COUNTRY : TANZANIA

PROJECT NAME : ACCESS BANK OF TANZANIA

SECTOR : Financial Services

CONTRIBUTION OF ADB: EUR 600,000

PROJECT DESCRIPTION:
The concept of the proposed project is the investment holding company model where a microfinance operator in this case AccessHolding AG, a Financial Institution established in Germany, with the help of the Bank and other like-minded investors, establishes a microfinance commercial bank in this case Access Bank of Tanzania (ABT) that will provide financial services to the low income population in Tanzania. The investment holding company aims to become the controlling shareholder of the investee institution, which benefits from a consistent banking platform, transmission of best practice and shared brand identity.

The project involves the participation of the Bank in the establishment of a Greenfield Microfinance Commercial Bank whose services will be solely targeted towards providing financial service to low income population in Tanzania. The Bank will engage in all banking activities. The project objective is to provide micro, small and medium sized enterprises (MSME) as well as other clients in lower income strata, with a broad range of appropriate financial services.

PROJECT ADVANTAGES

Economic Benefits: ABT activities of which will be geared to meet the needs of micro enterprises, small savers and borrowers through the methodologies that LFS Financial Systems has perfected, will add the following benefits to the economy: i) give credit accessibility to the poorer segment of population who were so far deprived from accessing the financial services available; ii) positive impact on employment and income generation leading to poverty alleviation and eradication; iii) mobilization of savings from the poorer segments of the population and from micro enterprises; iv) gradual integration of the informal sector into the formal sector and the positive impact on the tax collection; and v) providing real contribution to governments development strategy for promoting micro and small enterprises.

Socio-economic benefits:
These include long-term benefits that will remain beyond the project life to include both quantifiable and non-quantifiable elements. i.e. economic empowerment of women entrepreneurs, access to financial services to low income household on a sustainable basis, indirect benefits accrued from income and employment generation i.e improved health and nutrition of microfinance clients and their children, school fees and training. Such benefits will provide significant value to the economic development of the country.