



**ASA Microfinance (Tanzania) Limited**

# **Business Plan**

**2019 - 2023**

# Business Plan: ASA Microfinance (Tanzania) Limited

## 2019 – 2023

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#### Executive Summary

*ASA International Holding has been operating a Microfinance Institution (MFI) in Tanzania—ASA Microfinance (Tanzania) Limited since June 2014 based out of Dar es Salaam, Tanga, Morogoro, Dodoma, Arusha, Kilimanjaro, Mwanza, Zanzibar and Mpwani Region of Tanzania. The Company now wishes to establish a Deposit Taking Microfinance Company (Microfinance Bank) that take over the client base already established by the Company.*

*ASA Microfinance (Tanzania) Limited is expected to reach nearly 155,000 clients through 136 branches by 2021. By then the Company is expected to have a gross loan portfolio of around TZS 80 Billion. ASA Microfinance (Tanzania) is mostly owned and supported by ASA International Holding.*



## Company Profile and Business Plan

**ASA MICROFINANCE (TANZANIA) LIMITED**

**A Company for Poverty Alleviation**

[www.asatanzania.com](http://www.asatanzania.com)

<b>Name of the Company</b>	<b>ASA Microfinance (Tanzania) Limited</b>
<b>Company Incorporation</b>	ASA Microfinance (Tanzania) Limited is incorporated under the Companies Act 2002 (No. 93819) of Tanzania in September'2012. ASA Microfinance (Tanzania) Limited is an affiliate of ASA International ( <a href="http://www.asa-international.com">www.asa-international.com</a> ), one of the largest microfinance companies in the world.
<b>Licensing Authority of the Bank of Tanzania</b>	ASA Microfinance (Tanzania) Limited is regulated by the Bank of Tanzania as a Non-Deposit Taking Microfinance company under Tier-2 of Microfinance Act-2018. The BoT License No. MSP2-0431.
<b>Head Office Address</b>	Head Office, Plot No. 12, Block- 33H, Mafere Street (Malogwe Street), Mwananyamala Area, Kinondoni, P.O. Box- 61627, Dar es Salaam, Tanzania
<b>Board of Directors</b>	<ol style="list-style-type: none"> <li>1. Mr. Dirk M. Brouwer (Director)</li> <li>2. Mr. Mohammed Azim Hossain (Director)</li> <li>3. Mr. Md. Enamul Haque (Director)</li> <li>4. Mr. Muhammad Shah Newaj (CEO &amp; Director)</li> <li>5. Mr. Nurul Islam Chowdhury Mafique (Director)</li> <li>6. Mrs. Victoria Lembeli Moller (Independent Director)</li> <li>7. Ms. Flora Lugangira Rutabanzibwa (Independent Director)</li> </ol>
<b>Incorporation Certificate No.</b>	93819
<b>Company Vision</b>	To establish a poverty-free society through microfinance services.
<b>Purposes of the Company</b>	<ol style="list-style-type: none"> <li>1. To provide attractive, diversified, affordable and dependable financial services to the active poor in a timely and competitive manner, that would enable them to undertake and develop long-term sustainable entrepreneurial activities;</li> <li>2. To create employment opportunities and increase the productivity of the active poor in the country, thereby increasing their individual household income and uplifting their standard of living;</li> <li>3. To enhance organized, systemic and focused participation of the poor in the socio-economic development and resource allocation process; and</li> <li>4. To provide veritable avenues for the administration of the microcredit programs of government and high net worth individuals on a non-recourse basis;</li> </ol>
<b>Field of Business</b>	Microfinance Services to Low Income Earners
<b>Number of Active Borrowers and Branches</b>	As of May'2021 Total Active Borrower: 141,395 and Total 129 Branch-Units in 8 Regions. Total Gross Loan Portfolio: <b>TZS. 69,770,125,027</b> as on 31 <sup>st</sup> May'2021.



<p><b>Features of the Model</b></p>	<p>ASA Microfinance (Tanzania) Limited has its own model of microfinance services which is called "ASA Cost Effective Microfinance Model". The model has affordable microfinance solution for poor men and women who wants to engage with income generating activities and who wants to broaden current status of business.</p> <p>The model offers certain advantages when compared to other microfinance models, allowing the organization to become more cost-effective at a lower comparative risk. The salient features of this model are:</p> <ol style="list-style-type: none"> <li>1. Decentralization: the delegation of authority to field level (branches) and minimum administrative tiering ensure an active participation of all staff, continuous monitoring, quick decisions making and an efficient management of funds.</li> <li>2. Standardization: all operations are standardized – from loan disbursement and repayments to record keeping and accounting procedures. Cash flows become predictable and overhead costs are minimized. A transparent and easy to understand manuals complements this to enable the rapid expansion of the operations.</li> <li>3. Simplified Branch Structure: the office also serves as accommodation for the staff. This allows staff to be deployed away from their residence and therefore security becomes a reduced concern, since all staff ensures the well-functioning of the Branch and the safety of the funds left in the office overnight.</li> <li>4. Simplified Record-Keeping and Accounting Procedures: accounting, bookkeeping and reporting are completed through pre-designed formats available for all branches following the ASA model. This non-conventional system is easy and transparent which allows for the loan officers simultaneously to be an accountant, cashier and office assistant.</li> <li>5. Mid-level Management Structure: there are three mid-level layers of management in the field that supervise and monitor the respective areas.</li> <li>6. Close Communication: The staffs live and work together, supervising each other and ensuring the branch has the best performance. Furthermore, clients are visited in the groups and individually. Therefore, problems and needs of the clients are quickly identified and changes in the rules, procedures and regulations are rapidly shared and put in practice.</li> </ol>
<p><b>Human Capital Development</b></p>	<p>The Loan Officers are the engine of the ASA model for Microfinance Operations. They assess the repayment capacity of the borrower and ensure discipline in the group. All ASA International's MFI's adopt the strategy to transfer knowledge to local staff and thus develop future managerial capacity for its own benefit and the benefit of the country it works in. Training of loan officers is an on-going process. Loan officers may be promoted to Branch Manager, Area manager, Regional manager, Cluster Manager or develop into specialists over time. The human capital is the crucial feature of the operations, since it deals with a direct contact with the client in its own environment.</p> <p>The specificities of the model demand that operational capacity must originate from an expert of ASA. On the other hand, generic technical skills such as accountancy, legal, and human resources management are readily available in the Tanzanian market. However, the ASA operations and the success of the Model can only be delivered and assured by the presence and skills of ASA expatriate staff. In this perspective, it is crucial that ASA staff initiates the operations and trains the</p>



