



# **PASS TRUST**

## **PRIVATE AGRICULTURAL SECTOR SUPPORT TRUST**



# **PASS GUIDELINE**



## Information on PASS Services for Clients & Other Stakeholders

### Addresses:

#### Head Office

Patel Building, 3rd Floor, Kisutu Street  
P. O. Box 9490, Dar es Salaam, Tanzania  
Tel: +255 22 2110394, 2110395; Fax +255 22 2110392

#### Morogoro Branch (Eastern Zone Office)

National Audit Building, 2nd Floor, Kitope Road  
(Opposite Bwalo la Umwema) JKT,  
P. O BOX 146, Morogoro, Tanzania  
Tel: +255 23 2613370/2613371/2613372  
Fax: +255 23 2613373

#### Mbeya Branch (Southern Highland Zone Office)

NBC Building, 1st Floor  
P. O. Box 2921, Mbeya, Tanzania  
Tel: +255 25 250 0218; Fax: +255 25 250 0254

#### Mwanza Branch (Lake Zone Office)

NSSF Building, 1st Floor – Wing B, Kenyatta Road  
P. O. Box 2098 Mwanza, Tanzania  
Tel: +255 28 2505036; Fax: 028-2505036

#### Moshi Branch( North Eastern Zone Office)

Lindi Lane street, Kibo Tower Building; 2nd Floor,  
Room no 205, P. O BOX 1987 Moshi, Tanzania  
Tel: +255 27 2754760, Fax: +255 27 2754760

#### Mtwara Branch(Southern Zone)

Shangani area, TANU Road, CWT Building, 1st Floor  
P. O BOX 1395, Mtwara, Tanzania  
Tel: +255 23 2334625  
Fax: +255 23 2334625

E-mail: [pass@pass.ac.tz](mailto:pass@pass.ac.tz)

Website: [www.pass.ac.tz](http://www.pass.ac.tz)





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## 1. WHO IS PASS TRUST?

The Private Agricultural Sector Support (PASS) Trust was established as a project in the year 2000 in order to stimulate investments and growth in private sector commercial agriculture and related sectors through access to finance. It was registered in 2007 as non-profit making and non governmental organization under the Trustees Incorporation Act, 2002 and is taxed as a charitable organization.

### VISION

To become a leading organization in the provision of financial and business development services in the agricultural sector.

### MISSION

PASS Trust is committed to the provision of business development and financial services to small and medium agribusiness entrepreneurs through linkages to financial institutions

### PASS's GOAL

PASS's goal is to stimulate investments and promote growth of commercial agriculture and agri-businesses in Tanzania



## 2. WHAT SERVICES DOES PASS TRUST OFFER?

### Services offered by PASS

- Business Development Services
- Financial Services

### 2.1 PASS's Business Development Services

PASS offers a range of business development services to clients on a cost sharing and/or commercial basis. The services include:-

- Feasibility studies.
- Development of business plans.
- Capacity building– e.g. in specific technical areas.
- Organization of farmers into groups, which can be used as focal points for contract farming, input supply credit, produce-price negotiations and provision of advisory service.
- Marketing and market linkages.

### 2.2 PASS's Financial Services

PASS will assist eligible individuals and companies to access loan facilities for their viable investment via:

- Appraisal of loan write ups in line with specific Bank's terms and conditions and linkage thereof (currently collaborating banks includes CRDB, NMB, EXIM, TIB, FBME, KCBL, BOA and ABC )
- Partial Credit Guarantee cover that is given to the collaborating bank to top up inadequate collateral.



### 3. WHO CAN APPLY FOR PASS'S SERVICES?

Any individual, association or company can apply for PASS's services, focus will be on:

- Private Entrepreneurs – consisting of individuals, groups, cooperatives, associations or companies within or linked to the Agricultural sector
- Private Entrepreneurs – Who have a vision and are committed to do business in an efficient and commercial manner
- Private Entrepreneurs – Who will cooperate with PASS and Collaborating Bank and supply the needed documents and who can meet at least minimum requirements for borrowing

Priority will be given to clients having a big impact on the value chains for agricultural commodities particularly in food crops and export crops.





## 4. COSTS

The cost of PASS's Financial and Business Development Services will be shared between the applicant and PASS Trust as shown in the table below:-

### COST OF SERVICES FROM PASS

1	<b>Application Fees (Non-refundable)</b>	
	<b>Loan Amount Applied</b>	<b>Application Fees</b>
1.1	Less than TZS 100,000,000	Fixed fee of TZS 50,000
1.2	Above 100,000,000 but less than TZS 500,000,000	0.05% of the applied loan amount and maximum fee will be TZS 250,000
1.3	Above 500,000,000 but less than TZS 1,000,000,000	0.05% of the applied loan amount and maximum fee will be TZS 500,000
1.4	Above TZS 1,000,000,000	0.5% of the applied Guarantee amount and maximum fee will be TZS 5,000,000
2	<b>Business Plan fee</b>	<b>2% of the amount of loan requested</b>



