

OUR WORK 2005 - 2012



Promoting financial inclusion in Tanzania

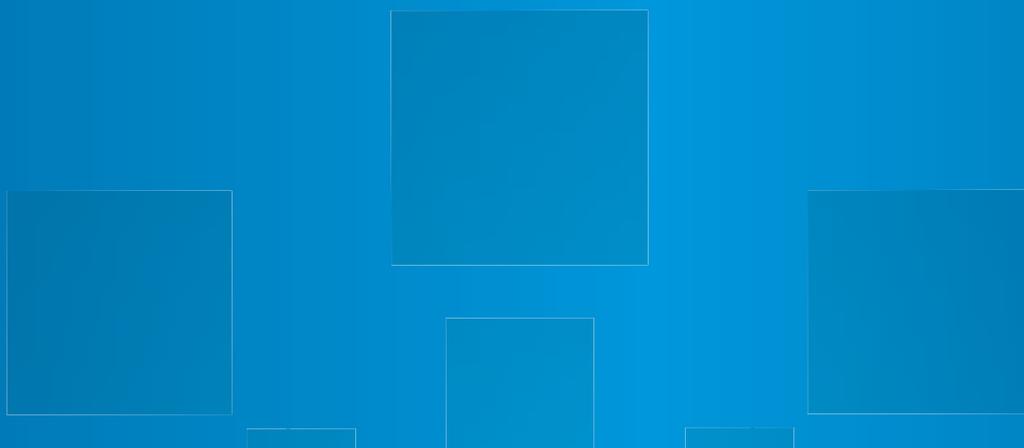
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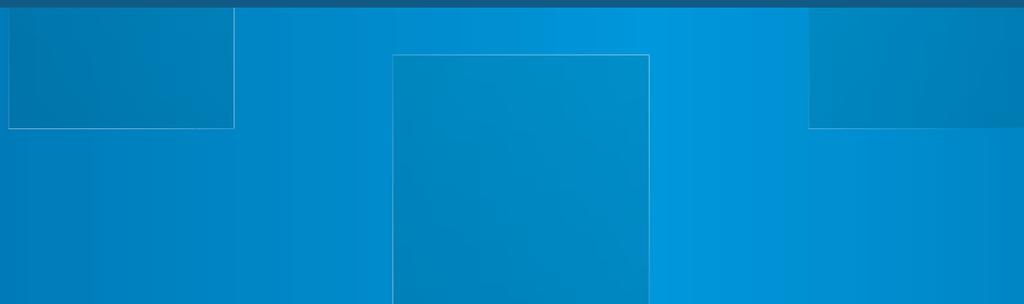
Abbreviations

| | |
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| AgFiMS | Agricultural Finance Markets Scoping |
| AHI | Access for Households and Individuals |
| ARD | Agriculture and Rural Development |
| BOT | Bank of Tanzania |
| CIDA | Canadian International Development Assistance |
| CRDB | Cooperative Rural Development Bank |
| DANIDA | Danish International Development Association |
| DFID | Department for International Development |
| FSDT | Financial Sector Deepening Trust |
| GOT | Government of Tanzania |
| NMB | National Microfinance Bank |
| RNE | Royal Netherlands Embassy |
| SACCO | Savings and Credit Co-operative |
| SIDA | Swedish International Development Assistance |
| SME | Small and Medium Enterprises |
| TAMFI | Tanzania Association of Microfinance Institutions |

PART 1: OVERVIEW



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CHAIRPERSON'S NOTE



On behalf of FSDT's funders and the Project Investment Committee (PIC), I am pleased to write this introductory note.

FSDT was established with the overall aim of developing a deeper financial system that could provide greater access to finance for more Tanzanians. FSDT was originally set up by DfID, following in the footsteps of successful organisations in South Africa and Kenya, namely FinMark Trust and FSD Kenya.

FSDT governance

FSDT is an independent Multi-Donor funded Trust registered in Tanzania. It is registered as the Registered Trustees of the Financial Sector Deepening Trust and the trustees are Rex Attorneys. The trust is governed by a Project Investment Committee (PIC) which is composed of 8 members - 4 donor representatives, one trustee representative, one representative from the Bank of Tanzania and one independent member. The key responsibilities of the PIC which meets quarterly are:

1. Setting the strategic direction
2. Management of the project investment cycle
3. Oversight of finance, budgeting and procurement
4. Assessment of the overall performance of the Trust

FSDT is managed by the Executive Director, who is supported by sector specialists responsible for the various theme areas. The Finance Manager, while reporting on a day to day basis to the Executive Director, is appointed by the Trustee.

We have put in place a robust governance structure that allows for appropriate flexibility while ensuring accountability.

FSDT funding

The primary funders of FSDT are the Canadian Department of Foreign Affairs, Trade & Devt (DFATD),

Swedish International Development Cooperation Agency (SIDA), Danish International Development Assistance (DANIDA), the Embassy of the Kingdom of the Netherlands (RNE), the Government of the United Republic of Tanzania, and the UK's Department for International Development (DFID).

The donors made commitment pledges for a period up to 2014 or 2015. The total amount committed was USD 98 million. Of that amount as at 30 June 2012 a total of USD 63.81m had been disbursed to FSDT. More details can be found in the Financial Commentary of this report.

We believe that FSDT is on a strong financial footing. As it moves into its next strategy period 2012-2017, we are confident that FSDT will continue to have the funding necessary to undertake innovative and challenging projects.

FSDT performance

At the PIC level we monitor FSDT's performance both on a quarterly basis, where we review the overall portfolio, and annually through an independent assessment of performance. A review of the 2007 to 2012 strategy provided a useful overview of FSDT's performance over that period as well as guidance for the new strategy. FSDT has to continually adapt to changes market forces, and a recent strategy realignment and organizational review has provided a good new foundation to spearhead greater financial inclusion.

FSDT continues to make a significant impact on increasing financial inclusion in Tanzania. I would like to commend the Trustee, fellow PIC members, the management and staff of FSDT and all the FSDT partners and stakeholders for the progress they have made.

Gillian Rogers

Chairman, PIC



This report provides an overview of the various activities that FSDT has been involved in over the period 2004-2012. FSDT was incorporated in Tanzania on 1 July 2004 with an overall aim to develop a deeper financial system that can provide

greater access to finance of more Tanzanians.

Our approach

FSDT's Goal is "to generate sustainable improvements in the livelihoods of lower income households through reduced vulnerability to shocks, increased incomes and employment." Our purpose is "to build a capable financial sector that can deliver the products and services to meet the financial needs of poor Tanzanians and micro, small and medium enterprises on a sustainable basis."

We use the making markets work for the poor (M4P) approach as a guiding principle. M4P has been defined as "an approach to developing market systems that benefit poor people, offering them capacities and opportunities to enhance their lives." This involves addressing challenges at the macro, meso, and micro levels.

Since inception FSDT has gone through two strategy periods. The first initial strategy period covered three years - from July 2004 to June 2007. The second covered a five year period from July 2007 to June 2012. A third strategic plan - for the period July 2012 to June 2017 has been prepared. Over the last eight years FSDT has been actively involved in supporting financial sector development in Tanzania. As the sector has grown, our range of activities and projects have expanded - but always with a focus on financial inclusion.

Financial Inclusion

We have undertaken a number of surveys to obtain a better understanding of the level of financial inclusion. The Finscope surveys showed that

formal financial inclusion is still low (12.4% in 2009) and overall exclusion is high (56.0% in 2009). The percentage of adults using semi-formal providers increased to 4.3%, largely due to the launch of mobile money. Informal providers remain the most utilized (27.3% in 2009).

Our Portfolio

In the last eight years we have completed 23 projects. Another 17 projects were on-going as at 30 June 2012. Our portfolio is quite balanced in terms of macro, meso and micro level projects. Majority of the projects are in the theme area "Access for Households and Individuals (AHI)". A smaller number of projects are in the two other theme areas "Agriculture and Rural Development (ARD)", and "SME development (SME)." In this report we provide summaries of 17 projects across levels, theme areas and sizes in order to provide an overview of our work.

Our Partners

We have worked with a wide range of partners who are listed in the report. Whatever results we achieve are largely due to the success of this partnership. I wish to express my sincere appreciation to those who have accompanied us on this exciting journey and we look forward to working together in the future.

Sosthenes Kewe

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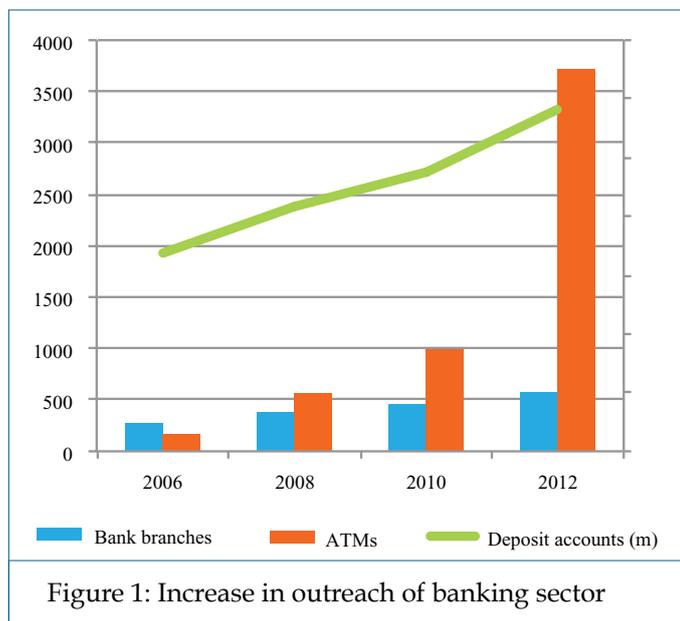
Executive Director

FINANCIAL SECTOR DEVELOPMENTS

Financial services in Tanzania are provided by several institutional types - which can broadly be grouped into formal, semi-formal, and informal.

Formal providers

Formal financial service providers include commercial banks and community banks. These are licensed and regulated by the Bank of Tanzania. The formal providers have increased from 29 in 2005 to 44 in 2012. During the same period the total banking sector assets increased from TZS .4,280 bill to TZS .16,995 bill. The total number of deposit accounts has increased significantly from 3.35 million in 2006 to 5.83 million in 2012. There has also been a significant increase in bank outreach. The number of bank branches has increased from 253 in 2005 to 503 as at Dec 2011 while the total number of ATMs increased from 171 in 2006 to 3,719 in 2012.



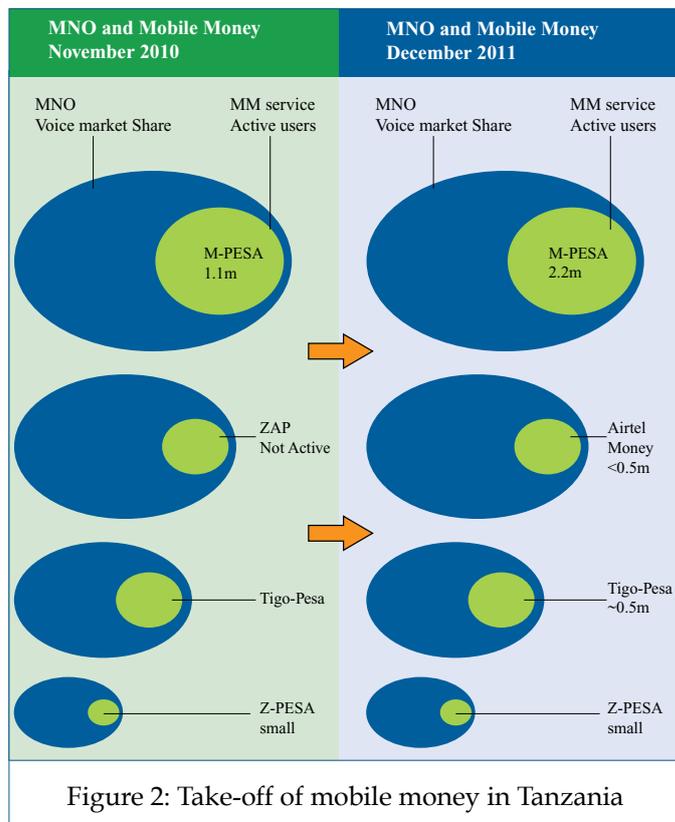
Semi-formal providers

There are an estimated 5,300 SACCOs and 100 MFIs operating in Tanzania. However, put together they only serve around 850,000 clients (4.3% of the adult population). Many of the semi-formal sector financial institutions are very small and inefficient and they tend to concentrate on the urban/peri-urban areas. Mobile financial service providers are also considered "semi-formal".

There are four mobile network operators (MNOs) in competition in the market. Having competing MNOs creates room for innovation of products tailored to the needs of the poor and the rural unbanked. Mobile money in Tanzania is developing in a way that could significantly increase financial inclusion. By June 2012 there was an estimated 4 million mobile money users.

Informal providers

Informal providers include Rotating Savings and Credit Associations (ROSCAs) and Village Savings and Loans Association (VSLAs) or Village Community Banks (VICOBAs). They are the most widely used providers of financial services in Tanzania.



Policy and regulatory environment

There are strong links between the overall strength of the economy of a country and the depth of its financial system. The government's role in the development of the financial sector is to create macroeconomic stability and regulatory environment that will enable the development of sound financial institutions that can offer the kinds of services needed by households and enterprises.

The Government of Tanzania and Bank of Tanzania have taken a leadership role in promoting a suitable policy to regulatory framework at the policy level, the Second Generation Financial Sector Reform Programme (SGFSRP) which was launched in 2008 sets out an extensive range of financial sector reforms for Tanzania. It sets out specific initiatives, most of them relating to the banking sector as a whole, and supporting services such as payments systems and credit reporting. Notable regulatory initiatives include the Microfinance Company Regulations and the guidelines for mobile financial services and agency banking.

Maya Declaration: In 2011 the Bank of Tanzania, as a member of the Alliance of Financial Inclusion (AFI) signed up to the Maya Declaration. The Maya declaration is the first global and measurable set of commitments by developing and emerging country governments to unlock the economic and social potential of the 2.5 billion “unbanked” people through greater financial inclusion.

“We commit to delivering concrete financial inclusion outcomes for the developing world to provide sustainable, relevant, cost-effective, and meaningful financial services for the world’s financially unserved populations.”