	<p>local staff in order to transfer knowledge. Each ASA expert in the role of technical manager is able to train 10 loan officers for the branches. After a year, a well performing loan officer could be promoted to Branch Manager. The turnover of this process takes around one year or two loan cycles.</p> <p>Some of the local loan officers will be promoted to Branch Managers after 9-12 months, and become trainers themselves, initially coached by experienced ASA International staff. Therefore, each additional expatriate trainer will be able to effectively establish and train the staff of 6-8 additional branches, reaching out to more than 8,000 low-income clients per expatriate trainer. The technical assistance provided by ASA Bangladesh during the first 3-4 years is crucial for reaching the objectives as stated above. Thereafter, the institution is expected to have sufficient internal training capacity to continue its growth without strong dependency on expatriate trainers.</p> <p>The selection of Loan Officers is done through a systematic process; they are selected among graduate students in Business Administration, Social Sciences, Computer Science and Accountancy. Relevance will be given to book keeping and communication skills. It is ASA's global policy to recruit staff (and clients) from all walks of life, religion, ethnic and gender. The initial training consists of a theoretical part taking place in the Head Office and a subsequent hands-on practical training in the field. The selection and training are always undertaken by the ASA experts in cooperation with local administrative staff. Since loan officers are locally recruited, they are inherently well acquainted with the language and culture which is an important skill in selecting and vetting clients.</p>
<b>Commencement of the Operations in Tanzania</b>	Commenced operations on 16 <sup>th</sup> June, 2014 with two branch units in Mwananyamala at Kinondoni, Dar es Salaam, Tanzania
<b>Principal Activity</b>	To provide microcredit services to small entrepreneurs who intend to start business or to enlarge business or to increase income generating activities. Mostly target groups are low income earner women.
<b>Product &amp; Services</b>	<ol style="list-style-type: none"> <li>1. Group Based Small Loan: These small loans are given to women who engage in micro-entrepreneurial activities centered around their households to either augment the existing income or improve their living conditions.</li> <li>2. Small Entrepreneur Loan (SEL): Financing of this type is required for a small business start-up or as a means of expanding the existing business.</li> </ol>
<b>Major Shareholders</b>	ASA International Holding ( <a href="http://www.asa-international.com">www.asa-international.com</a> ), ASA International N.V. and Muhammad Shah Newaj with ordinary Share.
<b>Group Subsidiaries</b>	ASA International India Microfinance (Pvt.) Limited, ASA Pakistan, Pagasa Philippines, ASA Ghana, ASA Nigeria, ASA Tanzania, ASA Kenya, ASA Uganda, ASA Rwanda, ASA Sierra Leone, ASA Myanmar, ASA Sri Lanka, ASA Zambia.
<b>Contact Person</b>	<p>Muhammad Shah Newaj, CEO &amp; Director, ASA Microfinance (Tanzania) Limited, Head Office, Plot No. 12, Block 33H, Mafere Street (Malogwe Street), Mwananyamala, Kinondoni, P.O. Box- 61627, Dar es Salaam, Tanzania.</p> <p>Email: <a href="mailto:newaj.bd@asa-international.com">newaj.bd@asa-international.com</a></p> <p>Cell: +255 (0) 764476697 / Land Phone: +255-22-2760722</p>



### Current Status of ASA Tanzania's Local Employees (Tanzanian) as on MAY'2021

#	Description	Number/ Amount	Remarks
1	Number of Loan Officer	582	
2	Number of Assistant Branch Manager (ABM)	109	
3	Number of Branch Manager	129	
4	Number of Area Manager	36	
5	Number of Regional Manager	12	
6	Number of Assistant Divisional Manager	2	
7	HR, Training and Admin Staffs	14	
8	Internal Auditor Section Staffs	8	
9	Accounts & Finance Section Staffs	11	
10	IT Section Staffs	10	
11	Service Staff	77	
12	Driver	1	
<b>Total Number of Local Staff as on May-2020</b>		<b>991</b>	<b>Tanzanian Staff</b>

### Current Status of Operation as on MAY'2021 (At a Glance)

1	Number of branches	129	
2	Number of active clients / borrower	141,395	Total current active clients
3	Average clients per branch	1,096	
4	Gross Loan Outstanding Portfolio (TZS)	69,770,125,027	USD 30.00 Million Loan Outstanding
5	Average LOP per clients	493,441	Avg. Per client USD 210
6	Total Number of Expatriate Staff (Foreigners)	14	Including the CEO
7	Total Number of Tanzanian Employee	991	More than 40 Tanzanians are on training for recruitment
8	Current Ratio-Expats: Tanzanian Staff	1: 70	Total Staff 991, (14 Expats)

### Projection for Covering the Region Since Inception

		Cumulative Branches
2019 (Achieved)	Dar Es Salaam, Morogoro, Tanga, Bagamoyo, Kilimanjaro, Arusha, Mwanza, Dodoma, Iringa, Zanzibar	102
2020 (Achieved)	Dar Es Salaam, Morogoro, Tanga, Bagamoyo, Kilimanjaro, Arusha, Mwanza, Dodoma, Iringa, Zanzibar, Shinyanga	121
2021	Dar Es Salaam, Morogoro, Tanga, Bagamoyo, Kilimanjaro, Arusha, Mwanza, Dodoma, Iringa, Zanzibar, Shinyanga, Mbeya	136
2022	Dar Es Salaam, Morogoro, Tanga, Bagamoyo, Kilimanjaro, Arusha, Mwanza, Dodoma, Iringa, Zanzibar, Shinyanga, Mbeya, Lindi, Mtwara	151
2023	Dar Es Salaam, Morogoro, Tanga, Bagamoyo, Kilimanjaro, Arusha, Mwanza, Dodoma, Iringa, Zanzibar, Shinyanga, Mbeya, Lindi, Mtwara and Lindi	166

**Note:** The model of ASA Microfinance operations requires 01 Technical Manager Cum Trainer for per 25-30 local employees. The Trainer (Expatriates staff) will develop the local employees for upper position and will create opportunity and make the local employees competent to take over the responsibility of company's overall operations. Expatriates are not occupying any position for Tanzanian Staff, rather expatriates are creating opportunities and position for Tanzanian people and current Tanzanian employee. ASA Tanzania is expanding their operations depending on competency of local employees.



SL	Description	Next 03 Years Projection (Cumulative Calculation)		
		2021E	2022E	2023E
1	<b>Number of branches</b>	<b>136</b>	<b>151</b>	<b>166</b>
2	Number of Loan Officer (Local Staffs)	676	734	792
3	Number of Assistant Branch Manager (Local Staff)	136	151	166
4	Number of Branch Manager (Local Staff)	136	151	166
5	Number of Area Manager (Local Staff)	37	41	56
6	Regional Manager (Local Staff)	19	21	23
7	Operations Manager (Local Staff)	12	14	17
8	HR Section (Local Staff)	14	16	18
9	Internal Auditor Section	12	13	15
10	Accounts Section (Local Staff)	15	16	18
11	IT Section (Local Staff)	14	16	18
12	Service Staff (Local Staff)	136	151	166
13	Driver	1	2	2
<b>TOTAL LOCAL STAFF REQUIRED</b>		<b>1,208</b>	<b>1,326</b>	<b>1457</b>

### Operations Brief for Next 03 Years Projection

#	Particulars	2019 (Already Achieved)	2020 (Already Achieved)	2021 Estimated	2022 Estimated
1	Number of branches	102	121	136	151
2	Number of active clients	122,755	153,000	189,611	216,790
3	Average clients per branch	1,203	1,214	1,281	1,330
4	Loan Outstanding portfolio (Principal)	47,154,092,503	64,260,000,000	84,718,200,000	102,324,000,000
5	Average LOP per clients	384,132	420,000	446,800	472,000



## Short Overview of Current Company:

ASA Microfinance (Tanzania) Limited is incorporated under the Companies Act 2002 with the Registrar of Companies, Tanzania, on 13 September, 2012. Its incorporation number is 93819.

As of 30 September 2019, the company has 4,927,401 ordinary shares outstanding of which 4,926,400 shares are held by ASA International Holdings ("ASAIH"), a private company limited by shares, incorporated and existing under the laws of Mauritius, 1 share is held by ASA International N.V. ("ASAI NV"), a public limited liability company incorporated under the laws of the Netherlands, and 1,000 shares are held by Mr. Muhammad Shah Newaj, CEO of ASA Microfinance (Tanzania) Limited. It is a subsidiary directly owned and controlled by ASA International.