<p><b>3</b></p>	<p><b>Linkage Fees</b></p>	<p>Linkage fee of 1% of <u>the Guarantee Amount</u> for the clients who had their own business plans that are acceptable by the Bank. The fee is only due for payment on “financial close”, i.e. upon successful approval of the loan by the bank and upon signing of loan agreement between the Bank and Borrower</p> <p>This linkage fee of 1% shall also be applicable to category of clients who had already established relationship with Bank, but would now require a PASS guarantee to expand their business and /or increase their borrowings but they are constrained by collateral inadequacy.</p>
<p><b>4</b></p>	<p><b>PASS Corporate Guarantee Fees</b></p>	<p>0.5% per quarter (equivalent to 2% per annum) of <u>the guarantee amount</u> charged directly to the client.</p>

The application fees shall be paid by the client in advance at the time of submission and shall be non- refundable.



## 5. HOW AND WHERE TO APPLY FOR PASS'S SERVICES?

The applicant should fill the appropriate application form available at PASS offices and website, and forward it to a collaborating bank and the collaborating bank will forward it to PASS offices for further processing. The applicant can also forward his/her (draft) application directly to any of the six PASS offices mentioned on page 1 above, but PASS recommends that the applicant first introduces his application idea at the nearest bank branch to explore acceptance in principle.

It is important that client/applicant provides all necessary documents to PASS/collaborating bank representative at the time of application. This will speed up the process and prevent undue loss of time on the client.

Applicant should contact PASS/collaborating bank representative in any branch near to their proximity and request for the appropriate forms and other information and/or guidance necessary towards completion of the first stage of the application process:

### **Initial Stage: Application process within Collaborating Bank**

- The PASS/collaborating bank representative will receive the completed application form, key documents and the non-refundable commitment fee from client.

- Initial screening of investment will be done within collaborating bank
- Viable investments will be passed on to the nearest PASS office for further processing.

### **Pre- appraisal stage: Application Process within PASS**

- Client will be registered with PASS by filling in the PASS application form. There are two kinds of application forms: (1) for financial services and (2) for business development services. *Together with the formal application form, the client is expected to pay the application fees to show the commitment.*
- Client will pay to PASS all fees through the following Bank account:

**Bank Account PASS Trust:** CRDB PLC, Morogoro branch

**TZS:** Account Number: 01J1076972802

**USD:** Account Number: 02J1076972800

**Account Name:** Private Agricultural Sector Support Trust

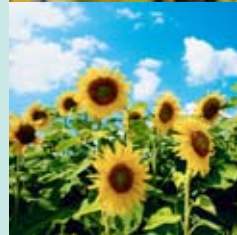
OR

**Bank Account PASS Trust:** NMB, House Branch

**Account Number:** 22310001515

**Account Name:** Private Agricultural Sector Support Trust

PASS/collaborating bank representative will make a joint visit to client to assess business opportunity and collateral. In exceptional cases a PASS officer





will visit the client ahead of the collaborating bank representative.

- Client will be advised to go to a collaborating bank to get the proposed collateral evaluated by a certified firm.
- PASS and collaborating bank will inform the client of valuation results.

If the valuation report is positive PASS, will enter into a formal contract with client in order to provide the requested service(s). At this stage the client is expected to pay (all or part) of the Business Plan Fees to PASS. After the payment, PASS can go ahead with preparation of a Business Plan. *Note that the payment of the fees does not mean that the bank loan is assured. The Bank retains the final decision to finance it or not.*

### **Business plan stage: Perfection of Application by PASS**

- Client will pay the business plan fee (2% of the requested loan) to PASS to one of the bank account as mentioned above. PASS will prepare a Business Plan in collaboration with client. If a business plan confirms viability of investment, PASS, on behalf of the client shall submit it to Collaborating Bank for loan consideration.

### **Credit Guarantee Stage:**

After collaborating bank accepting the client's business plan that was prepared by PASS, there will be further communication between PASS and the collaborating bank on:

- Risk Sharing between PASS and collaborating bank
- PASS and collaborating bank will agree on amount of Credit Guarantee.
- Collaborating bank will take a decision regarding the loan.
- PASS will issue Credit Guarantee Certificate to the HQ of the collaborating bank.

### **Loan Disbursement stage:**

- Collaborating bank will disburse the loan with repayment schedule – in line with disbursement schedule as indicated in the loan agreement/facility letter/offer letter signed between the collaborating bank and the client.

### **After Loan Disbursement stage:**

- Collaborating bank will monitor repayment schedule and visit client regularly and where possible with PASS staff.
- Collaborating bank will inform PASS on any major changes affecting the clients loan repayment performance. This could include proposed loan rescheduling and/or restructuring if necessary.



## 6. RECOVERY OF NON-PERFORMING LOANS BY COLLABORATING BANK AND PASS TRUST

If client fails to make repayment for the loan, collaborating bank will make several visits to clients to enforce loan repayment. Additional remedial measures could be instituted in agreement between bank and PASS if necessary. Finally if all else fails, the pledged collateral will be disposed in accordance with the loan agreement/facility letter/offer letter and credit guarantee agreement between Bank and PASS.