**From the Maya Declaration
AFI Global Policy Forum 2011, Mexico**

The Bank of Tanzania’s declaration includes the following statements:

The Bank of Tanzania is committed to:

- Continue to be part of the formulation of the AFI strategy and taking action. And, to continue sharing experiences and knowledge from our diverse membership; and
- To achieve Bank of Tanzania’s goal to increase financial access by up to 50% of the population by 2015. In order to achieve this important goal, we also commit to:
 - Implement interoperability solutions for efficiency and affordability for increased access by 2013
 - Spearhead the development of a comprehensive consumer protection and education framework in collaboration with other stakeholders
 - “Promote the development of agent banking”

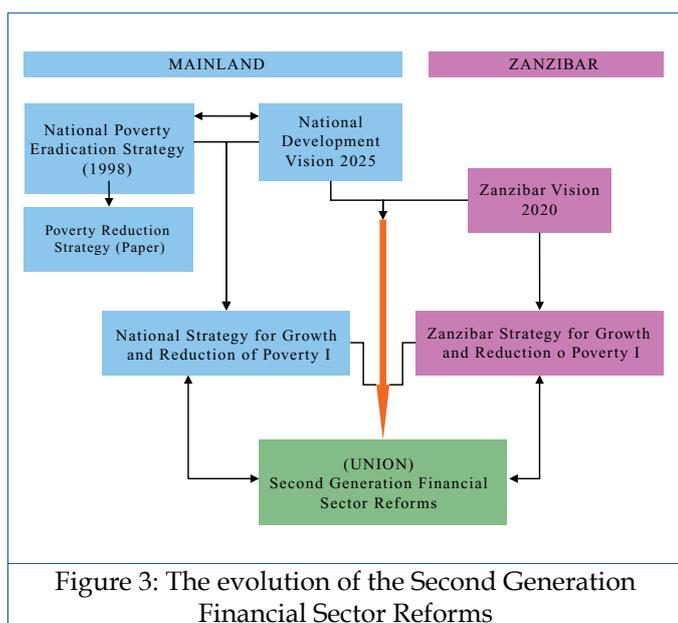


Figure 3: The evolution of the Second Generation Financial Sector Reforms

FINANCIAL INCLUSION

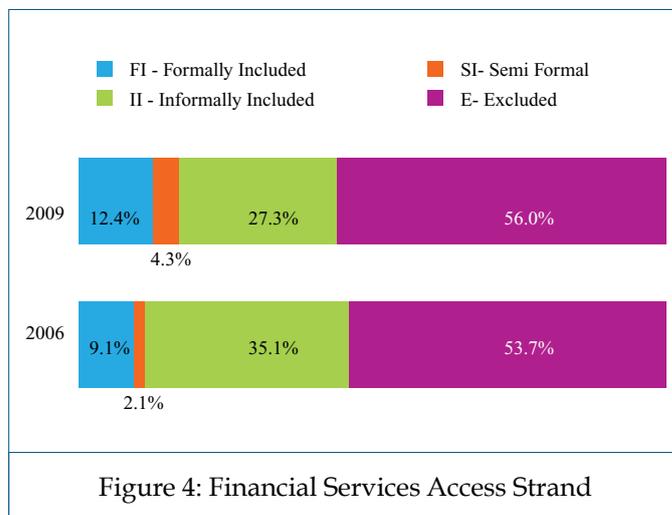
A rich argument for the importance of financial services to the poor has emerged in the last decade. Studies show that access to appropriate financial services can enable low-income households to manage their own scarce resources more efficiently - in a way that provides an important, sometimes critical, support to livelihoods. The Financial Diaries collected across Bangladesh, India and South Africa revealed how people used a portfolio of savings, credit and insurance, provided both formally and informally, to help manage the ebbs and flows of small irregular incomes, create usefully large sums for household and livelihood purposes and cope with risks. The theory and evidence continues to point to the importance of broader financial inclusion which ensures that all scales of enterprise and households have access to appropriate finance.

“Money management is, for the poor, a fundamental and well-understood part of everyday life. It is a key factor in determining the level of success that poor households enjoy in improving their own lives.”

**Portfolios of the Poor:
How the world’s Poor Live on \$2 a day**

During the period 2005-2012, FSDT has undertaken a number of surveys to obtain a better understanding of the level of financial inclusion. These include the Finscope surveys, the Agriculture Finance Markets Scoping Study, the MSME baseline survey and the GIS mapping of cash points.

The Finscope surveys showed that formal financial inclusion is still low (12.4% in 2009) and overall exclusion is high (56.0% in 2009). The percentage of adults using semi-formal providers increased to 4.3%, largely due to the launch of mobile money. Informal providers remain the most used (27.3% in 2009).



Lack of education still remains one of the largest barriers to increasing inclusion. In 2009 only 60% of those with secondary education were likely to be excluded while 60% of those with no education were likely to be excluded (see figure 5).

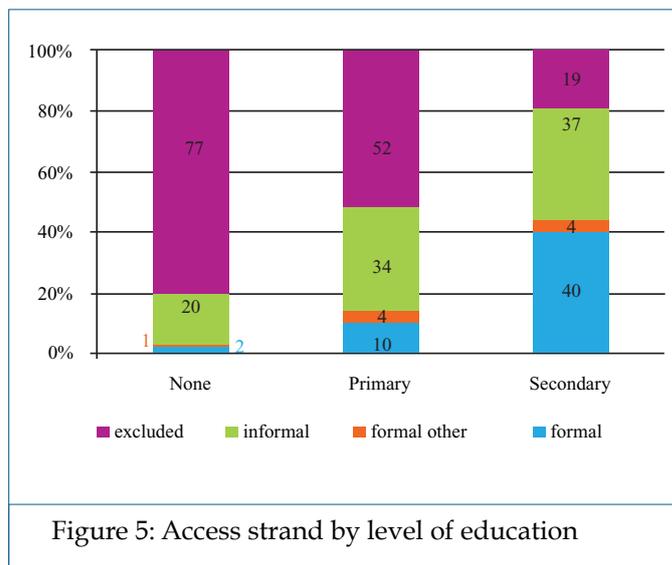


Figure 5: Access strand by level of education

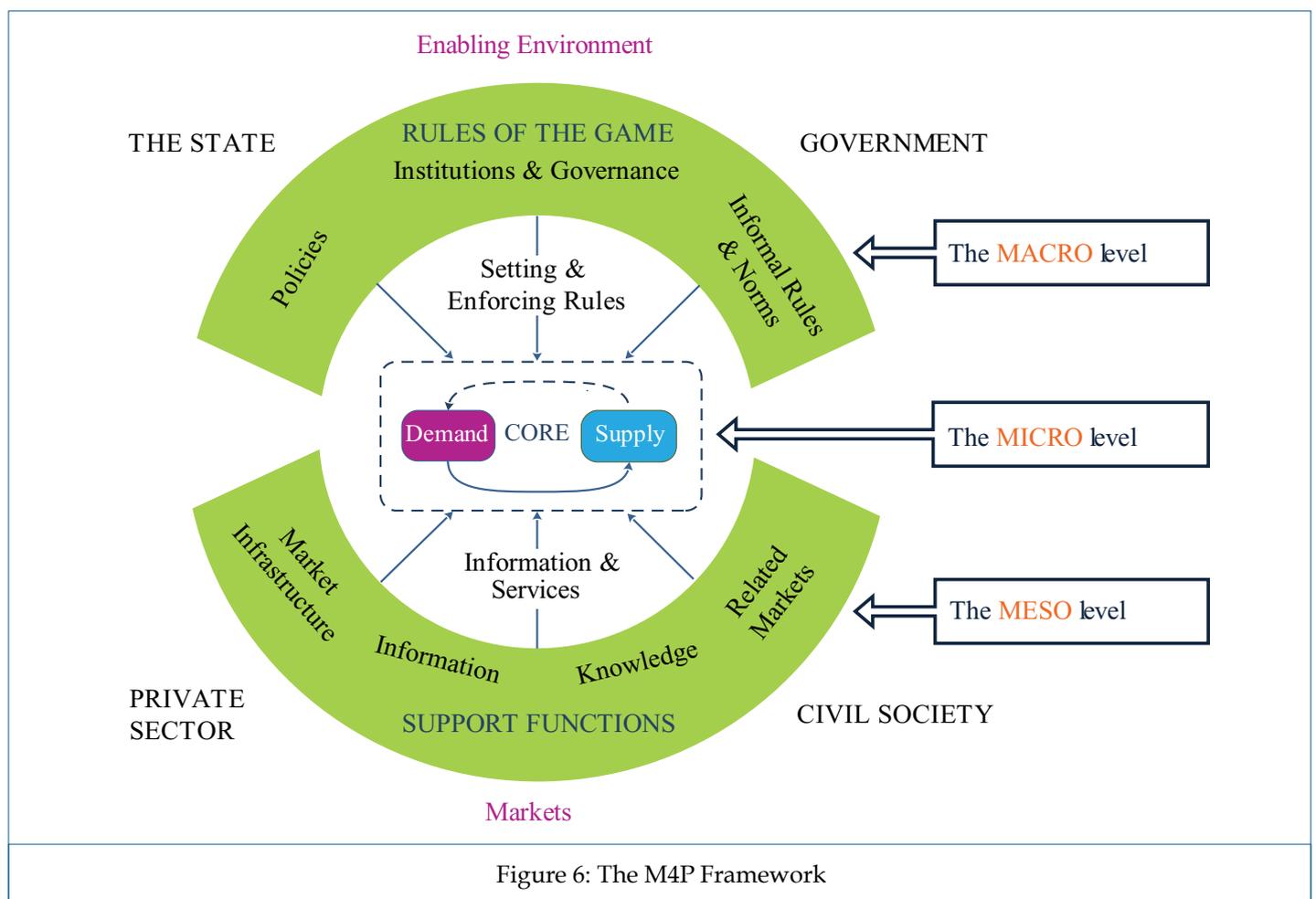
FSDT APPROACH

The conceptual underpinning of FSDT's work derives from the "making markets work for the poor" (M4P) approach which has emerged over the last 10 years as an increasingly influential development paradigm.

M4P has been defined as "an approach to developing market systems that benefit poor people, offering them capacities and opportunities to enhance their lives. Building on a detailed understanding of market systems and a clear vision of the future, M4P allows agencies to address identified systemic constraints and bring about large-scale and sustainable change."

Market development requires addressing challenges at three levels:

- At the macro level, government policy, legislation, regulation and supervision set the basic framework within which financial service providers operate
- At the micro level, it is retail providers who actually deliver service. Developing practical know-how among providers is at the heart of market development
- Between these two levels, at the meso level, are other services on which retail providers depend



FSDT IMPACT

During the period 2005-2012 FSDT benefitted from output to purpose reviews (OPR) and a review of the 2007-2012 strategy (2012 review).

The 2012 review assessed whether FSDT was active in areas that were important for pro-poor financial sector development. To do this it compared FSDT activities with those reflected in the DFID White Paper 2009, "Eliminating World Poverty: Building our Common Future".

The assessment showed that FSDT was active in five areas :

- Strengthening the regulation of financial sectors
- Extending the reach of microfinance, especially for women
- Using new technologies to extend financial access to the poor
- Expanding rural and agricultural finance
- Expanding lending to small and medium enterprises

The assessment also indicated that FSDT "could do more" in a couple of areas:

- Linking social cash transfer payments to the financial sector
- Reducing the costs and risks of sending remittances

The overall assessment of the 2012 review was stated thus:

- First, in organizational terms, the Trust is now well established as an institution, with robust governance, policies and procedures, and highly competent staff
- Secondly, FSDT is succeeding in establishing itself as a player in the policy space
- Thirdly, a high proportion of the projects in the FSDT portfolio have been good projects, with significant impact

"FSDT is acknowledged as a centre of excellence, with a high quality of professional skills. FSDT is already providing a degree of Thought Leadership in the context of the development of a deeper financial system that will provide greater access to finance for Tanzanians."

- 2012 FSDT Review



PORTFOLIO OVERVIEW

FSDT's portfolio consisted of 23 completed project and 17 on-going projects (as at 30 June 2012). The portfolio can be can be looked at in two ways: by level of activity or by theme areas.

Activity Level

There are three activity levels that correspond to FSDTs approach. These are Policy (Macro) level, Industry (Meso) level, and Institution (Micro) level.

Macro: These are sector wide projects, which relate to policy, legislation, supervision and data collection. Examples are the Finscope survey, the Rural Financial Services Strategy, the Financial Education Strategy.

Meso: These are industry level projects that help build the sector and promote services that can enhance market development. Examples are CRDB SACCO support, NMB Agra, TAMFI, SME Innovation Challenge Fund, and SME Finance Forum.

Micro: These projects provide support to retail providers who actually deliver services. Examples of micro projects include Access Bank, Mbinga Community Bank, BRAC, FINCA, and CARE - VSLAs.

Theme Areas

FSDT has three theme areas: Access for Household and Individuals (AHI), Agricultural and Rural Development (AGR) and SME development (SME).

Access for Households and Individuals (AHI): These projects form the bulk of FSDTs portfolio. When FSDT began all the projects were in this theme area. The Finscope survey and the majority of the micro level projects are in this theme area.

Agriculture and Rural Development (AGR): This is a new theme area that began in 2007. Two staff positions were created in 2010. Projects in this theme area include AgFiMS, NMB Agra, and CARE-VSLAs.

Small and Medium Enterprises Development (SME): This is another new theme area. It was introduced in 2007 and was staffed in 2010. The key projects in this theme area include Access Bank and the SME Innovation Challenge Fund.

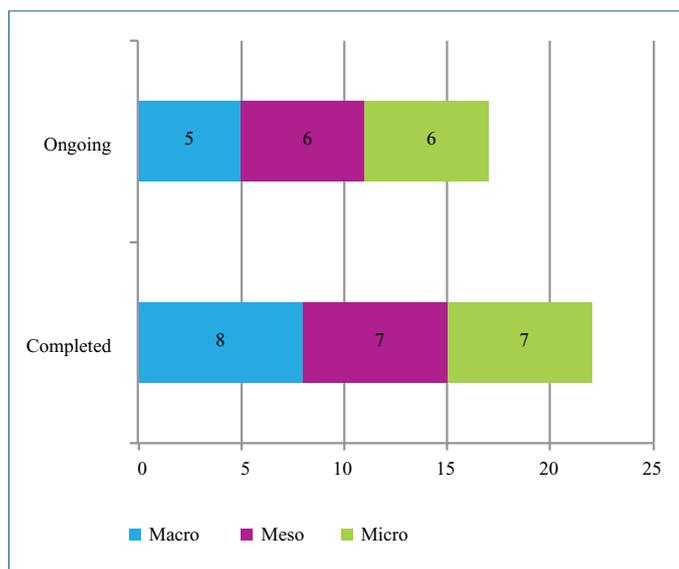


Figure 7: Projects by activity level.