ASA International was established in 2007 to promote and replicate the "ASA Methodology for Microfinance Operations" around the world<sup>1</sup>. ASA International established and operates Greenfield microfinance institutions in Asia and Africa including India, Pakistan, The Philippines, Sri Lanka, Myanmar, Nigeria, Ghana, Uganda, Tanzania, Rwanda, Kenya, Zambia, and Sierra Leone. As of September 2019, ASA International runs operations in 13 countries catering to nearly 2.3m clients and a loan portfolio of USD 397.9m.

ASA is a non-governmental organization founded in Bangladesh in 1978<sup>2</sup>, initially focused on fighting social injustice through a variety of social and educational programs. From the early nineties on, it has exclusively focused on microfinance. It is known globally as one of the most cost-effective and fastest growing organizations of its kind, with over fifteen years of experience in successfully providing high-quality microfinance services to more than five million borrowers in Bangladesh. The Asian Development Bank termed the ASA "cost-effective, sustainable microfinance model" as the "Henry Ford Motor Model of Microfinance"<sup>3</sup>.

Towards the end of 2016, ASA in Bangladesh had an ongoing loan portfolio of USD 1,993.00 million, of which less than one percent (1%) was overdue. Its nearly 67 million borrowers are served through 2,947 branches and by nearly 26,000 members of staff. ASA owes its success largely to its innovative products that uniquely suit the needs of its clients.

## Objectives of ASA Microfinance (Tanzania) Limited

Access to microfinance is essential in the process of economic development. In Tanzania, supply of these services is limited, especially in rural and peri-urban areas, leaving low-income entrepreneurs facing significant barriers to growing their businesses and consequently hindering economic and social development.

ASA Microfinance (Tanzania) Limited intends to alleviate poverty and improve the standard of living for hundreds of thousands of Tanzanians, especially those living in rural areas. In order to achieve its mission, ASA Microfinance (Tanzania) Limited will provide small loans to micro-entrepreneurs. Through its microfinance operations, the company intends to create diversified and more stable income possibilities for Tanzanians who are unable to access finance from traditional financial institutions.

<sup>1</sup>More about ASA International at <http://www.asa-international.com>

<sup>2</sup>More about ASA Bangladesh at <http://www.asa.org.bd>

<sup>3</sup>ADB Quarterly Newsletter of the focal point for microfinance, Nimal A. Fernando and Richard L. Meyer, June 2002.



Furthermore, the company will create employment opportunities locally as an employer and regionally by stimulating entrepreneurship through its operations. Eventually it intends to set a best-practice example for servicing low-income clients in a financially sustainable manner, hopefully inspiring other MFIs to follow suit, resulting in a more competitive market where MFIs will be forced to reduce their cost of lending and thus making finance accessible to the poor of the country.

ASA Microfinance (Tanzania) Limited is serving with the following major purposes:

- Provide attractive, diversified, affordable and dependable financial services to the active poor, in a timely and competitive manner that would enable them to undertake and develop long-term sustainable entrepreneurial activities;
- Mobilize savings for intermediation;
- Create employment opportunities and increase the productivity of the active poor in the country, thereby increasing their individual household income and uplifting their standard of living;
- Enhance organized, systemic and focused participation of the poor in the socio-economic development and resource allocation process; and
- Provide veritable avenues for the administration of the microcredit programs of government and high net worth individuals on a non-recourse basis;

The target market for the company is mainly the Micro, Small and Medium Enterprises (MSMEs), productive poor, wage earners / salaried work force who are semi-low income people with the following characteristics:

- Have limited access to banking services and practically no access to credits;
- Have an established business or a viable business idea;
- Relatively predictable cash flow and financial history (character); and
- Are resident or have their businesses in the area in which the company operates.

### Areas for Gradual Expansion

ASA Microfinance (Tanzania) Limited will operate throughout the country with initial special focus in Dar es Salaam, Tanga, Morogoro, Moshi, Arusha, Mwanza, Dodoma, Shinyanga, Iringa, Mbeya, Lindi, Kahama, and Mpwani Region [currently, as of May 2021, ASA Microfinance (Tanzania) Limited is working in these areas with 129 branches with more than 141,395 active borrowers.




## Corporate Governance

ASA Microfinance (Tanzania) Limited is managed by a multi-cultural team of microfinance professionals. Among the Management Team some are consisted of microfinance experts on deputation from ASA Bangladesh, who will be responsible for transferring knowledge of the ASA methodology for microfinance operations to local Tanzanian staff. This Management Team will be guided by the Board of Director that has been constituted from a multi-disciplinary team of experts.

The Board of Directors of ASA Microfinance (Tanzania) Limited consists of the following members:



### The Board of Directors ASA Microfinance (Tanzania) Limited

<b>Dirk M. Brouwer- Director</b>	<b>Mohammed Azim Hossain- Director</b>	<b>Md Enamul Haque- Director</b>	<b>Muhammad Shah Newaj- Director</b>
			
<b>Chief Executive Officer- ASA International</b>	<b>Vice President- Treasury and Risk- ASA International</b>	<b>Chief Operating Officer- ASA International</b>	<b>Chief Executive Officer- ASA Microfinance (T) Ltd</b>
<b>Nurul Islam Chowdhury Mafique- Director</b>	<b>Victoria Lembeli Moller- Independent Director</b>	<b>Flora L. Rutabanzibwa- Independent Director</b>	
			
<b>Chief Executive Officer- ASA Microfinance (U) Ltd</b>	<b>Retired Immigration Head- The Government of Tanzania</b>	<b>Retired Manager- The Bank of Tanzania</b>	



