2 What kind of documents did you need to present?

5.3 Requirements

	yes	No
Guaranty		
Co participation		
Interest rate		
Commissions		

5.3.1

	real	personal	Other
Warranties			

5.3.2

	< 5%	5% - 10%	> 10%
Co participation			

5.3.3

	< 20%	20% - 30%	> 30%
Interest rate			

5.3.4

	< 5%	5% - 10%	> 10%
Commissions			

5.4 Amortizations

	Weekly	Biweekly	Monthly	Bimonthly	Timothy
Periodicity					

5.5 Duration for the payment of the loan

	semester	1 year	2 year	3 year	4 year	5 year or +
Time limit						

5.6 Facilities

	yes	no
Interest rate		
Grant period		
Payment periodicity		
Other		

5.7 Bureaucracy

	< 3 months	3 - 6 month	> 6 month
Time of wait of answer (approved or not)			
After approved (waiting for money)			

6. Necessary investment for artisanal fishery and time limit (for example, credit)

	Value in USD					
	< 1000	1000 - 2000	2000 - 3000	3000 - 4000	4000 - 5000	> 5000
1 Year						
2 year						
3 year						
4 year						
5 year or +						

7. What do you think they (credit institutions) should to improve the access of their services for activities like your(s)?

2.2 Questionnaire for institutions

(a) Generality

- Name of institution:
- Foundation:
- Name of the inquired:
- Position of the inquired and how long:
- Date:

(b) Specific

1. Juridical framing (bank, governmental funds, other institution, etc.) / location

Nias	C. Del	Namp	Zamb	Tete	Sofal	Manic	Inhamb	Gaza	Map	Map. city	Total ³⁹

Memba	Nacala Velha	Nacala Porto	Mossuril	Ilha de Moz.	Angoche	Moma	Total ⁴⁰

2. Conditions demanded to give credit (decreasing order)?
3. What kind of document(s) are most important and why?
4. What documents are more difficult for the customers?
5. Which have been the most frequent causes for the non approval of the received requests, and what is the institution that has been doing differences from the other, i.e. the inversion?

³⁹ Provinces

⁴⁰ Fishing districts of Nampula province

6. What about facilities (for instance, rate of interest, grant period, payment periodicity, etc?)

7. Bureaucracy (time and competence for the decision)

	Value in USD				
	< 1000	1000 - 2000	2000 - 3000	3000 - 4000	> 4000
Local					
Provincial					
Central office (Maputo)					

8. Politicises and strategy for definition of credit in urban and rural areas⁴¹.

9. Mechanisms the customers use to make to arrive their requests, in urban and rural areas?

10. Mechanisms the institution uses to assure the payments in urban and rural areas.

11. Behaviour of the institution about dubious.

12. What do you think to be the main causes of the amount overdue?

13. What do you think about credit for small businesses (artisanal fishery)?

⁴¹ Fishing districts