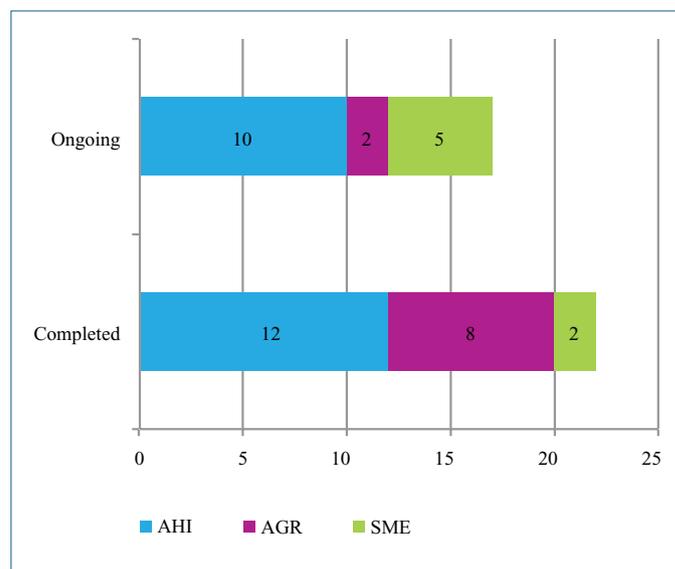
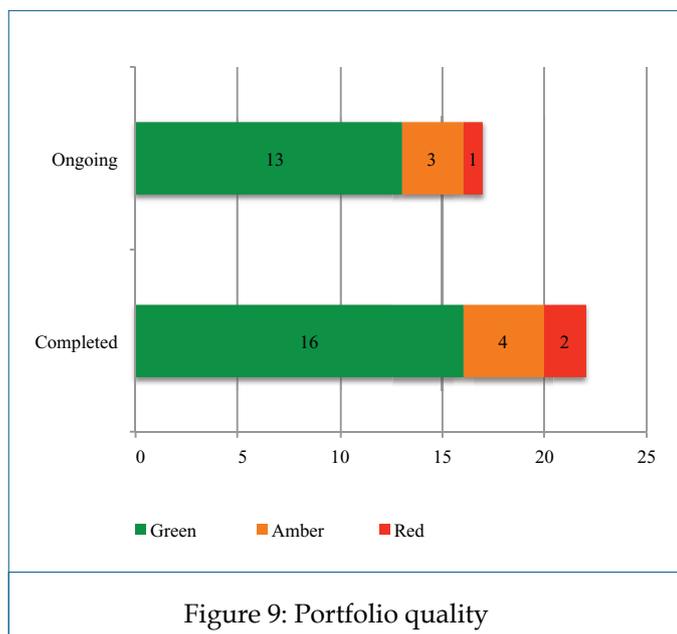


Figure 8: Projects by theme area

Portfolio Quality

FSDT uses a three colour system to rate the quality of the portfolio. All the projects are rated on a quarterly basis. Projects with a green status are “projects on track” and are performing as expected. Projects with an amber status are those “requiring medium attention”. Projects with a red status are those “requiring highest attention”.



Lessons learned

In the period from 2005-2012 the FSDT management team has learned a number of important lessons about project design and implementation. These are summarised below:

Policy (Macro) Level:

- It has become evident that intervening at the policy, legal and regulatory level requires wide stakeholder buy in
- In order to achieve high levels of buy-in the type and quality of engagement should be considered from the design of the intervention to manage both the outcomes and the time it is likely to take

to realize those outcomes. There is a need to have a good understanding of the key stakeholders and influencers to the intervention

Industry (Meso) level:

- Focusing on one intervention using financial resources may not be adequate to address the constraints the industry might be facing
- A better understanding of the real constraints facing the industry and the incentives to adopt a new behavior are crucial in designing the right intervention

Institution (Micro) level:

- When dealing with institutions primarily financial service providers, it is crucial that the incentives for engaging are known in advance and aligned to those of the implementer
- The quality of engagement and communication are critical in this process
- There is no reliable evidence that financial services suppliers proactively listen to their clients
- Understanding consumer insights and devising innovative solutions for them is one crucial aspect financial services suppliers have to invest in as a matter of priority to remain relevant
- Consumers have voices that financial services suppliers will have to listen to in order to meet their needs

Overall, we have learnt that communicating effectively and being customer centric are core drivers of FSDT’s success.

Sample of Projects

The following pages provide details of a sample of projects (both on-going and completed). This sample has been chosen to give an overview of FSDT's activities and portfolio.

The sample includes a variety of projects in terms of theme area, size, success and type of activity.

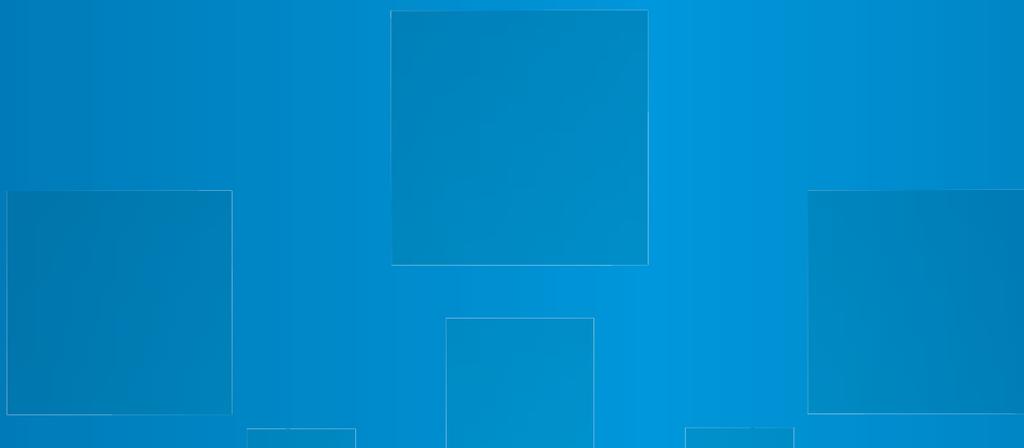
| | Macro | Theme | Status 30 June 2012 |
|---|-----------------------------------|-------|---------------------|
| 1 | Rural Financial Services Strategy | AHI | Completed |
| 2 | Financial Education Strategy | AHI | Completed |
| 3 | Agricultural Finance Survey | AGR | Ongoing |
| 4 | SME Survey | SME | Ongoing |
| 5 | GIS Mapping | AHI | Ongoing |

| | Meso | Theme | Status 30 June 2012 |
|----|-----------------------------------|-------|---------------------|
| 6 | CRDB – SACCOs | AHI | Ongoing |
| 7 | NMB Agro-dealers Guarantee Scheme | AGR | Completed |
| 8 | Dunduliza | AGR | Completed |
| 9 | TAMFI | AHI | Completed |
| 10 | SME Innovation Challenge Fund | SME | Ongoing |
| 11 | SME Finance Forum | SME | Ongoing |
| 12 | NMB – Mobile | AHI | Ongoing |

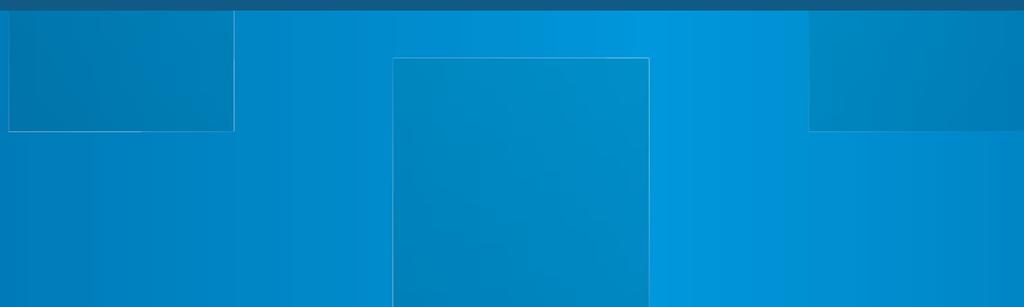
| | Micro | Theme | Status 30 June 2012 |
|----|-----------------------|-------|---------------------|
| 13 | Access Bank | SME | Completed |
| 14 | Mbinga Community Bank | AHI | Ongoing |
| 15 | BRAC | AHI | Ongoing |
| 16 | FINCA | AHI | Ongoing |
| 17 | CARE - VSLAs | AHI | Completed |
| 18 | SELFINA | AHI | Completed |
| 19 | WAT- micro housing | AHI | Completed |



MACRO LEVEL PROJECTS



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|---|-----------|
| RURAL FINANCIAL SERVICES STRATEGY | 14 |
| FINANCIAL EDUCATION STRATEGY | 15 |
| AGRICULTURAL FINANCE MARKETS SCOPING | 16 |
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| GIS MAPPING OF CASH OUTLETS | 18 |



RURAL FINANCIAL SERVICES STRATEGY (RFSS)

Objective

In 2008, the Bank of Tanzania requested FSDT to support the development of the Rural Financial Services Strategy for Tanzania. The objective of the strategy was to create an enabling and conducive environment to support interaction between providers and users of financial services in the rural areas.

Development of the strategy was led by Ministry of Finance. Other participating institutions were the Ministry of Finance-Zanzibar, the Ministry of Agriculture, Food Security and Cooperatives and the Bank of Tanzania.

Activities

The activities supported by FSDT included :

- Information gathering and diagnosis of the environment for rural finance
- Identification of gaps and opportunities for rural finance
- Identification of and mapping out strategic options

Special attention was provided to strengthening Savings and Credit Cooperatives Societies (SACCOs). This is due to their dominant presence in rural areas and potential as community and savings-based institutions



Results

It was expected that the strategy, once implemented, would lead to increased level of access to financial services for the rural population.

The Inter-Institutional Committee of the second generation financial sector reform programme approved the recommendations of the draft strategy report in 2010.

However, to date full Government endorsement of the RFSS has not yet been achieved. Nevertheless, the process of preparation of the strategy created significant awareness of the issues and various government agencies and private sector entities are implementing elements of the strategy.

FINANCIAL EDUCATION STRATEGY

Objective

The overall objective of this initiative was to develop a national strategy to improve financial literacy in Tanzania targets. The aims of the strategy were:

- To provide the framework for guiding and informing relevant parties, as well as recommending their different roles in promoting financial literacy
- To provide an appropriate foundation for consumer protection based on increased public understanding about financial products and services.

Activities

The activities undertaken included:

- A situational analysis
- Market review
- Stakeholders' consultations
- Development of strategic options



Results

The strategy titled “Financial Education Framework for Tanzania” was approved by the Government in April 2011. Implementation of the strategy will be coordinated by the BOT which is establishing a Financial Education Secretariat.

The key elements/targets of the strategy include :

- To improve understanding of financial products and concepts;
- To obtain information, instructions and objective advice, to make informed choices and take effective actions to improve financial well-being of people

AGRICULTURAL FINANCE MARKETS SCOPING (AgFiMS)

Objective

AgFiMS was the first-ever national survey on agricultural finance. The objective of this project was to provide good quality information on the nature of demand for and supply of agricultural finance in Tanzania in order to increase the flow of investments and access of financial services to the agriculture sector.

The project was undertaken in collaboration with the Gatsby Charitable Foundation, and the National Bureau of Statistics. Co-funding was received from the Rockefeller Foundation.

Activities

The study had 2 components. A demand side component focused on potentially commercially viable agricultural enterprises. The survey involved face-to-face interviews with 4,094 qualified producers, processors and service providers. The supply side component focused on sources and quantity of finance to the agricultural sector. The survey involved qualitative assessments comprising interviews with formal and informal financial institutions, agricultural input providers/buyers, equity providers and agribusiness companies.

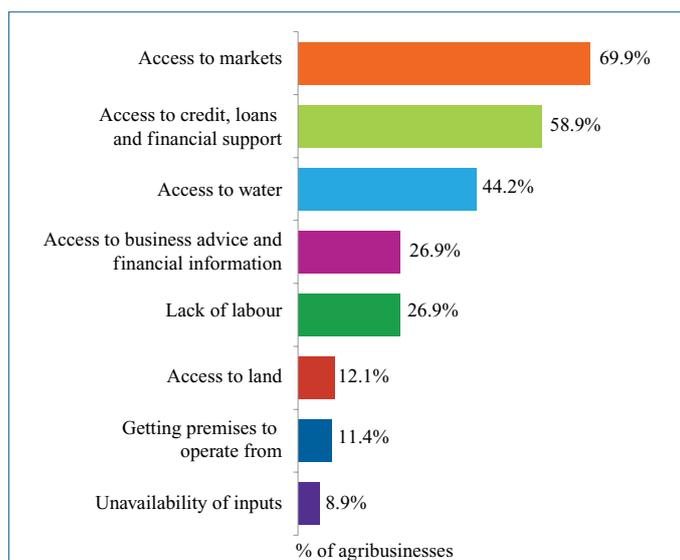


Figure 1: Perceived obstacles to Agribusiness growth



Figure 2: AgFiMS Access Strand

Results

Obstacles to agribusiness growth as perceived by agribusiness owners are reflected in Figure 1. These findings show that that access to credit, although a significant obstacle to growth, cannot be addressed in isolation. The other significant obstacles to growth are lack of access to markets, lack of access to premises to operate from significantly affecting input providers, processors and traders, whilst lack of access to water is a significant obstacle for producers.

The demand survey indicates that overall more than half (54%) of agribusinesses are financially excluded. The supply side data shows that the volume of lending going to the agriculture sector in Tanzania is very low. Agricultural lending by the banking sector has not exceeded 14% of the total lending.

MSME BASELINE SURVEY

Objective

The MSME Survey 2010 was the first nationally representative survey for micro, small and medium enterprises in Tanzania. It was undertaken in partnership with the Ministry of Industry and Trade, (MIT) and National Bureau of Statistics (NBS). The survey work was done by Synovate and FinMark Trust South Africa provided technical assistance.

To quantify and profile the demand for financial services by SMEs, and to identify barriers to access in order to provide a sound basis for making policy recommendations and to provide benchmark information for FSDT interventions.

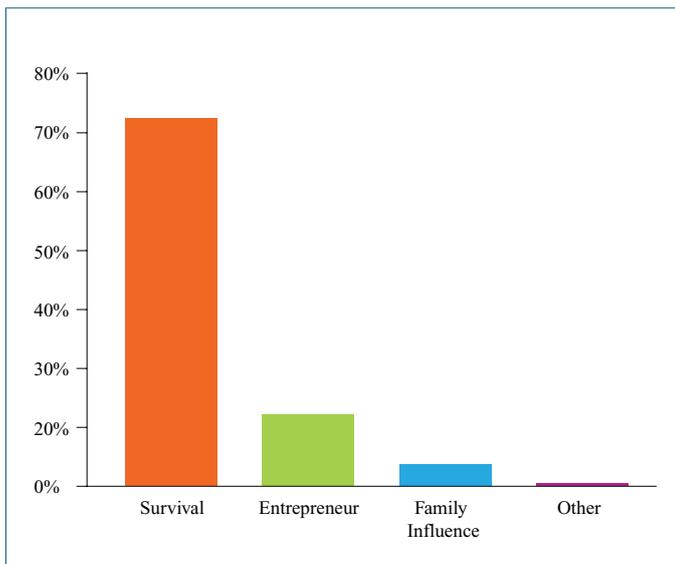


Figure 3: Reasons for starting business

Activities

The activities undertaken include:

- Pre-survey preparations and stakeholder group engagement
- Designing and producing survey questionnaire and statistically representative sample. 6139 interviews conducted
- Data collection, analysis and segmentation
- Presentation of results to steering committee, stakeholders, financial institutions and support organisations

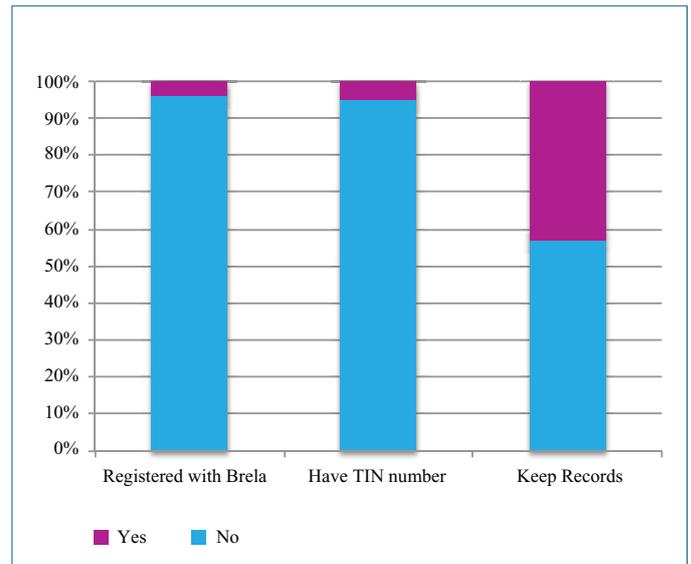


Figure 4: MSME survey

Results

The key findings from the survey were:

- There are 3.1m businesses in Tanzania owned by 2.7m people. 54% of these businesses are in rural area and women own 54%
- 72% of business owners started their businesses for "survival". 68% are single employee (including the owner) businesses
- Only 4% formally registered with BRELA and only 5% have Tax Identification Numbers (TIN).