**Management Team of ASA Microfinance (Tanzania) Limited:**

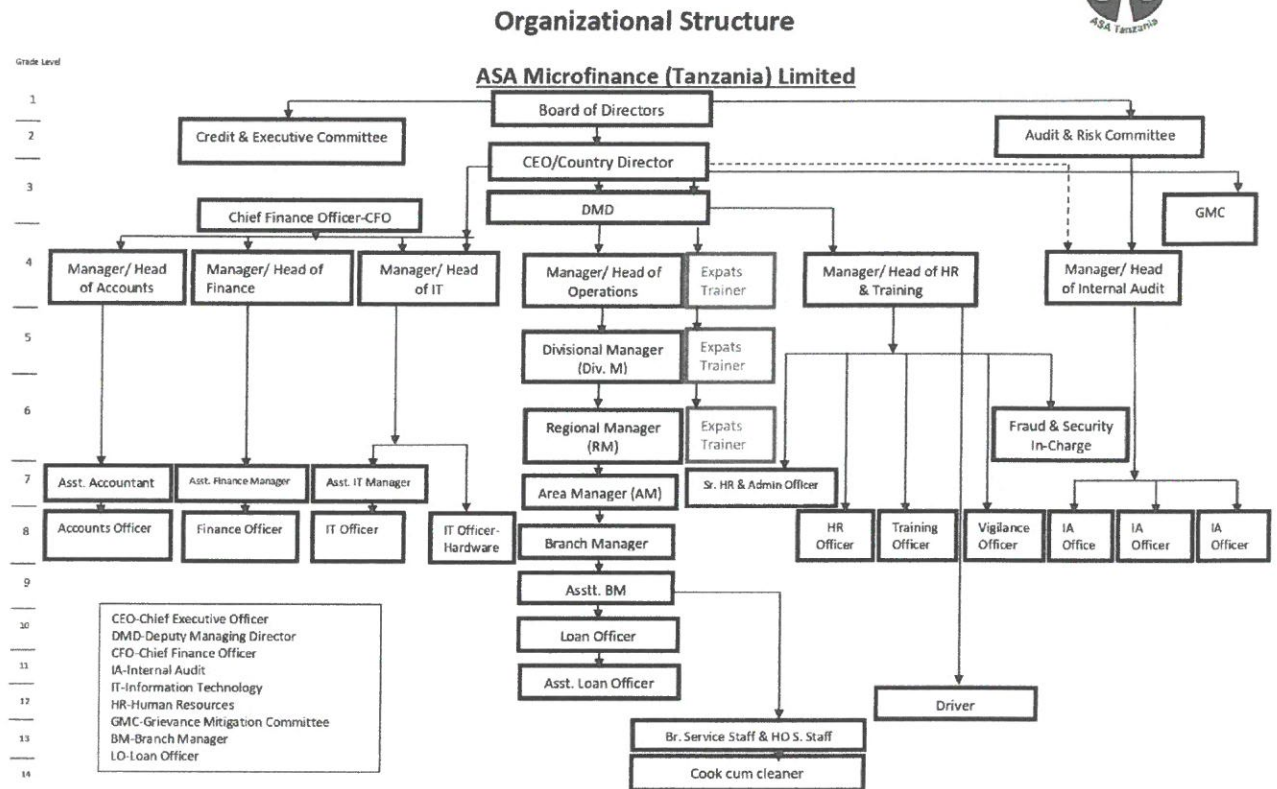


**The List of Management Officials  
ASA Microfinance (Tanzania) Limited**

			
<b>Muhammad Shah Newaj</b>	<b>Md Abu Sayed</b>	<b>Mohamed Omary</b>	<b>Joel Joseph</b>
<b>CEO and Director</b>	<b>DMD</b>	<b>Head of HR</b>	<b>Accounts in Charge</b>
<b>Aminiel Kombe</b>	<b>James Joseph</b>	<b>Vasco Emmanuel</b>	<b>Md Afzal Hossain</b>
			
<b>Finance in Charge</b>	<b>Head of IT</b>	<b>Audit in Charge</b>	<b>Operations Manager</b>
<b>Md. Hafizur Rahman Milon</b>	<b>Zephania Paul</b>	<b>Geoffrey Mwabwe</b>	<b>Emson Mmari</b>
			
<b>Cluster Manager (Zanzibar)</b>	<b>Legal &amp; Compliance Manager</b>	<b>Internal Company Secretary</b>	<b>Fraud and Security in Charge</b>
<b>Frank Joseph</b>	<b>Veneranda Njau</b>	<b>Shabani Mshana</b>	
			
<b>Training in Charge</b>	<b>Social Performance Officer</b>	<b>IT (Hardware in Charge)</b>	



The organization structure of the company is outlined below:



### TA from Bangladesh

ASA is probably the world's largest and most efficient provider of microfinance products and services. ASA has been actively supporting numerous MFIs in Africa and Asia by improving their strategy and advising in operational implementation. Most of these MFIs have decided to adopt the entire ASA model, thereby significantly reducing their operating expense ratio and accelerating their growth. ASA was awarded several times for the technical assistance it provided to MFIs in Nigeria, Ghana, India and the Philippines.

In 2005, ASA gave assistance to several microfinance institutions in Pakistan, India, Nigeria, Yemen, Ethiopia, Indonesia and the Philippines in reforming their poverty alleviation programs by helping them to establish best practice credit methodology and simplify their operating procedures. This training has been provided mostly on-the-job by expatriate ASA staff who were seconded to such MFIs for longer periods of time. As a result, these MFIs have been able to accelerate their growth by gaining significant increase in their efficiency often outperforming their local peers.

ASA Bangladesh intends to support ASA **Microfinance** (Tanzania) Limited by transferring knowledge and expertise that can help it grow and mature towards self-sustainability. To this end, ASA Bangladesh will second an appropriate number of staff members to ASA **Microfinance** (Tanzania) Limited who will act as trainers to impart the knowledge of ASA's microfinance methodology to local staff members.



## AMBS: ASAI Microfinance Banking System

ASAI Microfinance Banking System is specially developed microfinance management software, by ASAI IT team, to ensure 100% automation in operations and other related (administration, accounts, internal audit, etc.) divisions. This state of the art software ensures adjustment with modern financial environment. ASA Microfinance (Tanzania) Limited will ensure installation of this system as it is a part and parcel of ASA Model also.

### Business strategy: replicating ASA's model of Microfinance

The proposed ASA Microfinance (Tanzania) Limited will provide micro finance services using the methodology developed by ASA in Bangladesh. As in its sister Greenfield operations, the main features of the standard model are adapted to the operating environment, in particular to the clients and the regulatory framework.

The model offers certain advantages when compared to other microfinance models, allowing the organization to become more cost-effective at a lower comparative risk. The salient features of this model are:

- **Decentralization:** the delegation of authority to field level (branches) and minimum administrative tiering ensure an active participation of all staff, continuous monitoring, quick decisions making and an efficient management of funds.
- **Standardization:** all operations are standardized – from loan disbursement and repayments to record keeping and accounting procedures. Cash flows become predictable and overhead costs are minimized. A transparent and easy to understand manuals complements this to enable the rapid expansion of the operations.
- **Simplified Branch Structure:** the office also serves as accommodation for the staff. This allows staff to be deployed away from their residence and therefore security becomes a reduced concern, since all staff ensures the well functioning of the Branch and the safety of the funds left in the office overnight.
- **Simplified Record-Keeping and Accounting Procedures:** accounting, bookkeeping and reporting are completed through pre-designed formats available for all branches following the ASA model. This non-conventional system is easy and transparent which allows for the loan officers simultaneously to be an accountant, cashier and office assistant.
- **Mid-level Management Structure:** there are three mid-level layers of management in the field that supervise and monitor the respective areas.
- **Close Communication:** The staffs live and work together, supervising each other and ensuring the branch has the best performance. Furthermore, clients are visited in the groups and individually. Therefore, problems and needs of the clients are quickly identified and changes in the rules, procedures and regulations are rapidly shared and put in practice.



## Products & Services

The strategy of applying the ASA Method guarantees its success through the standardization, simplicity and easy monitoring of the products. The ASA Method is worldwide known as the “Ford Model for Microfinance” due to the standardization present in every feature, from the structure of a collection point, the premises, the recruitment and training, and the operations itself, the disbursement, the book keeping and loan collections.

ASA Microfinance (Tanzania) Limited is disbursing straightforward uncollateralized loans to the active poor in Tanzania. According to the regulatory guidelines set forth by the Bank of Tanzania (BOT), after securing necessary approval from the BOT savings products will also be offered in a transparent and simple format to allow clients to accumulate income and thus reducing the volatility of household cash flow and minimize their vulnerability to external economic shocks.

The following Savings Products will be offered to the market in the form of compulsory or voluntary savings to enhance savings habit, which will become an integral part of the client’s financial behavior. The major types of savings products that are expected to be offered are:

- **Standard Savings Account**

Individuals save small or large sum of money at their convenience, and the fund deposited to this account will accrue interests that could serve as incentives to the people to save more. Interest rates will be set according to established market rates offered by comparable institutions.

- **Fixed Deposit Account**

These are specialized savings products that locks in funds for fixed terms. It may be for 30, 60, 90, and 120 or more days depending on the client’s liquidity and investment plans. Interest rates paid in these schemes will be market competitive.

- **Targeted Savings Account**

These are customized savings accounts that enable a client to save in installments towards a set financial objective, such as:

- land acquisition, house construction / improvement and household appliances,
- payment of children’s education and health bill,
- Christmas / Easter / Eid Festival celebration,
- business startup costs, and
- birthday, wedding and funeral.

