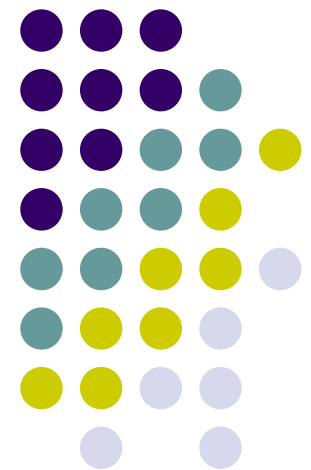


Workshop on  
Donor Funding and Technical  
Assistance  
for the Manufacturing Sector

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22 March 2007





# Technical Assistance

- Mauritius normally receives Technical Assistance (TA) from a few friendly countries and multilateral organizations under specific agreements.
- Interventions under these TA are normally targeted towards the public sector but we ensure that these have a positive impact on private sector development, hence overall economic development.



# Donors

- European Union through the Decentralised Cooperation Programme
- European Investment Bank
- African Development Bank
- Proparco (Investment and Promotion company for Economic Cooperation)
- International Finance Corporation

# Decentralized Cooperation Programme under 9th EDF-Grant Funding



- Some Euro 3 million is earmarked for the private sector development, with particular emphasis on SMEs



## Key Activities

- Strengthen business environment of SMEs for increased competitiveness: Networking facilities for the textile and agriculture sectors to be launched on a pilot basis  
Training and re-skilling of SME cadres and floor-level workers in key sectors: Training in Training Needs Analysis and Entrepreneurial Development to be conducted
- Capacity building of Intermediary organizations (SEHDA, EM) for better delivery
- Promotion of higher value added entrepreneurship via strengthened business support services and innovation

# European Investment Bank



- EIB provides, under its normal resources, soft loans to both private and commercially-run public sectors and to support productive projects and programmes or other investments aimed primarily at promoting private enterprise in all economic sectors under the Investment Facility.
- It also provides equity financing under its risk capital resources



# Continue

- General Eligibility: Most productive sectors like industry
- Financing is to support identifiable investment projects (Greenfield developments, expansions, rehabilitations, feasibility studies or acquisition of assets giving incremental benefits)
- Financing from EIB will represent normally not more than 50% of investment
- Financing is provided for the medium to long term; working capital facilities can be financed if they are included in the total project cost to be financed



# Continue

- *Indirect Financing for SMEs*
- EIB has facilities with local/regional financial institutions for providing loan and/or equity finance for small projects-.
- Example (1): Schemes for on-lending to SMEs available at the State Bank of Mauritius
- Example (2) Equity Investment in SMEs through venture capital funds

# African Development Bank



- ADB provides funding for the private sector through its Private Sector Window either directly or indirectly through banks.
- Main criteria for accessing funding under ADB:
- Project Sponsor's company must be incorporated in an African country and must have at least 30% equity of the total project cost
- The project must be financially sound.



# Continue

- Instruments
- MIC grant fund for TA for both public and private sectors (Envelope of MIC: UA 16 million)
  - Ceiling per project: UA 600,000 or equivalent to Rs 25 million
  - Recipient country contributes 5% of total cost.
  - Procurement procedures for goods and services and use of consultants to be based on the Bank Rules of Procedures



# Continue

- Provision of loans and/or guarantees
- Advice and TA to enterprises on the structuring of the project
- ADB offers loans at LIBOR + margin 0.40 with a term up to 20 yrs and with grace period extending up to 5 yrs



## Continue

- ADB is envisaging to launch Rupee Bond in the market to finance both public and private sector projects. This will not only deepen and widen the financial market but also provide a hedge against foreign exchange risk.

# Proparco (Investment and Promotion company for Economic Cooperation)

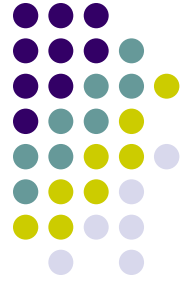


- Proparco (set up in 1977) is a subsidiary of Agence Francaise de Developpment dedicated to the financing of private sector. Normally, it specializes in venture capital funding.



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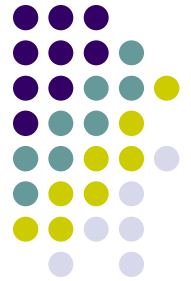
- Funding is open to all private businesses and all projects except for those dealing with real estate or short-term projects
- Funding is provided between 2 to 100 Euro million
- The Project Promoters must provide a minimum capital of approx 30% of the cost of project in case of an expansion programme or 40% in case of a new project (Greenfield)



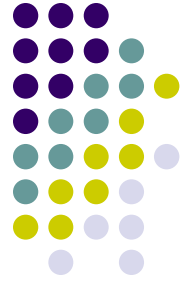
# Continue

- In case of medium to long term loans,
- Interest rate: Fixed or variable, LIBOR or EURIBOR + margin according to collateral risk
- Term: 3 to 15 yrs with a possible grace period

# International Finance Corporation

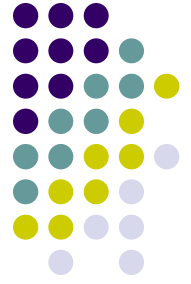


- IFC is the private arm of the World Bank. It offers several financial products for private sector projects including advisory services in developing countries



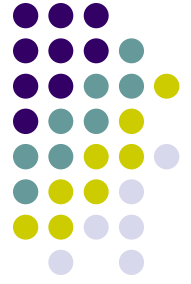
# Access

- The financing aimed at the private sector can be accessed directly by the project promoter submitting a request to the concerned agency. Government has no role and this includes applications under the DCP



# Continue

- Financing for capacity building or other funding via the public sector including setting up lines of credit needs to be coordinated with and applied for by MOFED. In turn, under the new programmatic approach to the budget such requests will be considered in a Medium Term Expenditure Framework



- Thank You for Your attention