Only 43% keep records which are mostly basic and patchy

- 74% of business owners completed primary and only 7% have secondary or higher education
- 72% of business owners had no training and only 7% had technical training

GEOSPATIAL (GIS) MAPPING OF CASH OUTLETS

Objective

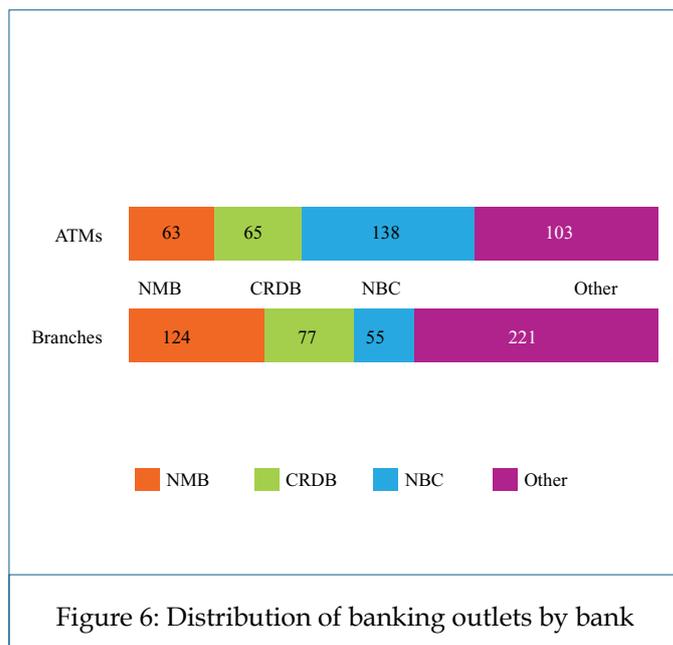
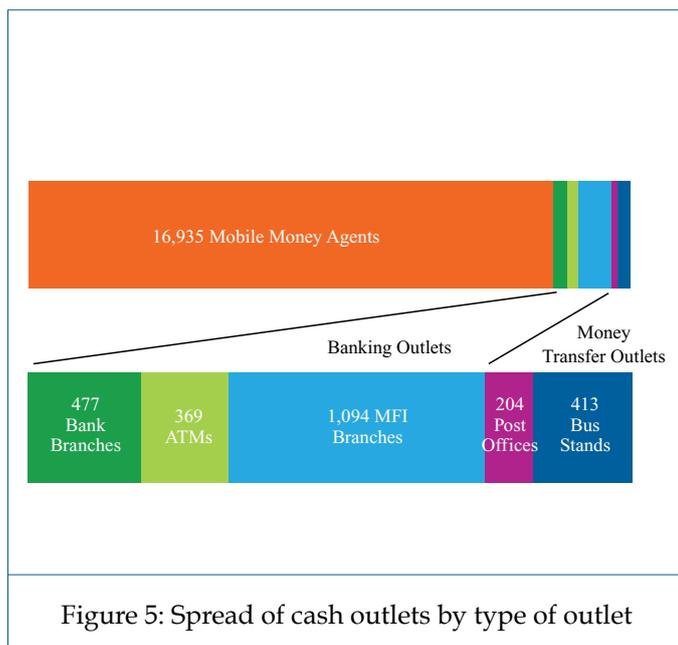
In 2012 FSDT initiated the geospatial mapping of all cash outlets in Tanzania. The aim was to better understand the supply side of financial inclusion and to analyse the proximity of financial services to where people live and transact in Tanzania.

Cash outlets in this case included commercial banks, community banks, ATMs, microfinance institutions, mobile money agents, bus stations and post offices. The project was co-funded by the Bill & Melinda Gates Foundation.

Activities

The survey was undertaken by Brand Fusion. Data analysis was supported by Usable Data and Ignacio Mas. The key activities included :

- Collection of data
- GIS mapping
- Statistical analysis
- Dissemination at Conference of Financial Institutions and Industry Forums



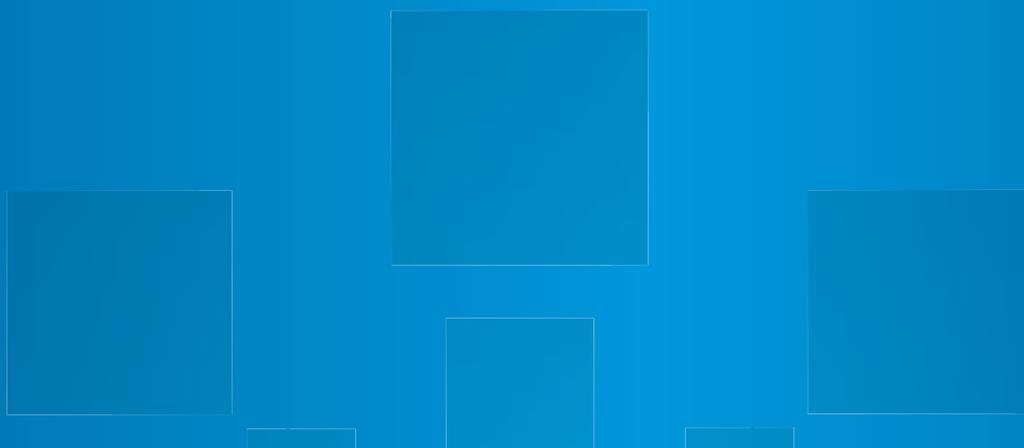
Results

Information was collected on about 20,000 cash outlets. The key findings were:

- Mobile money agents outnumber all other cash outlets by almost 10 to 1
- A significant portion of the population is left out (only about 40% of all wards in Tanzania had a cash outlet)

- More than half of all banking retail infrastructure is provided by three banks (NMB, CRDB, and NBC)
- Agents largely follow the paved road network
- Population density is an imperfect predictor for distribution of cash outlets

MESO LEVEL PROJECTS



| | |
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| CRDB SACCOs CAPACITY BUILDING | 20 |
| NMB / AGRA GUARANTEE SCHEME | 21 |
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CRDB SACCOs CAPACITY BUILDING

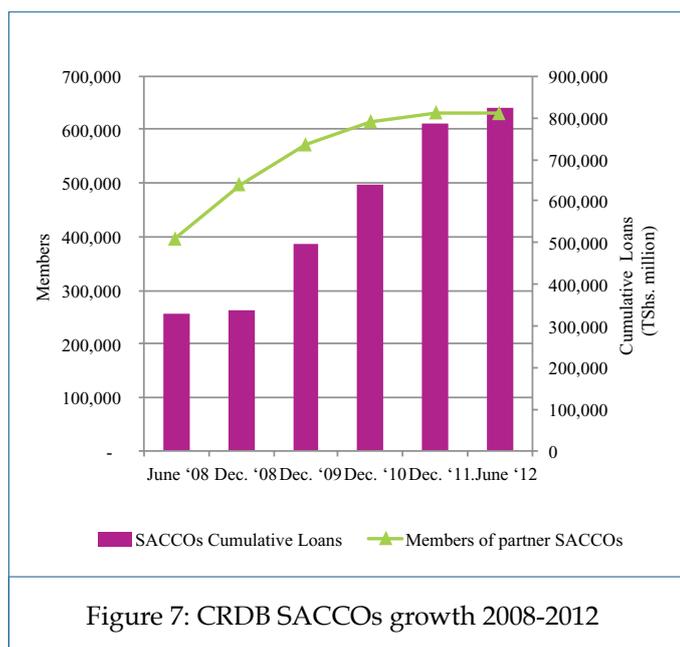
Objective

The objective of the project was to strengthen CRDB Bank's partner SACCOs to increase their outreach. This involved the establishment of new SACCOs as well as working with existing SACCOs mainly in rural areas. The support helped to identify areas of economic potential with contracted crops such as sugar, rice, coffee, tea and tobacco.

Activities

FSDT support allowed CRDB to:

- Sensitize government officials and villagers/farmers to introduce the benefits of SACCOs and the increased economic activity they will bring to the area
- Identify possible cooperating SACCOs already in existence or form new SACCOs
- Identify potential leaders of SACCOs and train them to operate SACCOs in a transparent and open manner to benefit members



Results

From 2008 -2012, the following results were achieved:

- The number of CRDB partner SACCOs increased from 350 to 413
- The cumulative savings of partner SACCOs increased from TZS 59 billion to TZS 130 billion
- The cumulative loans of partner SACCOs increased from TZS 329 billion to TZS 824 billion
- The membership of partner SACCOs increased from 397,950 to 632,000
- The districts covered by CRDB partner SACCOs increased from 105 to 127 in both mainland and Zanzibar

NMB AGRO-DEALERS GUARANTEE SCHEME

Objective

The objective was to enable agro-dealers have access to finance, so as to ensure timely cash flow to facilitate the stocking of sufficient supplies of inputs for smallholder poor farmers in Tanzania.

FSDT in collaboration with the Alliance for a Green Revolution in Africa (AGRA) formed a guarantee scheme valued at US\$ 2.1 million. The guarantee scheme was leveraged five times by NMB. The scheme guaranteed 50% of loan defaults. The other 50% of the defaults was borne by NMB, the financier.



Results

By project end in February 2011 the project was implemented in all 38 targeted districts. A total of 966 new agro dealers benefited from the scheme with total cumulative approved loan amount of TZS 13.27 billion.

The project helped the agro-dealers to increase their sales and stock levels. It also enabled farmers to timely access seeds and fertilizer in larger and better quantities.

Activities

FSDT support allowed NMB to :

- Extend credit facilities to agro-dealers based on the NMB's lending policies and procedures for overdraft facilities
- Facilitate comprehensive training from Citizen Network for Foreign Affairs (CNFA) on business management to all agro dealers operating in the approved districts

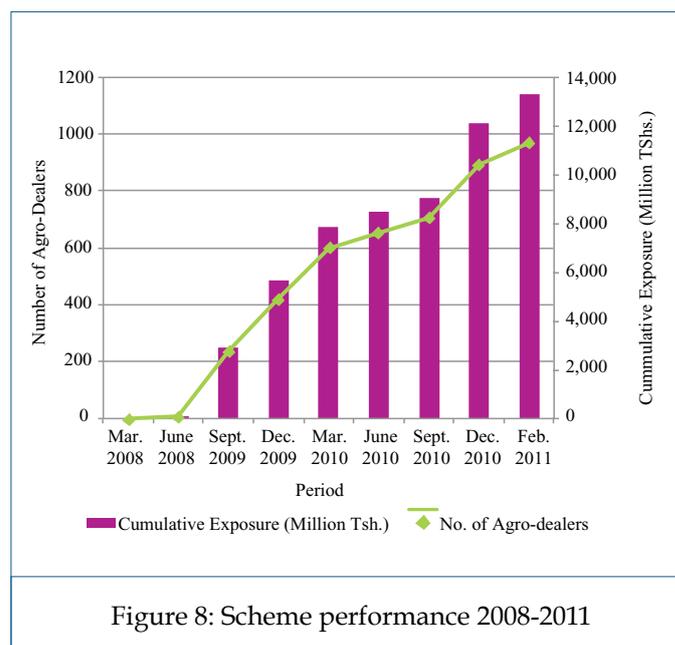


Figure 8: Scheme performance 2008-2011

In addition, the project enabled NMB to increase its focus on the agribusiness sector which was considered to be risky with little business justification.

DUNDULIZA SACCO NETWORK

Objective

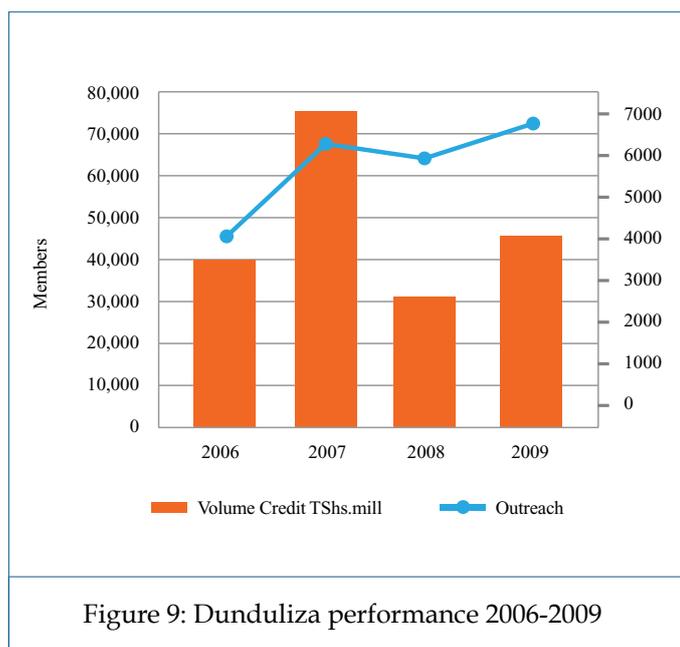
The project aimed to develop a sustainable federated network of viable and financially sustainable SACCOs which have access to technical, financial and professional services that are based on best practices.

FSDT provided support to Dunduliza to develop the network of SACCOs for rice farmers in Iringa and Mbeya. Dunduliza also received technical support from Développement international Desjardins (DID) of Canada.

Activities

FSDT support helped dunduliza to:

- Train SACCOs staff and leaders on management and governance;
- Provide regular advice/coaching during (monthly) visits to SACCOs;
- Standardize the SACCOs credit policy with a variety of savings and loan products;
- Assisting SACCOs in preparation of annual business plans



Results

By the end of the project in September 2010, Dunduliza had developed a network of 24 service points. The network had 51,505 members, a loan portfolio of TZS 4.4 billion, and savings of TZS 4.0 billion.