Interest rates for each product will be determined when the products are launched and will carry market comparative rates.



The low-income economic group who are the major operators of Small and Medium Enterprises Equity Investment Scheme [SMEEIS] will be provided with micro credit structured for business development in various categories. The credit facilities that may be offered include:

- **Small Loans to Women**

These small loans are given to women who engage in micro-entrepreneurial activities centered around their households to either augment the existing income or improve their living conditions. ASA Microfinance (Tanzania) Limited intends to start with a single loan product at the moment and will diversify according to the needs of the clients; in addition to this loan, the clients will be encouraged to save small amounts that can build up to protect them from economic shocks.

- **Micro-Business Working Capital Loans**

Financing of this type is required for a micro-business startup or as a means of expanding the existing business. Various products will be offered progressively, with varying loan principals, tenure and repayment flexibilities. Our initial market research indicates that there is significant demand for working capital loans.

- **Consumers Loans / Lending**

Our market research indicates that the business growth and sustainability of micro, small and medium enterprises (MSME) operators, is affected by cost of living – whereby the micro-enterprise loses working capital to meet the day-to-day economic needs of the entrepreneur. Specific consumer loans, designed to meet exigencies – such as healthcare, education, non-income generative equipment purchase – will be designed to allow the micro-entrepreneur to operate without hampering the cash flow of his / her business.

- **Fixed Assets Acquisition Loan**

This type of financing is targeted at micro, small and medium enterprises (MSME) to provide medium term funding for purchase of equipment and machinery. Such loans will be within the range of 6 and 12 months.

**Other credit products that could be progressively introduced include:**

- Hire purchase
- Vehicle for the implementation of Government Micro Finance Programs (non-recourse basis)

#### **01. Overall Updated Policy for the Products and Services for “SMALL LOAN”:**

S.N	Products & Services	Descriptions	Remarks
(01)	Product Name	Small Loan	
(02)	Target Clients	Only Women engaged with income generating activities	
(03)	Admission Fee (Once off)	Tsh. 5,000/- only for new members and returning members.	
(04)	Loan Processing Fee	4% on Principal Loan Amount	
(05)	Death Risk Premium (DRP)	1% on Principal Loan Amount. For borrower's death rest of the loan amount will be exempted and Tsh. 100,000/- will be given only to died borrower's husband, son, father, mother, brother or sister for funeral. Died member must be identified and exempted by the respective AM and above position.	
(06)	Cash Collateral/ Security (Refundable)	Cash Security 5% on principal loan amount for 1 <sup>st</sup> cycle and 2 <sup>nd</sup> cycle to onward 10% on principal loan amount.	



(07)	<b>Loan Size (1<sup>st</sup> Cycle)</b>	Tsh. 400,000/- to Tsh. 600,000/- (Depending on Assessment)
(08)	<b>Loan Increment for each Cycle</b>	Maximum loan increment Tsh. 400,000/- (Depending on Assessment)
(09)	<b>Authority to Give Approval for Loan Increment</b>	The respective BM/BIC can give loan increment maximum of Tsh. 400,000/-.
(10)	<b>1<sup>st</sup> Loan Disbursement</b>	After 02 Weeks of Admission
(11)	<b>1<sup>st</sup> installment Collection</b>	After 01 week from loan disbursement day.
(12)	<b>Loan Duration</b>	06 Months, 08 Months, 10 Months
(13)	<b>Number of Installments</b>	25 Weekly installments for 06 Months 32 Weekly installments for 08 Months 40 Weekly installments for 10 Months
(14)	<b>Installment Amount</b>	As per loan amount and duration
(15)	<b>Declining Balance of Interest rate</b>	21% declining interest for 06 months loan 28% declining interest for 08 months loan 35% declining interest for 10 months loan
(16)	<b>Frequency of Group Meeting/ Mode of Repayment</b>	Weekly (Group Based) Only
(17)	<b>M-Pesa Charges</b>	Disbursement and withdrawal both charges will be brought by the company. Clients will not pay any M-Pesa charges.
(18)	<b>Group Size</b>	Maximum 30 members will be admitted in a group
(19)	<b>Risk Recover</b>	Risk covers up to 60 years of age, only for borrower's death by this age, loan outstanding portfolio will be exempted and Tsh. 100,000/- will be given only to died member's husband, son, father, mother, brother or sister for funeral. Died borrower must be identified and exempted by the respective RM and above position.
(20)	<b>Advance Repayment/ Installment Collection</b>	Last 07 installments for 06 months loan Last 10 installments for 08 months loan Last 10 installments for 10 months loan above installments can be collected in advance by the ABM/LO/ALO in group meeting.
(21)	<b>Emergency/ Unusual Advance</b>	In case of any emergency- if any member wants to give installment in advance at the middle of loan duration the respective borrower will pay installment(s) to BM/BIC/AM/RM attending in branch office in front of other ABM/LOs/ALOs. Necessary signature will be confirmed on passbook by the receiver.
(22)	<b>Mode of Disbursement</b>	All loans will be disbursed either through M-Pesa or Cheque. But in case of unavailability of M-Pesa Account or opening of account with CRDB Bank maximum TZS. 600,000/- can be disbursed for each member as a 1 <sup>st</sup> Cycle loan, but whole branch's cash disbursement will not exceed the amount of TZS. 2,400,000/- per day. The branch not having M-Pesa access will disburse loan in cash until the preparation of M-Pesa Account.
(23)	<b>Maximum Limit of Small Loan</b>	Maximum Tsh. 1,900,000 is maximum limit of Small Loan.
(24)	<b>Security Deposit Return Process</b>	Cash Security Deposit will be returned back to the member only by the <b>Area Manager</b> and <b>above grade</b> staff and will take



		necessary signature of acknowledgement from the respective Member in Security Return Register in proper way. Otherwise, any adjustment with the Security Deposit can be done by the respective ABM/LO/ALO/. Proper documentations will be preserved and authorized by the BM/BIC for all Security Return or any other return.	
(25)	<b>Loan Size in Round Figure</b>	Loan Size will be in round figure, like Tsh. 500,000, Tsh. 600,000, Tsh. 1,000,000 etc. any fraction figure like Tsh. 20,000, Tsh. 50,000 etc. will be avoided.	

## **02. Requirement for "SMALL LOAN" disbursement:**

The following documents are required to allow any client to take "Small Loan";

1. Fill up the Loan Application Form (LAF) accurately with specific addresses and communication details.
2. Make sure all the terms and conditions are clearly described to the clients and they understood all the terms and conditions.
3. Client will submit Letter from the local government.
4. Copy of Voter ID or National ID of the client is **MUST**.
5. 04 passport size photographs of the client.
6. 02 Guarantors from the respective **Group** and 02 Guarantors from **Relatives** i.e. one will be from husband or father or brother or mother or son or daughter or sister or uncle or aunt respectively who are matured enough employed or engaged with income generating activities.
7. Joint picture of the Member and Guarantor (husband or father or brother or mother or son or daughter or sister or uncle or aunt or any other family member) **MUST** be attached with Loan Application Form.
8. Separate picture is not necessary for the guarantor who are already jointly pictured with the client/member.
9. Copy of any types of government ID or any other ID like- Voter ID, National ID, local government ID etc. and one copy of photograph will be taken from the guarantor in every cycle of loan. But group members photograph is not required who are signing as a guarantor.
10. Local Government (LG) letter for 1<sup>st</sup> cycle of loan is required for all members.  
From 2<sup>nd</sup> cycle onward local government's letter will be compulsory for tenant member.
11. If any member shifts/moves to another area then local government's letter of the respective area can be required for taking further cycle of loan. The respective staff can consider the requirement of Local Government's letter depending on the situation of the member. Importantly proper verification must be confirmed by the respective ABM/LO/ALO and BM/BIC.
12. If the member is tenant one guarantor must have to be house owner (landlord) from outside of group & family. The respective ABM/LO/ALO and BM/BIC will confirm the guarantor's identity.
13. Verification of Client's house & business AND guarantor's house & business will be conducted through physical visit by Loan Officer and Branch Manager/other supervisors. All the necessary signatures from the guarantors will be confirmed at the time of physical visit/verification. No guarantor will be brought to branch for securing signature.
14. All photocopies of the required documents will be attested by the respective ABM/LO/ALO. The ABM/LO/ALO will write down the description of residence address on photocopy of ID so that residence can be easily identified by others. The respective Client/member and



Guarantors also will sign on the copy of their documents. The BM/BIC will confirm the documents during the verification.

