

PROJECT FACTSHEET

Title of project	SCBF 2012-07: Launch of ABT's SME lending operations
Country / region	Tanzania
Financial Intermediary	Advans Bank Tanzania (ABT) Ltd, Limited Company
Competence Centre mandated for execution	Horus Development Finance, 39 rue La Fayette, Paris, France referred by SDC
Overall project budget	CHF 322'296.20 (54% self-contribution by partner)
SCBF contribution	CHF 147,041 (46% SCBF funding share)
Date of project approval	19.12.2012
Project period	01.2013 until 07.2014
Context	There are two kinds of players in the Tanzanian microfinance sector: 1) banks operating in MSME (micro, small and medium enterprises) finance; and 2) microfinance institutions. Out of the 32 commercial banks currently established in Tanzania, only Advans Bank Tanzania (ABT), Access Bank, Akiba Bank, and Equity Bank have a core MSME lending strategy. Of the traditional microfinance institutions, FINCA and PRIDE are the most active in the market, but they tend to focus on the lowest micro enterprise market segment via group lending methodologies, which currently is not a target market of ABT.
Current status	<p>ABT was granted a license to operate as a commercial bank from the Bank of Tanzania in May 2010, and opened its doors to the public in February 2011. Its two founding shareholders are Advans SA SICAR and FMO. ABT's mission is to cater for the needs of micro and small entrepreneurs and low-income households in Tanzania with a full range of financial services. Headquartered in Dar Es Salaam, ABT presently operates out of two branches and, at the end of December 2012, had a total staff of 151. ABT's primary target group is constituted by micro, small and medium entrepreneurs with limited borrowing capacity. As of December 2012, the bank served 1'482 loan clients and 3'443 depositors. Total portfolio amounted to EUR 1,6 million and deposit collection to EUR 1,05 million.</p> <p>ABT needs capacity building support to overcome three major challenges to reaching ABT's outreach goals and increasing financial inclusion in Tanzania: 1) Lack of knowledge and local staff with preliminary basic skills in MSME cash-flow based lending methodology; 2) High salary expectations and missing mind set; 3) Underestimated resources required to train, coach and retain SME loan officers.</p>
Objective and main activities	<p>The aim of the project is to develop an SME loan product tailored to the needs of Tanzanian SMEs and to create the conditions for ABT to reach the largest possible number of potential SME clients, notably micro enterprises graduating into small enterprises, but also semi-formal SMEs currently not served by the commercial banks.</p> <p>The main activities to reach this objective are the following:</p> <ul style="list-style-type: none"> • Fine-tuning of the SME loan products • Revision of the SME lending policies, procedures, formats, and tools • Definition of targets and incentive scheme as part of a broader revision of the HRM systems • Design, preparation, and launch of marketing campaign for the SME loan products • Design of practice-oriented training materials on SME loan management and conduct training. • Close coaching of SME loan officers in launching the SME loan products and in building up ABT's SME loan portfolio <p>Human Resources Management consultants will furthermore advise ABT in reinforcing its HR systems (policies, procedures, and incentives) to reduce its high staff turnover and to retain qualified staff, notably qualified SME loan officers and managers.</p> <p>The project will support the up-scaling of ABT's SME lending operations which will result in substantially more SMEs accessing client-oriented financial services, as these semi-formal enterprises have very limited access to commercial banks.</p>