Dunduliza management worked on technology platforms to enable SACCOs to make use of shared IT services to improve their operations.

Since 2011 Dunduliza has faced significant challenges. The network faced challenges in the recovery of agri-input loans from the four major paddy SACCOs and some coffee SACCOs.

TANZANIA ASSOCIATION OF MICROFINANCE INSTITUTIONS (TAMFI)

Objective

The project aimed at enhancing and strengthening the capacity of TAMFI to deliver services to members; and to act as a forum to address mutual interests and to develop micro-finance institutions in Tanzania.

FSDT supported TAMFI to increase stakeholder engagement for the sector in terms of regulatory environment, support functions and coordination.

Activities

FSDT support allowed TAMFI to:

- Establish communication structure with quarterly newsletters, members' directory and annual association reports
- Facilitate TAMFI's publicity and sensitization of members
- Develop membership mobilization strategy
- Develop guidelines for establishing and running of TAMFI's regional activities



Results

The FSDT support has enabled TAMFI to become a stronger industry association to act as a networking, lobbying and advocacy body for the sector.

TAMFI has a new capable Secretariat which delivers its services effectively; an effective Board of Directors; and an effective communication system.

TAMFI increased its membership of microfinance institutions to 54 by 30 June 2012.

TAMFI is now also actively operating in upcountry Regions.

SME INNOVATION CHALLENGE FUND

Objective

The Innovation Challenge Fund was officially launched in June 2011. The fund is planned for several rounds, and two rounds have been completed.

The objective is to explore and showcase innovative ideas from the SME finance industry. The winning proposals and sponsors are provided funding support to further develop their ideas.

Activities

The process followed by FSDT is:

- Concept Notes are screened and reviewed by an independent review panel. Shortlisted applicants craft full project proposals. The full proposals are again reviewed by the panelists and winners selected on merit
- Winners sign grant agreements with FSDT and disbursements are made according to an agreed schedule. FSDT monitors the winning projects for up to two years



Results

- Round one attracted 19 applicants with three applicants reaching the final stage. The winner, Go Finance Limited, received a grant for US\$152,000. The company's innovative idea is creation of computerized system to enhance lending to SMEs specializing in fast moving consumer goods
- Round two attracted 13 applicants with three applicants again reaching the final stage. The winner was Problem Solved Limited, the idea was the development of Minishop, an electronic record-keeping solution for SMEs. The total grant amount was US\$328,352

SME FINANCE FORUM

Objective

The forum is held on a quarterly basis. FSDT's SME Finance Team selects a relevant and pertinent topic for sharing and discussion with stakeholders

The objective is to exchange views on prospects, challenges of financing SMEs and to find better ways to support the SME market segment.

Activities

- The SME Finance Team engages expert guest speakers to present to stakeholders
- The forum is also used as an avenue for announcing or launching events for other SME related interventions e.g. SME Finance Innovation Challenge Fund call for applications and dissemination of data/research findings



Results

Since inception, there have been four sessions of the forum. The topics of the forums include.

- "Challenges in Financing SMEs". Held in November 2009 and attended by 20 institutions
- "Exploring examples of the projects suppliers can undertake to resolve supply-side issues". Held in March 2010 and attended by 10 institutions
- "Launch of SME Finance Innovation Challenge Fund". Held in June 2011 and attended by 35 institutions

- "Dissemination of the draft findings of the MSME Baseline Survey to Financial Institutions and a talk on SME Finance innovation held in February 2012 attended by 31 institutions

Due to its potential as a communication and dissemination tool, the forum is now referred to as the FSDT industry forum and covers all climatic areas.

NMB Mobile Banking

Objective

To support NMB improve its banking convenience, by providing a faster, flexible and affordable channel to un-banked Tanzanians and bank clients.

FSDT provided co-funding to the National Microfinance Bank Plc (NMB) to facilitate the establishment of Mobile Phone Banking Service platform. This was the first innovation of its kind by any Bank in the Tanzanian market.

Activities

FSDT support contributed to NMB's launch activities which included:

- Procurement of software for the platform
- Marketing campaign
- Establishment of the Central Help Desk
 - Technical Assistance (TA) from Rabobank
 - Rollout of the operations of the platform
 - Introduction of different products to the platform. These included Mini-statements, Airtime services and Money Transfer service.

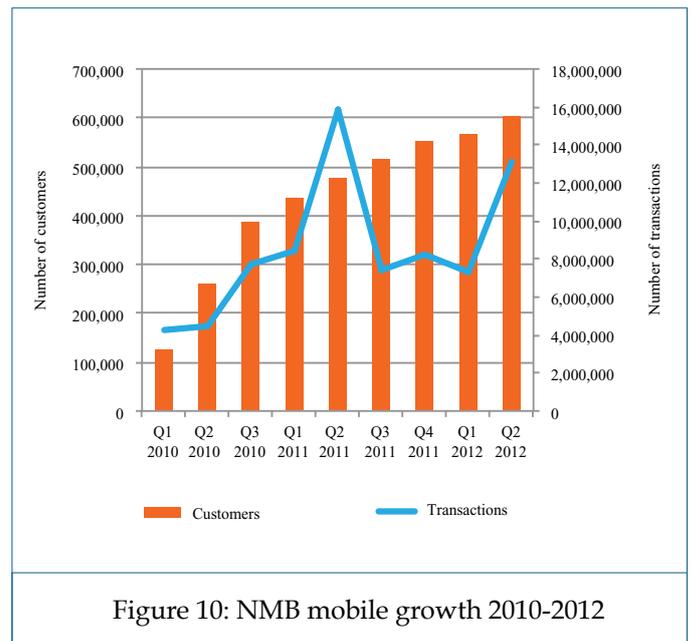
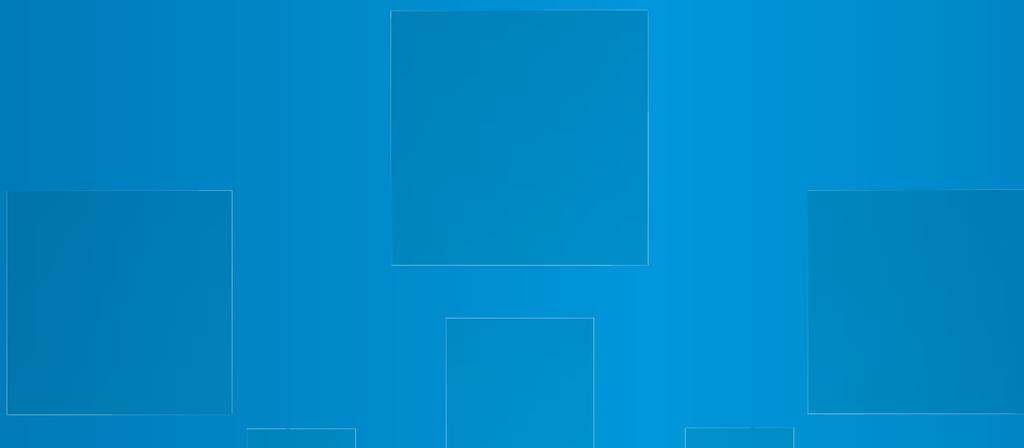


Figure 10: NMB mobile growth 2010-2012

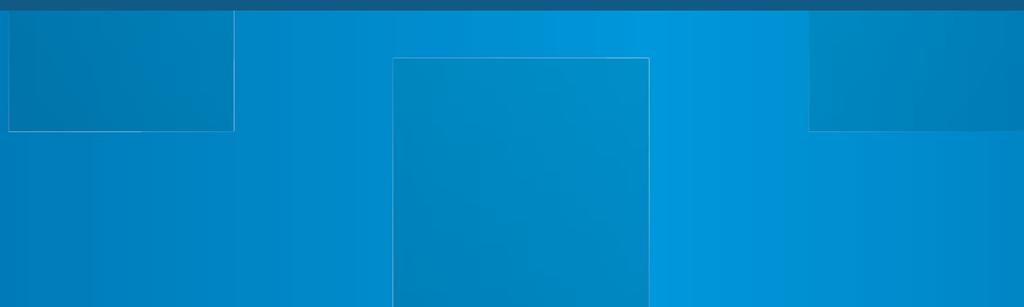
Results

- The platform is primarily being used for balance enquiry, transactions' mini-statements, and airtime purchase/top up, LUKU purchase as well as money transfers. The activity/number of transactions as well as its value has cumulatively been increasing over time on the NMB mobile accounts

MICRO LEVEL PROJECTS



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ACCESS BANK

Objective

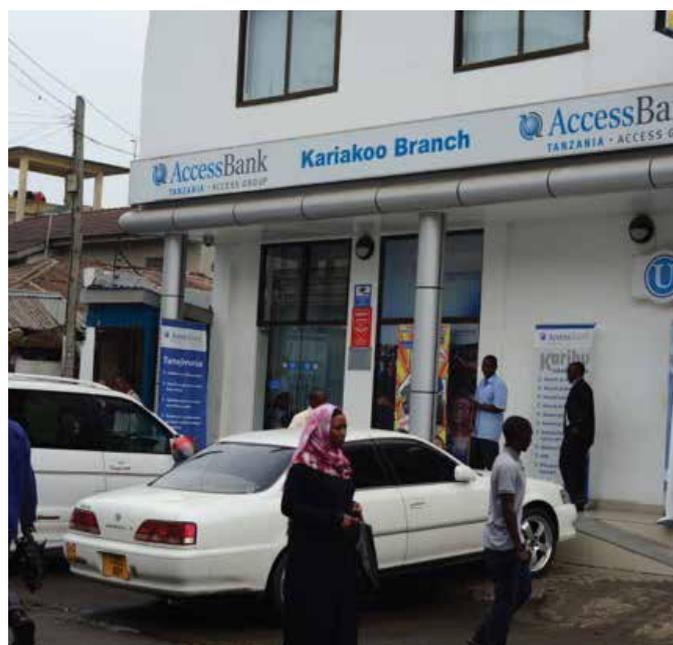
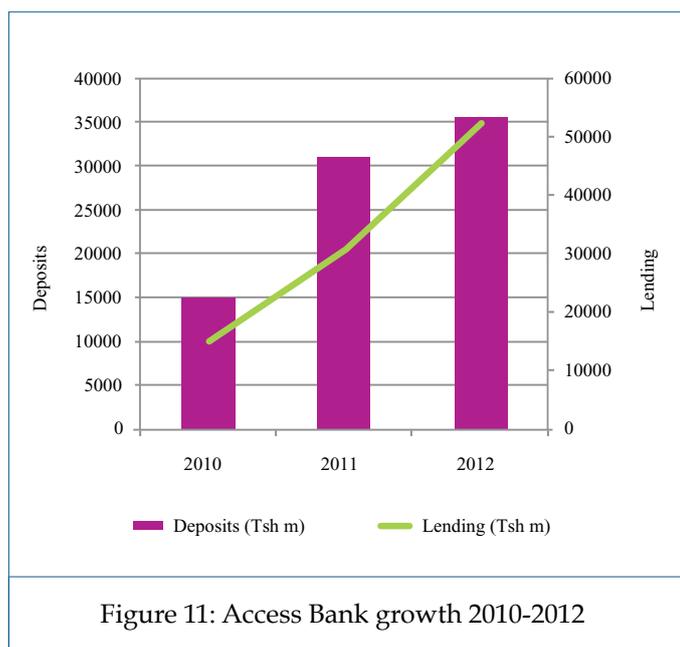
The objective was to support the establishment of a new bank with the aim of improving access to a broad range of appropriate financial services for the majority of Tanzanian businesses and their owners in a sustainable and efficient manner.

The founding shareholders of Access Bank were Access Microfinance Holding AG (AccessHolding), African Development Bank (AfDB), Belgian Investment Company for Developing Countries (BIO), International Finance Corporation (IFC) and KfW Group.

Activities

FSDT provided a grant funding to leverage the technical assistance provided by LFS Financial Systems. FSDT support enabled:

- Setting up of the Bank
- Institutional capacity building through TA provision
- Product development for MSMEs



Results

Access Bank is fully operational and extends loans for undertaking various traditional and non-traditional economic activities like manufacturing, trading, distribution, transport, tourism as well as agriculture.

As at 30th June 2012, the Bank had opened 9 branches, 7 in Dar es Salaam and two new branches in Mwanza and Kahama.

The number of MSMEs accessing financial services from the bank grew to over 100,000 by June 2012. The volume of deposits mobilized over the same period grew to TZS 735.7 billion

The Bank had issued loans to 514 SME clients with portfolio size of TZS 17.5 billion. Total assets of the bank were TZS 80 billion.

MBINGA COMMUNITY BANK (MCB)

Objective

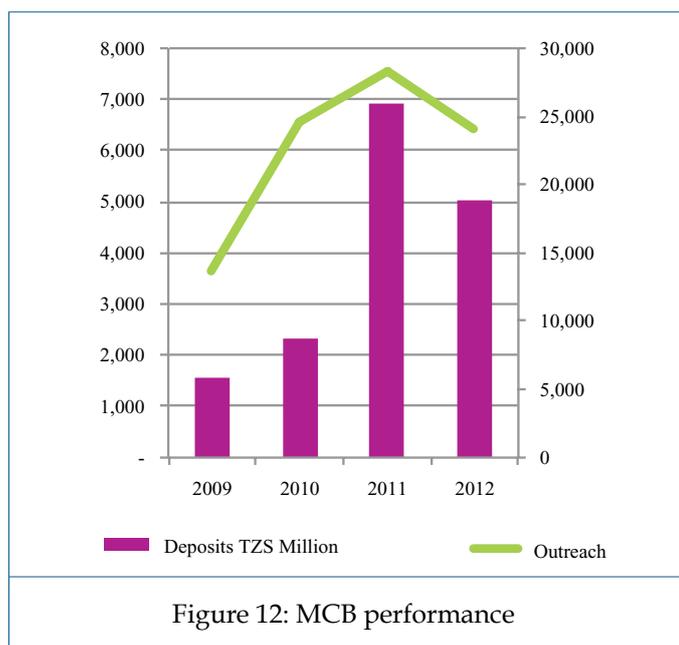
Community banks in Tanzania are limited to geographical market boundaries. This situation enables community banks to gel with the community but is also a hindrance to growth. The objective of the project was to support Mbinga Community Bank to implement its rural outreach expansion programme through the Benki Jamiis model in Mbinga District-Ruvuma Region.

Activities

In the Benki Jamii model, each group is linked to Mbinga Community Bank through compulsory group savings and loans, but each Benki Jamii has its internal savings mechanism.

FSDT support enabled Mbinga Community Bank to:

- Upgrade its IT platform
- Set up of agency offices and establish linkages with Benki Jamii, associations and SACCOs
- Build institutional capacity (staff training and procurement of facilities and equipment)
- Developed deposit and credit products suitable for rural clients



Results

During the project timeframe Mbinga Community Bank managed to establish service centers in three rural locations.