15. All members of the group will sign on Loan Application Form (LAF). The respective Loan Officer will make sure the signatures of the group members on the Loan Application Form, the Branch Manager will confirm their signature in form and will sign on Loan Application Form.

### **03. Verification System and Disbursement for “SMALL LOAN”:**

The following steps will be taken for disbursing “Small Loan”;

At first, the respective ABM/Loan Officer (LO)/Assistant Loan Officer (ALO) will verify the business/income generating activities and living place of the new clients before admission.

1. The ABM/LO/ALO will take loan proposal from the client and afterward will verify again client’s business, living place and guarantors.
2. Later on, ABM/LO/ALO will submit the filled Loan Application Form with all necessary documents to the Branch Manager (BM)/ Branch in Charge (BIC) minimum 01 week before the disbursement date due to further verification.
3. The respective ABM/LO/ALO and BM/BIC will notify the respective member(s) about loan completion date and take necessary action to complete all kinds of verification formalities minimum one week before finishing the loan, so that the respective member receives loan instantly after finishing the loan instalments. The ABM/LO/ALO will ask to member(s) whether any member wants to get loan by giving advance instalments.
4. The respective BM/BIC will take action to verify all the Loan Application Forms. Verification process will be started from the group meeting.
5. After proper verification of client’s house/living place, business/income generating activities, guarantor’s house/business the respective BM/BIC will take necessary action to disburse loan to the clients/members.
6. The clients/borrowers will be instructed by the BM/BIC to bring the Main Voter ID at Branch Office at the time of receiving loan.
7. The respective BM/BIC will ensure verification of ID by signing on the copy of Voter ID by checking main Voter ID.
8. The Loans will be disbursed in presence of all ABM/LOs/ALOs and all ABM/LOs/ALOs will sign in all Loan Application Form.
9. The respective BM/BIC will disburse loan by his/her own hand in front of all ABM/LOs/ALOs.

### **04. Overall Updated Policy, Products and Services for “SMALL ENTREPRENEUR LOAN (SEL)”:**

S.N	Products & Services	Descriptions	Remarks
(01)	Product Name	Small Entrepreneur Loan (SEL)	
(02)	Target Clients	Both men and women engaged with Business/income generating activities or intend to start new business.	
(03)	Admission Fee (Once off)	Tsh. 10,000/- only for new members and returning members.	
(04)	Loan Processing Fee	4% on Principal Loan Amount	



(05)	<b>Death Risk Premium (DRP)</b>	1% on Principal Loan Amount. For borrower's death rest of the loan amount will be exempted and Tsh. 100,000/- will be given only to died borrower's husband, son, father, mother, brother or sister for funeral. Died member must be identified and exempted by the respective AM and above position.
(06)	<b>Cash Collateral/ Security (Refundable)</b>	Cash security 5% on principal loan amount for 1 <sup>st</sup> cycle and 2 <sup>nd</sup> cycle to onward 10% on principal loan amount.
(07)	<b>Loan Size (1<sup>st</sup> Cycle)</b>	Tsh. 1,000,000/- to Tsh. 7,000,000/- (Depending on Assessment)
(08)	<b>Loan Increment for each Cycle</b>	Maximum increment Tsh. 1,000,000/- for each cycle (Depending on Assessment)
(09)	<b>1<sup>st</sup> Loan Disbursement</b>	After 02 Weeks of Admission
(10)	<b>1<sup>st</sup> installment Collection</b>	After 01 week of loan disbursement day.
(11)	<b>Loan Duration</b>	06 Months, 08 Months, 10 Months, 12 Months
(12)	<b>Number of Installment</b>	25 Weekly installments for 06 Months 32 Weekly installments for 08 Months 40 Weekly installments for 10 Months 50 Weekly installments for 12 Months
(13)	<b>Installment Amount Around</b>	As per loan amount and duration
(14)	<b>Declining Balance of Interest Rate</b>	21% declining interest for 06 months loan 28% declining interest for 08 months loan 35% declining interest for 10 months loan 42% declining interest for 12 months loan
(15)	<b>Frequency Installment/ Mode of Repayment</b>	Weekly instalment Only
(16)	<b>Risk Recover</b>	Risk covers up to 60 years of age, only for borrower's death by this age, loan outstanding portfolio will be exempted and Tsh. 100,000/- will be given only to died member's husband, son, father, mother, brother or sister for funeral. Died borrower must be identified and exempted by the respective RM and above position.
(17)	<b>Advance Repayment/ Installment Collection</b>	Last 07 installments for 06 months loan Last 10 installments for 08 months loan Last 10 installments for 10 months and above above installments can be collected in advance by the ABM/LO/ALO in group meeting.
(18)	<b>Emergency/ Unusual Advance</b>	In case of any emergency- if any member wants to give installment in advance at the middle of loan duration the respective borrower will pay installment(s) to BM/BIC/AM/RM attending in branch office in front of other ABM/LOs/ALOs. Necessary signature will be confirmed on passbook by the receiver.
(19)	<b>Check Disbursement and M-Pesa Disbursement</b>	All types of Small Entrepreneur Loan (SEL) will be disbursed by Bank Cheque Or through M-Pesa.
(20)	<b>Security Deposit Return Process</b>	Cash Security Deposit will be returned back to the member only by the <b>Area Manager</b> and <b>above grade</b> staff and will take necessary signature of acknowledgement from the respective Member in Security Return Register in proper



		way. Otherwise, any adjustment with the Security Deposit can be done by the respective ABM/LO/ALO/. Proper documentations will be preserved and authorized by the BM/BIC for all Security Return or any other return.	
(21)	Loan Size in Round Figure	Loan Size will be in round figure, like Tsh. 1,000,000, Tsh. 1,100,000, Tsh. 1,500,000 etc.	
(22)	Maximum Limit of Small Entrepreneur Lona	Maximum Tsh. 7,000,000 is maximum limit of Small Entrepreneur Loan (SEL).	

#### **05. Requirements for “SMALL ENTREPRENEUR LOAN (SEL)” disbursement:**

The following documents are required to allow any client’s to take “Small Loan”;

1. Fill up the Loan Application Form accurately with all kinds of address and communication details.
2. Make sure all the terms and conditions are clearly described to the clients and they understood all the conditions.
3. Make sure the local Government Letter of the client/member and the respective BM/BIC will attest the letter after proper verification.
4. Local Government letter for client/member is required for all cycle of loan, even all guarantor’s local government letters are mandatory. If any member shifts/moves to another area then local government’s letter of the respective area can be required for taking further cycle of loan. The respective staff can consider the requirement of Local Government’s letter depending on the situation of the member. Proper verification must be confirmed by the respective ABM/LO/ALO and BM/BIC/AM and above.
5. Copy of Voter ID and National ID of the client/member.
6. Bank Account with CRDB Bank and copy of bank card will be submitted as a document.
7. 04 passport size photographs of the client.
8. Total 03 Guarantors have to sign on the Loan Application Form (LAF); **first guarantor** will be from family i.e. husband or father or brother or mother or son or daughter or sister, **second guarantor** will be any business-person and **third guarantor** will be any house owner/landlord (if the client/member is tenant) or relatives who are landlord/permanent or permanent business person from same business-area or any job holder. All guarantors will be matured enough, employed or engaged with income generating activities.
9. Joint picture of Member and Guarantor (husband or wife, or father or brother or mother or son or daughter or sister or uncle or aunt or any other family member) MUST be attached with Loan Application Form.
10. Separate picture is not necessary for the guarantor who are already jointly pictured with the client/member.
11. If the member is tenant one guarantor outside of family member must be permanent house owner or landlord.
12. Copy of valid Business License or any business documents or any letter from the local government for the business.
13. Copy of any governmental ID and passport size photograph of all guarantors, but no photograph is required for the guarantors who are from same group.
14. If business premises are rented, must be taken the copy of premises rental deed or related documents to prove the further duration of stay at the verified house.
15. All photocopies of the required documents will be signed by the respective client and also will be attested by the respective ALO/ Loan Officer and Branch Manager.



16. The client will sign on voter ID/ National ID copy at the time of receiving loan, the BM/BIC will sign on the voter ID/ National ID card checking the main copy of Voter ID/ National ID card at the time of loan disbursement.

**06. Verification System and Disbursement for “SMALL ENTREPRENEUR LOAN (SEL)”:**

The following steps will be taken for disbursing “Small Entrepreneur Loan (Individual)”;

1. At first, the ALO/ Loan Officer (LO)/ Assistant Branch Manager (ABM) will be deployed to take loan proposal from the clients and primarily the LO/ABM will verify the living place/house and business place/ income generating activities of the clients.
2. The ALO/LO/ABM will submit the loan proposal to the respective BM/BIC with all necessary documents.
3. BM/BIC will physically verify the house and business premises along with submitted Loan Application Form.
4. The BM/BIC can approve loan up to Tsh. 1.5 Million, more than Tsh. 1.5 Million up to Tsh. 2.5 Million can be approved by the AM/AM-in-Charge and more than Tsh. 2.5 Million up to Tsh. 7 Million can be approved by the respective TM/RM/RM-in-Charge.
5. For more than Tsh. 1.5 Million loan disbursement the BM/BIC will sign on the Loan Application Form as a recommendation and submit to the Area Manager (AM) or Regional Manager (RM) for further approval.
6. As per the above classification BM or AM or RM will finally verify the Loan Application Form going to Client’s living place/house and business place physically. Considering all documentation and verification of Loan Proposal BM/BIC/AM/AMIC/RM/RMIC will give opinion whether loan will be approved or not.
7. Without BM/BMIC/TM/RM/RMIC’s approval Small Entrepreneur Loan (SEL) will not be disbursed.
8. The Loans will be disbursed in presence of all ABM/LO/ALO and all ABM/LO/ALO will sign in all Loan Application Form.
9. The clients/borrowers will be instructed by the BM/BIC to bring the Main Voter ID at Branch Office at the time of receiving loan.
10. The respective BM/BIC will ensure verification of ID by signing on the copy of Voter ID by checking main Voter ID.
11. Make sure the M-Pesa number and Name is as same as written in the Loan Application Form.
12. The respective BM will disburse loan by his/her own hand in front of all ABMs/LOs/ALOs of the respective branch. All ABM/ LO/ALO will sign on Loan Application Form as a witness.

**07. Eligible project/schemes for “SMALL LOAN” and “SMALL ENTREPRENEUR LOAN (SEL)”:**

<b>Agricultural</b>	<b>Non-Agricultural</b>	<b>Servicing</b>
- Poultry, dairy & fisheries	- Block, boutique and screen print.	- Pathology and diagnostic center.
- Agriculture farming in trading base.	- Embroidery & handicrafts.	- Pharmacy.
- Hatchery & Breeding farm.	- Hosiery and readymade garments	- Government Staff/ Private Job holder.
- Goat rearing.	- Carpet and cottage products	- Medicine shop for poultry and cattle
- Manufacturers of fodder, feed for fish and poultry.	- Tailoring shop	- Shop for fertilizer and pesticide
- Producing or processing of ghee, sweetmeats, butter, jam, jelly, sauce, fruit in containers etc.	- Handloom	- Power tillers
- Project of nursery, forestation,	- Bamboo, cane and wooden furniture	- Rice mill and machinery
	- Candle and soap manufacturers	- Electric supply through Generator.
	- Charcoal business	- Decorator services.
	- Metal workshop for nut, screw, tar	- People carried on motor-cycles
		- Fishing boat driven by machine and boat



garden development. - Irrigation.	kata etc. - Plastic goods manufacturers - Confectionery and bakery - Leather manufacturers - Factory of daily usable products and crockeries made of Aluminum, Bronze and silver.	for carrying passengers - Grocery shop and butcher shop. - Restaurant and cooked food supply - Laundry and dry wash shop - Saloon and beauty parlour - Phone-Fax-Computer shop - Cloths Seller (Old/New) - Show Seller (Old/New)
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**08. Qualification of Members to be eligible to get loan:**

- The Clients must be a permanent residence within maximum of 10 KM from the branch or business activities can be within the working area. The respective client must have business experience of minimum 01 year.
- The respective client must have physically and mentally fitness.
- The client must not be mentally disorder.
- The client must have Income Generating Activity (IGA).
- Clients should have their full time or part time involvement with the IGA.
- In case of new business/IGA, the clients must have enough experience on the proposed activity with capital contribution.
- Income Generating Activities (IGA) of the clients should be socially acceptable and financially profitable.
- Clients should have National or Citizen ID/Voter ID/Passport /Driving License and should have a good repayment record of pervious loan (with ASA Microfinance (Tanzania) Limited or other MFIs).

**Implementation Plan**

The current implementation plan calls for ASA Microfinance (Tanzania) to focus its branches in the urban and semi-urban areas in Tanzania initially and subsequently spread to other growth centers across Tanzania.

**Impact of the ASA Microfinance (Tanzania) Limited in Tanzania**

It is clearly expected that ASA Microfinance (Tanzania) Limited would play a vital role to assist the poor and middle income community in introducing a positive change in their daily lives. It is already mentioned that ASA Microfinance (Tanzania) Limited will follow the ASA Model which is unique for simple system in every aspects. So clients will enjoy easy access in all the services offered compared to other existing organizations.

The Company will graduate the clients gradually from Small Loans to Entrepreneur Loans with different savings and other offers and the whole process will help the family with a stable earning regularly. The Company will also create huge career opportunity for the Tanzanians.

This plan assumes that the existing branches of ASA Microfinance (Tanzania) Limited will be amalgamated with the new branches of ASA Microfinance (Tanzania). This further assumes that the graduating clients from "Small Loan" be transferred to "Small Entrepreneurship Loan" to get their next cycle loans.

**Investment Breakdown as of May'2021:**

Loan Portfolio:	TZS. 57,840,458,137
Working Capital:	TZS. 9,117,175,745
Pre-expenses:	TZS. 714,077,715
Furniture & Fittings:	TZS. 734,247,963
Vehicles:	TZS. 28,754,998
<b>TOTAL:</b>	<b>TZS. 68,434,714,558</b>

## The five-year growth plan projects:

### Key Business Assumptions

The financial projections are done with ASA Microfinance (Tanzania) Limited in mind and we are assuming this will be operational from 2020.