The number of MSMEs and individuals accessing financial services grew from 13,675 to 24,049 in a period of three years to 30 June 2012 (a growth rate of 76%.)

Correspondingly, the loan portfolio increased from TZS 1.4 billion to TZS 5.6 billion during the same period (a growth rate of 400%).

The volume of deposits mobilized grew from TZS 1.6 billion (in December 2009) to TZS 5.02 billion.

Objective

BRAC was founded in Bangladesh and is a global leader in creating opportunity for the world's poor. Organising the poor using communities' own human and material resources, BRAC catalyses lasting change.

The objective of the project was to support BRAC to pilot and scale up its microfinance model providing microloans to women clients in Tanzania. In Tanzania, BRAC applied a similar concept used in Bangladesh, including two basic micro-credit products, but with modifications to suit the local market.

Activities

FSDT support allowed BRAC to:

- Set up a green field microfinance operation
- Pilot the BRAC microfinance model to assess how it would respond to local Tanzanian market conditions
- Build institutional capacity building (hiring and training of staff personnel)

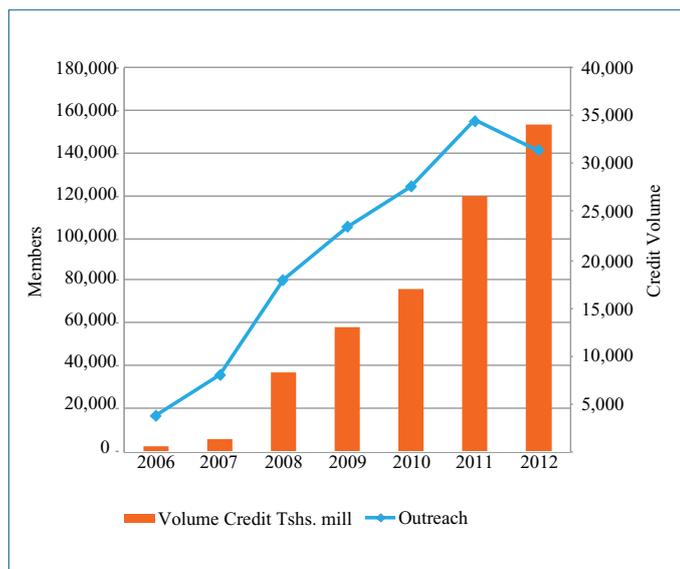


Figure 13: BRAC growth 2006-2012



Results

- BRAC was able to set 10 new pilot branches in the first year and had 112 branches in 18 regions by June 2012.
- The number of women accessing loans grew to 140,539 clients as at 30 June 2012
- Portfolio size grew from TZS 0.6 billion to TZS 32.96 billion by June 2012
- The number of staff, most of whom are young Tanzanian women, grew to 1,121 by June 2012

Objective

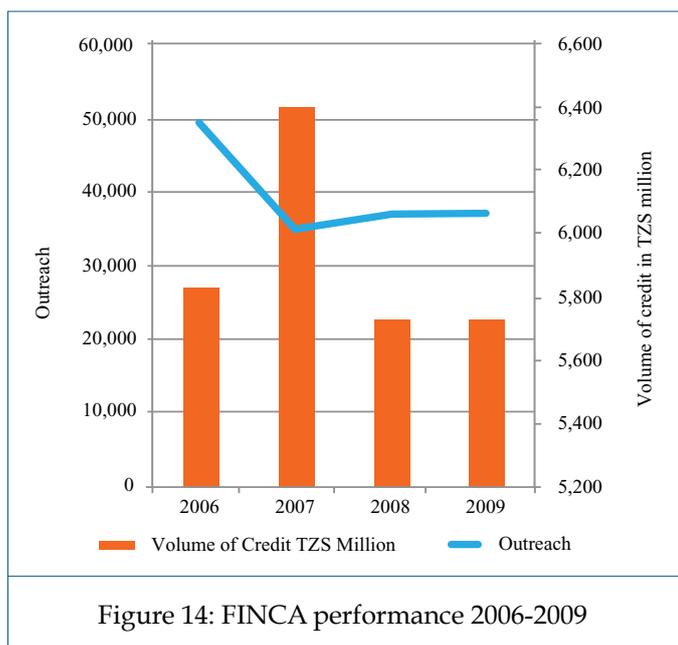
FINCA Tanzania is a microfinance company that has been operating in Tanzania since 1997. FSDT, together with FINCA International, provided support to FINCA Tanzania for its transformation into a regulated Microfinance Company (MFC).

The intention was to enable FINCA to mobilize deposits from a wide range of customers as provided for in the Banking and Financial Institutions Act 2006 and regulations for deposit taking microfinance institutions.

Activities

FSDT's support allowed FINCA to:

- Upgrade of its core banking software,
- Expand its regional branch infrastructure
- Develop its deposit taking infrastructure
- Undertake a change management process to cope with the demands of a deposit taking institution



Results

FINCA was ready for transformation by 30th June 2012.

The number of people accessing financial services grew from 46,659 in 2006 to 70,044 in 2012.

During the period the portfolio grew from TZS 5.83 billion to TZS 26.51 billion.

FINCA was also able to:

- Deepen rural outreach by upgrading of eighteen branches and sub branches
- Provide timely and accurate information to customers as a result of an upgraded core banking system

CARE ONGEZA AKIBA PROJECT

Objective

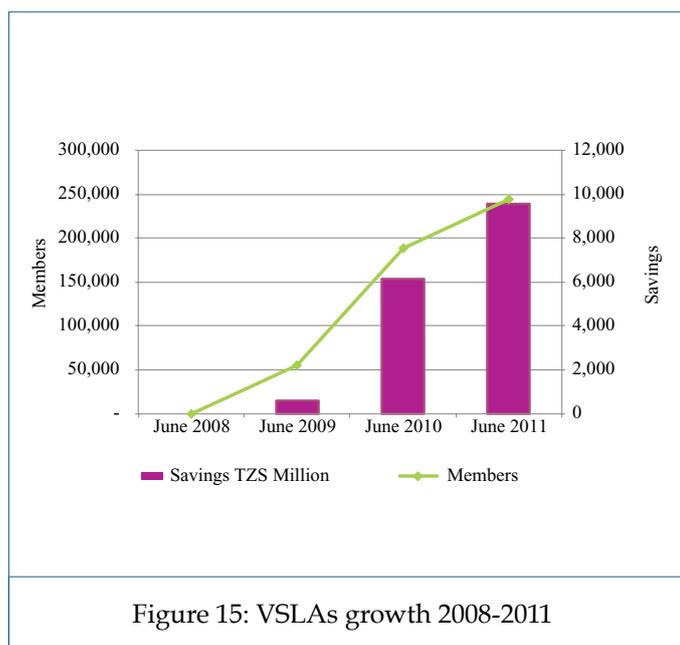
The objective of the project was bring financial services to the informal financial sector using the Village Savings and Loan Association methodology. This methodology has demonstrated success for facilitating financial services to the rural poor.

FSDT provided support to CARE Tanzania for the Ongeza Akiba project. The aim was to introduce the VSLA methodology in 40 districts during a 44 year period from 15th April, 2008 to 31st December, 2011.

Activities

FSDT support was used by CARE for:

- Mobilization and training of local communities on VSLA methodology and guiding of VSLA members in writing of group constitutions
- Training of 1,000 Community Group Trainers (CGTs) so as to facilitate the replication and sustainability of the groups, even after project end



Results

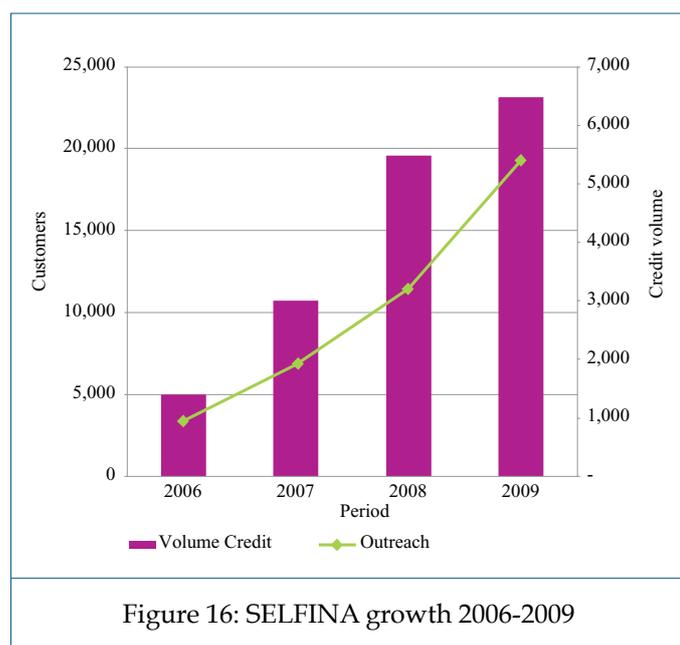
As at project end (June 2011) the following results were realized from the CARE- Ongeza Akiba project:

- A total of 10,385 VSLA groups were formed
- Over 244,240 people were reached most of whom accessed financial services for the first time
- 70% of the beneficiaries were women
- The average saving per member was TZS 47,586.
- A total of 40 districts in 8 regions had access to financial services through VSLAs

Objective

SELFINA is the only entity in Tanzania that offers micro leasing products to its clients, who are mainly women. A Micro leasing model is a very effective way to reach the rural poor, since it offers small businesses a way into obtaining productive assets for their businesses, without traditional collateral.

The objective of the project was to empower women by supporting their efforts in enterprise development through expanding their access to productive assets through microleases. Other partners in the project were Sero Business Associates and the Grassroots Business Fund (GBF)



Results

By 2012 SELFINA had established a branch network of 10 branches from 3 in 2007, these are located in Dar es Salaam, Kibaha, Kyela, Magomeni, Mbarari, Mbeya, Mbozi, Mwanza, Njombe and Tukuyu.

Activities

FSDT provided a guarantee to Bank of Africa Tanzania Ltd (BOA) for SELFINA to access a loan facility in order to grow its micro leases portfolio and outreach.

The loan facility allowed SELFINA to:

- Train women clients in business management skills, life skills, and control
- Develop new products
- Improve its MIS systems
- Strengthen management capabilities to manage a growing business



- SELFINA increased its portfolio to almost 6,000 women clients with an average investment of TZS 4.0m per client
- A survey of SELFINA's borrowers showed that 60% of many had started recording an increase in employment opportunities as a result of acquiring productive assets through microleases provided by SELFINA

WAT HOUSING MICROFINANCE

Objective

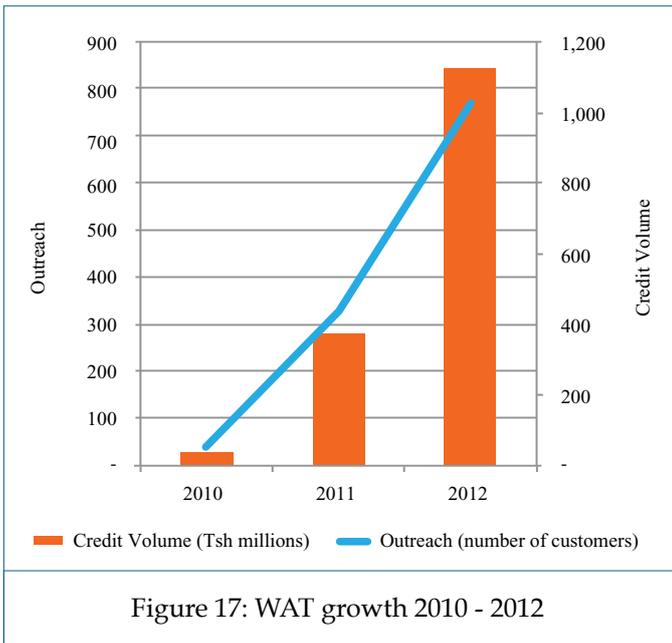
The overall goal of the Tanzania Pilot Housing Micro-finance Project was to develop sustainable and replicable institutional structures to develop, deliver, and manage housing micro-finance loan products suitable for low and middle income Tanzanian households and communities.

FSDT supported the WAT Housing Microfinance pilot project to create affordable, flexible and appropriate financial. Other partners in the project include Rooftops Canada, NBBL (Norway), and Oiko Credit

Activities

FSDT support enabled WAT Human Settlements to:

- Expand the capacity of the WAT Human Settlement Trust to enable it to provide services leading to the effective delivery of housing
- Expand the capacity of WAT SACCOs to enable it to provide financial services for housing delivery
- Test and refine new loan products

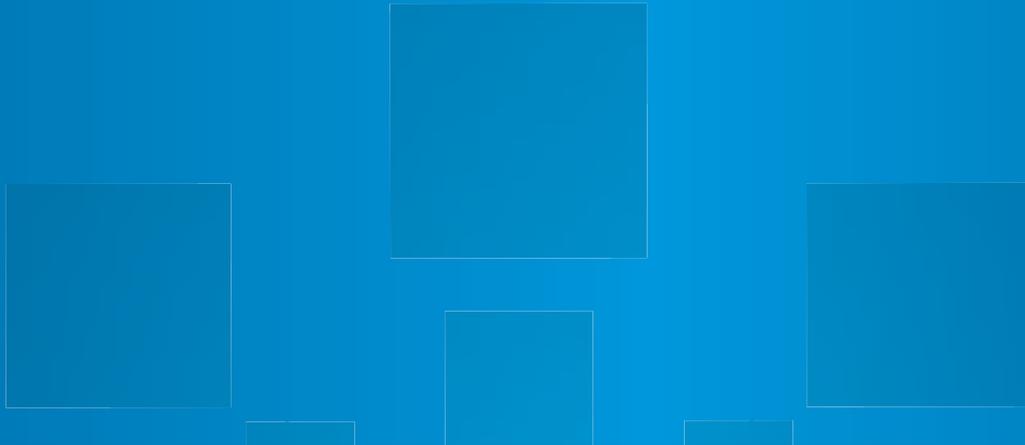


Results

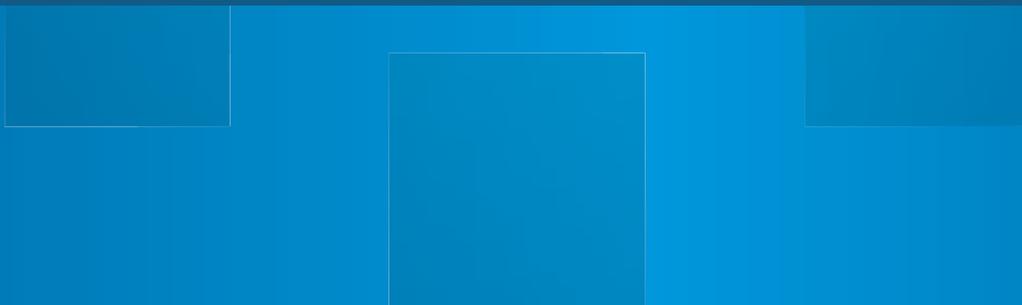
As of 30th June 2012 a total of 1,584 new member families joined WAT SACCOs to access housing microfinance products, against the overall 5 year target of 1,550 families benefiting in Dar es Salaam.

- Cumulative number of loans disbursed was 768 amounting to a total of TZS 1.1 billion. The loans disbursed were used for purchase of land, construction of new houses, electrical works and service connection and house upgrading.

PART 3 : FINANCES



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FINANCIAL COMMENTARY

FSDT has been able to launch innovative new projects due to strong support from funders. Over the period from 2005-2012, FSDT received USD 63.81 million in funding. This has allowed FSDT to fund large transformational project and still maintain a healthy balance sheet (see income statement summary on page 38). As of 30 June 2012 FSDTs total assets were USD 14.38 million (see balance sheet summary on page 40).

Funding

The major funders of FSDT have been:

- Canadian International Development Assistance (CIDA)
- Department for International Development (DFID)
- Swedish International Development Association (SIDA)
- Danish International Development Association (DANIDA)
- The Royal Netherlands Embassy (RNE),
- The Government of Tanzania via the World Bank funded Private Sector Competitiveness Project

| Table 1: Total funding 2005 - 2012 USD million | |
|--|-------|
| CIDA | 24.83 |
| DFID | 16.71 |
| SIDA | 9.04 |
| DANIDA | 5.43 |
| RNE | 3.80 |
| GOVT/ WORLD BANK | 4.00 |
| TOTAL | 63.81 |

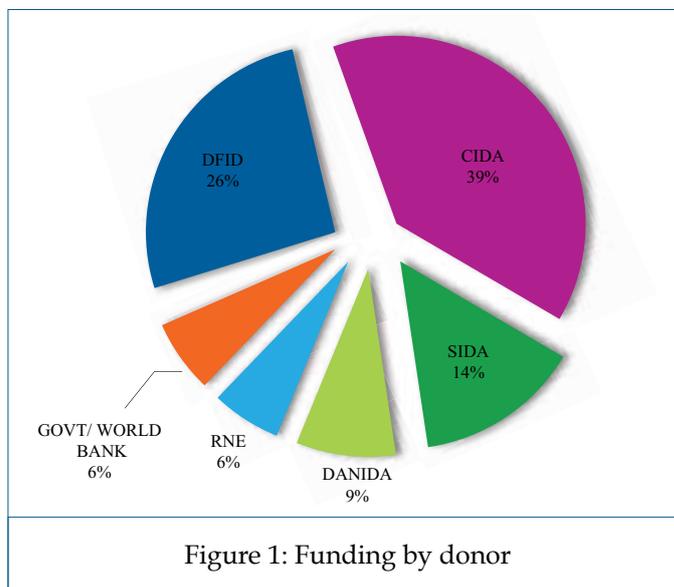


Figure 1: Funding by donor

FSDT's funding has built up gradually as donors began to see results and made more commitments. The bulk of funding was received in 2009 and 2010. (Figure 2).

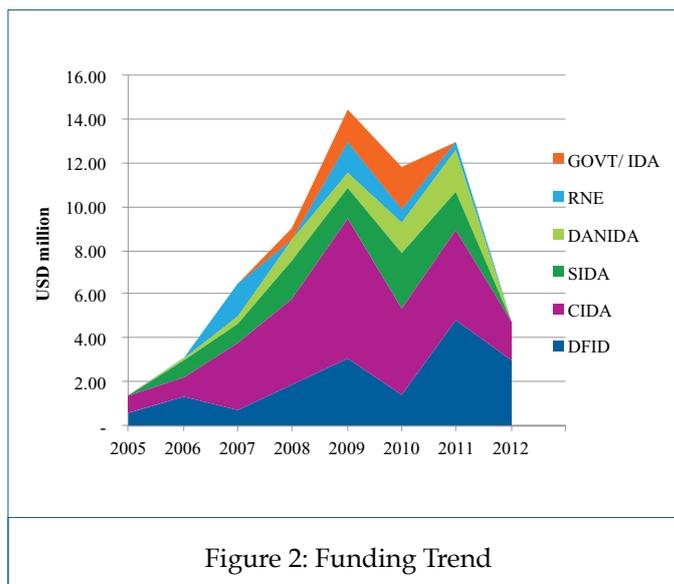


Figure 2: Funding Trend

Project expenditure

The total project expenditure over the period was USD 39.26m. The average expenditure per year over the last five years was USD 6.82 million. At the aggregate theme level the major part of the project expenditure (66%) was incurred on theme 5 – “more and better financial services for poor households” (see figure 3).

At the project level the 5 largest projects were :

- Village Savings and Loan Associations (VSLAs),
- Dunduliza SACCO network
- CRDB Sacco strengthening
- BRAC
- VICOBA

Together these five projects accounted for 70% of total expenditure. The surveys (Finscope 1&2, AgFiMS and MSME survey) accounted for another 10%. The balance 20% of the expenditure was incurred on the remaining projects. (see figure 4)

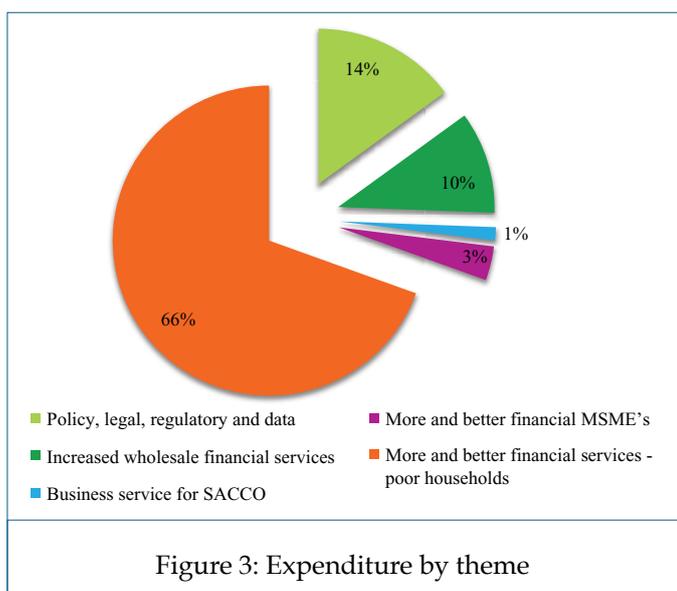


Figure 3: Expenditure by theme

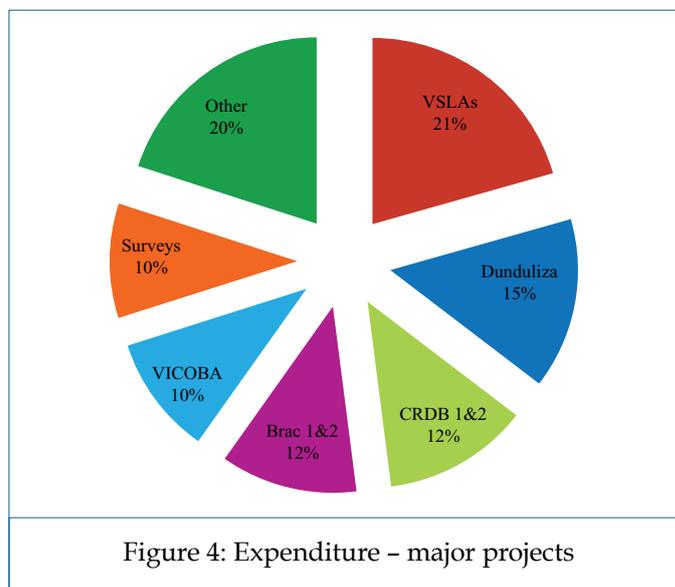


Figure 4: Expenditure - major projects

Management expenditure

FSDT’s management expenditure consists primarily of staff costs and governance costs. The governance costs are comprised of the trustee and finance manager fees, office rent and all overhead expenses. These have averaged about USD 1.7 million p.a. over the last five years. Management expenditure as a percentage of total expenditure has been in the range of 15-23% and has declined as FSDT has expanded and project expenditure has increased. An exception was 2012 when management expenditure was 26% largely as a result of additional overhead and VAT expenses.

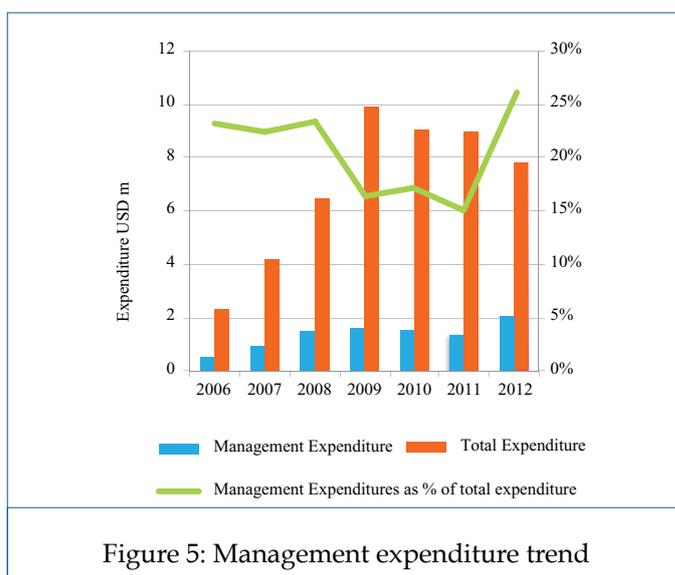


Figure 5: Management expenditure trend

INCOME STATEMENT SUMMARY

Year end 30th June (in USD million)

| INCOME | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Total |
|------------------------------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|---------------|--------------|
| Grants | 1.36 | 3.06 | 6.48 | 8.99 | 14.44 | 11.84 | 12.91 | 4.73 | 63.81 |
| Investment Income | | | | 0.17 | 0.31 | 0.39 | 0.25 | 0.23 | 1.35 |
| Contributions | | | | | | 0.18 | 0.67 | 0.22 | 1.07 |
| Other income | | 0.02 | 0.04 | 0.01 | 0.01 | | | 0.01 | 0.09 |
| Total Income | 1.36 | 3.08 | 6.52 | 9.17 | 14.76 | 12.41 | 13.83 | 5.19 | 66.32 |
| Expenditure | | | | | | | | | |
| Project activities | 0.11 | 1.79 | 3.24 | 4.95 | 8.29 | 7.51 | 7.61 | 5.76 | 39.26 |
| Governance costs | 0.17 | 0.28 | 0.38 | 0.54 | 0.54 | 0.52 | 0.67 | 1.02 | 4.12 |
| Staff costs | 0.05 | 0.26 | 0.56 | 0.94 | 1.06 | 1.02 | 0.67 | 0.99 | 5.55 |
| Depreciation | | | | 0.03 | 0.02 | 0.01 | 0.01 | 0.03 | 0.10 |
| Total Expenditure | 0.33 | 2.33 | 4.18 | 6.46 | 9.91 | 9.06 | 8.96 | 7.80 | 49.03 |
| Excess of Income over expenditure | 1.03 | 0.75 | 2.34 | 2.71 | 4.85 | 3.35 | 4.87 | (2.61) | 17.29 |
| Other recognised losses | | | | 0.08 | (0.96) | (0.46) | (1.29) | (0.56) | (3.19) |
| Total comprehensive surplus | 1.03 | 0.75 | 2.34 | 2.79 | 3.89 | 2.89 | 3.58 | (3.17) | 14.10 |

Grants / Funding summary (USD Million)

| FUNDING | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Total |
|----------------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|-------------|--------------|
| DFID | 0.57 | 1.32 | 0.72 | 1.82 | 3.08 | 1.37 | 4.83 | 3.00 | 16.71 |
| CIDA | 0.79 | 0.84 | 3.05 | 4.00 | 6.36 | 3.99 | 4.07 | 1.73 | 24.83 |
| SIDA | | 0.79 | 0.86 | 1.72 | 1.39 | 2.49 | 1.79 | | 9.04 |
| DANIDA | | 0.11 | 0.34 | 0.95 | 0.71 | 1.39 | 1.92 | | 5.43 |
| RNE | | | 1.50 | | 1.40 | 0.60 | 0.30 | | 3.80 |
| GOVT/IDA | | | | 0.50 | 1.50 | 2.00 | | | 4.00 |
| Total Funding | 1.36 | 3.06 | 6.48 | 8.99 | 14.44 | 11.84 | 12.91 | 4.73 | 63.81 |

Expenditure by output area (USD Million)

| EXPENDITURE | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Total |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Policy , legal ,regulatory and data | - | - | 0.27 | 0.47 | 0.89 | 1.16 | 1.29 | 1.47 | 5.55 |
| Increased wholesale financial services | - | - | 0.03 | 0.63 | 0.70 | 1.10 | 0.64 | 0.84 | 3.95 |
| Business service for SACCO | - | - | 0.36 | 0.06 | | 0.01 | | 0.09 | 0.51 |
| More and better financial - MSME's | - | - | 0.02 | 0.02 | 0.01 | 0.06 | 0.46 | 0.75 | 1.32 |
| More and better financial services - poor households | - | - | 2.45 | 3.78 | 6.69 | 5.16 | 5.16 | 2.58 | 25.82 |
| Unclassified projects | 0.12 | 1.79 | | | | | | | 1.41 |
| Management tasks | - | - | 0.11 | | | 0.02 | 0.05 | 0.02 | 0.20 |
| Total | 0.12 | 1.79 | 3.24 | 4.95 | 8.29 | 7.51 | 7.61 | 5.76 | 39.27 |

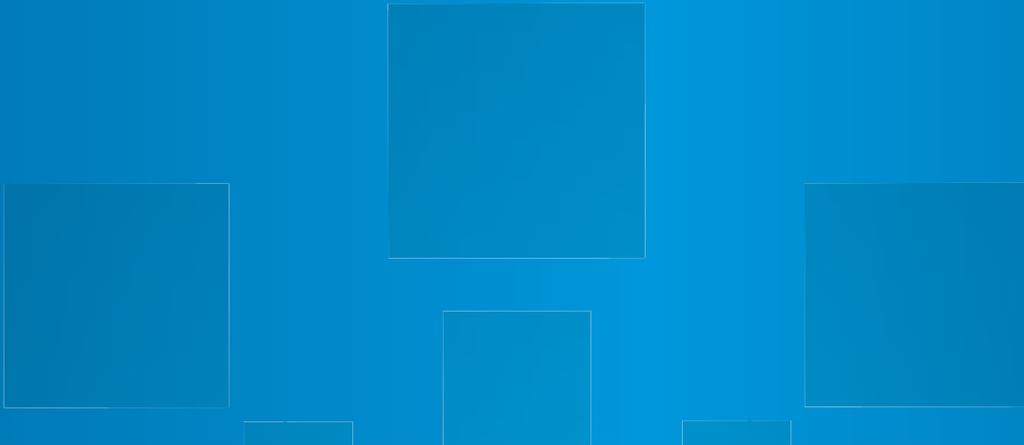
BALANCE SHEET SUMMARY

As at 30th June (USD million)