### Financial Projections:

Figures in USD '000s

## Tanzania – KPI's

	2016A	2017A	2018 A	9M 2019 A	2019E	2020E	2021E	2022E	2023E
<b>Key Performance Indicators</b>									
Number of branches	43	60	76	101	94	112	120	125	130
Number of loan officers	183	265	325	450	400	477	511	532	553
Number of clients	35,135	55,668	79,005	113,033	98,541	122,216	135,000	145,000	157,000
Number of clients per branch	817	928	1,040	1,119	1,048	1,091	1,125	1,160	1,208
Average outstanding loan per client	127	138	155	157	157	159	166	170	175
Growth in average OLP per client (USD)	7.0%	9.2%	11.9%	1.3%	1.3%	1.3%	4.6%	2.7%	2.7%
Growth in average OLP per client	8.5%	11.9%	14.8%	1.3%	6.3%	9.1%	12.0%	10.0%	10.0%
PAR > 30 days	1.7%	0.5%	0.2%	0.1%	0.5%	0.5%	1.4%	1.5%	1.5%
Effective interest yield	45.6%	49.2%	51.2%	61.2%	52.3%	55.0%	52.1%	51.1%	51.1%
Other operating income as % of average OLP	6.3%	9.0%	11.0%	3.0%	3.0%	3.3%	2.0%	2.0%	2.0%
Effective cost of third party debt	10.3%	13.1%	16.6%	12.3%	18.0%	17.0%	18.0%	18.0%	18.0%

- **ASA Microfinance (Tanzania) Ltd**
  - Private limited liability company incorporated on 13 September 2012 but operation started since June 2014
  - 100% owned by ASA International Holding
  - Lending company (non supervised)
  - Commenced operations in March 2014
  - Deposit-taking license will be pursued in 2020
  
- **Management & Operations**
  - Managing Director is a senior manager sourced from ASA Bangladesh
  - 20 expatriates from Bangladesh providing operational support
  - Operations fully managed and controlled by ASA expats with gradual enhancement of local capacity in management
  - Staff retention rate is high and client retention rate also high
  - Digitalization drive: Use of tablets in the field fully implemented
  - Mobile payments for disbursements fully implemented



## Tanzania – Income Statement

Amounts in USD '000	2016A	2017A	2018 A	9M 2019 A	2019 B	2020E	2021E	2022E	2023E
<b>Income Statement</b>									
Interest and similar income	1,422	2,994	5,098	6,884	8,489	11,297	12,773	14,154	15,686
Interest and similar expense	-180	-371	-689	-929	-1,178	-1,684	-2,096	-2,111	-2,096
<b>Net interest income</b>	<b>1,242</b>	<b>2,623</b>	<b>4,408</b>	<b>5,955</b>	<b>7,311</b>	<b>9,613</b>	<b>10,677</b>	<b>12,044</b>	<b>13,590</b>
Other operating income	196	548	1,098	334	421	582	419	472	523
Credit loss expense	-59	-54	38	-21	-70	-136	-342	-123	-117
<b>Net operating income</b>	<b>1,380</b>	<b>3,117</b>	<b>5,545</b>	<b>6,267</b>	<b>7,662</b>	<b>10,059</b>	<b>10,754</b>	<b>12,392</b>	<b>13,996</b>
Personnel expenses	-844	-1,394	-2,010	-2,245	-2,529	-2,962	-3,050	-3,391	-3,452
Other operating expenses	-486	-830	-1,546	-1,737	-2,012	-2,291	-2,359	-2,403	-2,446
<b>Total operating expenses</b>	<b>-1,330</b>	<b>-2,224</b>	<b>-3,556</b>	<b>-3,981</b>	<b>-4,541</b>	<b>-5,253</b>	<b>-5,409</b>	<b>-5,795</b>	<b>-5,898</b>
<b>Exchange rate result</b>	<b>-21</b>	<b>-93</b>	<b>-58</b>	<b>-84</b>	<b>-54</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit before tax</b>	<b>29</b>	<b>801</b>	<b>1,931</b>	<b>2,201</b>	<b>3,067</b>	<b>4,813</b>	<b>5,346</b>	<b>6,598</b>	<b>8,098</b>
<b>Net profit of operations</b>	<b>27</b>	<b>578</b>	<b>1,418</b>	<b>1,589</b>	<b>2,147</b>	<b>3,369</b>	<b>3,742</b>	<b>4,618</b>	<b>5,669</b>
<i>Cost/Income ratio</i>	96.4%	71.3%	64.1%	63.5%	59.3%	52.2%	50.3%	46.8%	42.1%
<i>Return on average assets</i>	0.7%	8.6%	13.1%	12.1%	14.4%	17.4%	15.9%	17.6%	19.6%
<i>Return on average equity</i>	2.2%	27.3%	51.3%	53.5%	61.2%	77.3%	68.6%	65.6%	63.6%
<i>Earnings growth</i>	114.5%	2019.3%	144.3%	45.3%	51.9%	56.9%	11.1%	23.4%	22.7%

## Tanzania – Balance Sheet

Amounts in USD '000	2016A	2017A	2018 A	9M 2019 A	2019 B	2020E	2021E	2022E	2023E
<b>Balance Sheet</b>									
Cash and cash equivalents	549	377	289	1,701	519	2,039	1,658	1,829	1,586
Loans to customers	4,379	7,594	12,177	17,656	15,371	19,302	22,015	24,263	26,988
Other assets	205	398	699	1,293	841	613	1,321	1,456	1,619
<b>Total assets</b>	<b>5,132</b>	<b>8,369</b>	<b>13,166</b>	<b>20,650</b>	<b>16,731</b>	<b>21,953</b>	<b>24,993</b>	<b>27,549</b>	<b>30,193</b>
Client deposits	724	1,290	2,832	3,286	3,633	4,544	5,375	5,930	6,596
Third party loans	274	142	3,605	7,656	8,234	11,627	11,658	11,788	11,508
Shareholder loans	2,200	4,000	3,000	3,300	-	-	-	-	-
<b>Interest-bearing debt</b>	<b>2,474</b>	<b>4,142</b>	<b>6,605</b>	<b>10,956</b>	<b>8,234</b>	<b>11,627</b>	<b>11,658</b>	<b>11,788</b>	<b>11,508</b>
Other liabilities	197	440	716	1,753	812	1,020	1,761	1,941	2,159
<b>Total liabilities</b>	<b>3,395</b>	<b>5,872</b>	<b>10,153</b>	<b>15,996</b>	<b>12,679</b>	<b>17,191</b>	<b>18,794</b>	<b>19,659</b>	<b>20,263</b>
<b>Share capital and reserves</b>	<b>1,737</b>	<b>2,497</b>	<b>3,013</b>	<b>4,654</b>	<b>4,000</b>	<b>4,715</b>	<b>6,199</b>	<b>7,890</b>	<b>9,930</b>
<i>Debt/equity ratio</i>	1.4	1.7	2.2	2.4	2.1	2.5	1.9	1.5	1.2
<i>Debt/Total assets</i>	48.2%	49.5%	50.2%	53.1%	49.2%	53.0%	46.6%	42.8%	38.1%
<i>Share capital and reserves/Total assets</i>	33.8%	29.8%	22.9%	22.5%	23.9%	21.5%	24.8%	28.6%	32.9%