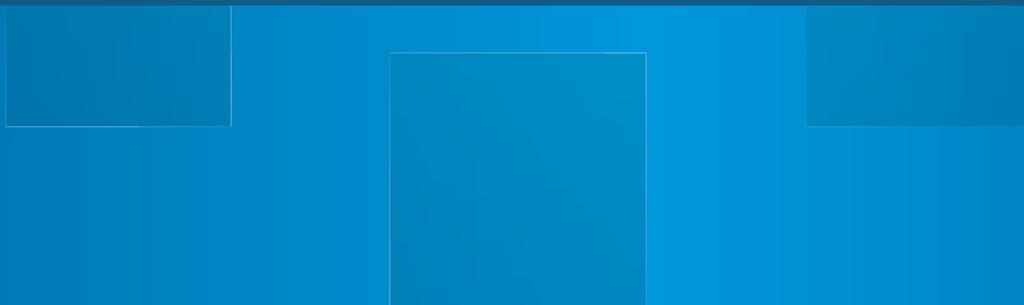
| ASSETS | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------------------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Non Current Assets | | | | | | | | |
| Fixed assets | 0.06 | 0.06 | 0.07 | 0.04 | 0.03 | 0.02 | 0.03 | 0.08 |
| Intangible Assets | - | 0.01 | 0.00 | - | - | - | - | - |
| Deposits | - | 0.01 | 0.01 | - | - | - | - | - |
| Long term loan receivable | - | - | 0.68 | 1.42 | 5.35 | 3.35 | 1.33 | 1.75 |
| Redeemable Preference Shares | - | - | - | - | - | - | 0.32 | 0.32 |
| Total Non Current Assets | 0.06 | 0.08 | 0.76 | 1.47 | 5.38 | 3.38 | 1.68 | 2.15 |
| Current Assets | | | | | | | | |
| Short term loan receivable | - | - | - | 0.54 | 0.65 | 1.53 | 1.61 | - |
| Other receivables | 0.04 | 0.00 | 0.02 | 0.05 | 0.06 | 0.09 | 0.11 | 0.08 |
| Prepayments | 0.01 | - | - | - | - | - | - | - |
| Fixed deposits | 0.00 | - | 0.35 | 1.44 | 1.06 | 2.06 | 1.48 | 1.51 |
| Cash and bank balance | 0.97 | 1.75 | 3.00 | 3.45 | 3.69 | 6.62 | 12.41 | 10.64 |
| Total Current Assets | 1.02 | 1.75 | 3.38 | 5.48 | 5.47 | 10.31 | 15.60 | 12.23 |
| Total Assets | 1.08 | 1.83 | 4.14 | 6.95 | 10.85 | 13.68 | 17.28 | 14.38 |

| Funds And Liabilities | | | | | | | | |
|------------------------------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Funds | | | | | | | | |
| Accumulated funds | 1.03 | 1.78 | 4.11 | 6.91 | 10.79 | 13.68 | 17.26 | 13.96 |
| Capital Grant | 0.04 | 0.03 | 0.02 | 0.01 | - | - | - | - |
| Current liabilities | | | | | | | | |
| Accruals | 0.00 | 0.02 | 0.01 | 0.03 | 0.06 | - | 0.02 | 0.11 |
| Other payables | 0.01 | - | - | - | - | - | - | - |
| Gratuity payable | - | - | - | - | - | - | - | 0.18 |
| VAT payable | - | - | - | - | - | - | - | 0.13 |
| Total Funds and Liabilities | 1.08 | 1.83 | 4.14 | 6.95 | 10.85 | 13.68 | 17.28 | 14.38 |

PART 4: ANNEXES



| | |
|---------------------------|-----------|
| ONGOING PROJECTS | 42 |
| COMPLETED PROJECTS | 44 |
| FSDT PARTNERS | 46 |



PORTFOLIO: ONGOING PROJECTS

| Project | Objective | Theme |
|--|---|-----------|
| 1. MSME Baseline Survey | To quantify and profile the demand for financial services by SMEs, and to identify barriers to access in order to provide a sound basis for making policy recommendations and to provide benchmark information for FSDT interventions | Macro SME |
| 2. Agricultural Finance Markets Scoping Survey (AgFiMS) | To obtain good quality information on the nature of demand for and supply of agricultural finance in Tanzania in order to contribute to policy improvement and increase the flow of investments and access of financial services to the agriculture sector | Macro AGR |
| 3. Financial Capability Baseline | To define and establish baseline criteria and data, in order to guide future targeted financial capability interventions and against which the impact and achievements of future financial education interventions can be assessed among the various market segments | Macro AHI |
| 4. Mobile Money Initiatives | Understanding the role of agriculture value chains in transforming the rural payment infrastructure through the use of digital financial services, specifically mobile money. Facilitated interoperability discussions among Mobile Network Operators | Macro AHI |
| 5. Insurance Market Diagnosis | To analyze the demand for and supply of micro insurance products and the impact that policy, regulation and supervision has on such demand and supply and to inform the strategies and interventions to scale up usage of insurance services in Tanzania | Macro AHI |
| 6. GIS Mapping | To obtain geospatial supply side data of financial services, documenting all the cash outlets (points where cash can be changed to and from electronic value). To build capacity of the regulator and the private sector in using geospatial analysis in making strategic decisions | Macro AHI |
| 7. CRDB Integrated Model | To support CRDB in developing and implement the Integrated retail and wholesale microfinance services model via different technology linked outlets. The objective is to increase services outreach through a blend of retail microfinance and wholesale methodologies and build sustainable partnerships with services delivery partners in furthering services to more remote and rural areas | Meso AHI |
| 8. EFTA | To support Equity for Africa Tanzania to expand access to finance to underserved small businesses through high impact financial leasing services and enterprise support | Micro AHI |
| 9. NMB Mobile | To support NMB to introduce a mobile phone banking platform in order to increase banking convenience by providing a faster, flexible and affordable channel to the un-banked Tanzanians and bank clients | Meso AHI |

| Project | Objective | Theme |
|---|--|------------|
| 10. SME Innovation Challenge Fund | To stimulate innovations by financial sector players focusing on products, processes or models in order to deepen financial services for SMEs | Meso SME |
| 11. SME Finance Industry Forum | To gather and exchange new information to spur development of the SME sector and to improve communications with stakeholders and potential partners | Meso SME |
| 12. Capital Markets and Securities Authority | To support the Capital Markets and Securities Authority in capacity building for developing and supervising the Enterprise Growth Market Segment | Meso SME |
| 13. BRAC phase 2 | To support BRAC to scale up the group lending methodology following the successful pilot phase to increase access to financial services for un-served Tanzanians, with a particular emphasis on women who have been left out of the mainstream financial system | Micro AHI |
| 14. FINCA phase 2 | To support FINCA's transformation to enable FINCA to offer a wide range of financial services – loans, savings and money transfer services to previously unbanked clients | Micro AHI |
| 15. WAT Housing Microfinance | To support WAT Human Settlement to test and develop sustainable and replicable institutional structure that deliver and manage housing microfinance loan products suitable for low and middle income Tanzanian households and communities | Micro AHI |
| 16. Aga Khan Foundation (AKF) | To work through the Aga Khan Foundation to improve living standards for the poorest quartile of the population, and particularly women in Mtwara and Lindi Regions through creating access to sustainable, appropriate and relevant financial services | Micro AHI |
| 17. YOSEFO | To support the Youth Self Employment Foundation (YOSEFO) to expand the rural and urban outreach of its microfinance program through mobile banking users, and by increasing the capacity of YOSEFO for great outreach and sustainable delivery of financial services into the rural and remote areas | Micro AHI |
| 18. PRIDE – Rural Financial Window (RFW) | To support replication of Small Scale Rural Agriculture Finance Products in the agricultural value chains, through Rural Financial Windows in different parts of Tanzania | Micro Agri |
| 19. Mbinga Community Bank | To support Mbinga community Bank to to implement its rural outreach expansion programm throu the Benki Jamii model | Micro AHI |

PORTFOLIO: COMPLETED PROJECTS

| Project | Objective | Level/ Theme |
|--|---|-----------------|
| 1. Finscope 2006 | To measure demand for financial services and barriers to access at a household level in order to provide an understanding of the landscape of financial services and to provide a benchmark for measuring access | Macro AHI |
| 2. Finscope 2009 | To identify changes in access since Finscope 2006. To provide reliable information as a sound basis for improving policy and also to inform FSDT's own consumer finance initiatives | Macro AHI |
| 3. Rural Financial Services Strategy (RFSS) | To assist the Ministry of Finance in assessing the state of financial services in the rural areas in Tanzania, so as to develop an effective and coherent strategy to enhance provision of both broader and deeper financial services across all parts of the Union | Macro AHI |
| 4. Micro Finance Companies regulation | To strengthen the capacity of the BoT's Directorate of Bank Supervision (DBS) to implement the MFC regulations and provide effective, risk-based regulatory oversight of MFCs and other relevant financial institutions | Macro AHI |
| 5. Ruka Juu | To support FEMINA to develop a program to build positive attitudes of youth towards self-employment and to improve levels of financial literacy to equip those who venture into self-employment with the fundamentals of money management | Macro AHI |
| 6. Profile Business Intelligence Remittance Study | To improve understanding of the scale and characteristics of the Tanzania international remittances market in order to understand how to reduce the costs of remitting funds to Tanzania for both remitter and recipient | Macro AHI |
| 7. Financial Education Strategy | To support the Bank of Tanzania on behalf of the Government to develop a Financial Education Framework for Tanzania aiming to create awareness of financial markets, and provide generic and discreet financial education which in turn would influence behavioral change to individuals, in addition to providing financial advice | Macro |
| 8. GIS Mapping | To obtain geospatial supply side data of financial services, documenting all the cash outlets (points where cash can be changed to and from electronic value). To build capacity of the regulator and the private sector in using geospatial analysis in making strategic decisions | Macro AHI |
| 9. Dunduliza | To support Dunduliza to achieve full sustainability of its network of SACCOs in order to provide continuing outreach for poor savers and borrowers in rural as well as urban areas | Meso AGR |
| 10. Agro Input Dealers | To support NMB to increase its lending to agro dealers in order to have access to finance to enable them to stock and supply fertilizers and seeds for selling on to farmers | Meso AGR |
| 11. Farm Friends | To grant seed capital to Farm Friends Microfinance Institution to fund opportunities for small scale farmers, in order to build performing assets through acquisition of dairy cattle | Meso AGR |

| Project | Objective | Level/Theme |
|----------------------------------|--|--------------|
| 12. FERT/USAWA | To supporting the development of FERT/USAWA network of SACCOs in Kilimanjaro in order to bring sustainable financial services to rural areas through building a strong self sustaining SACCOs' network | Meso AGR |
| 13. FBME | To support the Federal Bank of Middle East to increase the availability and use of finance by small agricultural based business in Zanzibar | Meso AGR |
| 14. TAMFI | To support the strengthening of the Tanzania Association of Microfinance Institutions) in order to improve its capacity to perform its apex role of lobbying, advocacy, training and information gathering and dissemination | Meso AHI |
| 15. BoA | To support Bank of Africa to strengthen their expertise and tools to provide effective and profitable products and services to SMEs | Meso SME |
| 16. Access Bank | To support the establishment of a new bank that focuses on increasing access to financial services for the majority of Tanzanians, with a specific target on micro, small and medium-sized enterprises | Micro SME |
| 17. BRAC Phase 1 | To support BRAC to pilot its group lending methodology in order to increase access to financial services for un-served Tanzanians, with a particular emphasis on women who have been left out of the mainstream financial system | Micro AHI |
| 18. SEDA Phase 1 | To strengthen the position of the Small Enterprise Development Agency as a micro-credit institution to the point of real financial self-sufficiency ("commercialization") and complete the process of change into a deposit taking microfinance institution(transformation) | Micro AHI |
| 19. FINCA | To support the transformation of FINCA into a deposit taking Microfinance institution in conformity with the relevant legislation and regulations in order to give FINCA access to new sources of funds, increased lending and, hence, growth | Micro AHI |
| 20. Akiba Commercial Bank | To support the expansion and growth of Akiba Commercial Bank on the basis of product and service refinement and as a result of strengthened capacity and facilitation to attract strategic investors | Micro AGR |
| 21. VICOBA s | To work with ORGUT-SEDI in order to bring sustainable financial services to some of the poorest, most disadvantaged people in Tanzania by introducing the Village Community Banks (VICOBA) as the first rung of the financial ladder. This is one of the models of informal financial system | Micro AGR |
| 22. VSLAs | To work with CARE Tanzania to bring sustainable financial services to rural poor people and to get people onto the first rung of the financial ladder, by supporting the VSLA methodology | Micro AGR |
| 23. SELFINA | To work with SELFINA to grow its micro link portfolio and to empower women through expanding their access to productive assets | Micro AHI |

FSDT'S PARTNERS 2005-2012

| | | |
|---|--|---|
| Government/ Regulators | Bank of Tanzania Capital Markets and Securities Authority (CMSA) Ministry of Agriculture and Food Security Ministry of Finance National Bureau of Statistics (NBS) Tanzania Insurance Regulatory Authority (TIRA) | |
| Financial Service Providers | Access Bank Tanzania (ABT) Advance Bank Tanzania Airtel Tanzania Akiba Commercial Bank (ACB) CARE VSLA Community Banks Association (CBA) CRDB Bank Dar es Salaam Stock Exchange (DSE) Equity for Africa Farm Friends Tanzania (FFT) FERT First Access | Kagera Farmers Cooperative Bank (KFCB) Mbinga Community Bank (MCB) MIC Tanzania (Tigo) Mkombozi Commercial Bank Mufindi Community Bank National Microfinance Bank (NMB) ORGUT VICOBA PRIDE Tanzania Association of Microfinance Institutions (TAMFI) Vodacom Tanzania Youth Self Employment Foundation (YOSEFO) Zantel |
| Non-profits/ Industry Associations | Aga Khan Foundation (AKF) BRAC DUNDULIZA FINCA Umoja wa SACCOs za Wakulima (USAWA) | SELFINA Small Enterprises Development Agency (SEDA) WAT Housing Microfinance |
| Development Partners | DFID Embassy of Denmark Royal Netherlands Embassy SIDA World Bank | Access to Finance Rwanda (AFR) EFiNA Finmark Trust FSD Africa FSD Kenya CIDA Canada |
| Service Providers | AYANI Bankable Frontiers Brand Fusion Changing Point DAI Development Pioneer Consultants Ernst & Young ILO/UNCDF Innovex | Institute of Management and Entrepreneurship Development Mathwood Consulting Company Microsave Oxford Policy Management (OPM) Radar Recruitment Rex Attorneys The Centre for Financial Regulation & Inclusion (Cenfri) Triodos Facet Yakini Development Consulting |





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