

# **THEME : PROMOTING INCLUSIVE FINANCE MODELS FOR FARMERS IN AFRICA.**

## **“INCREASING ACCESS TO FINANCE AND STRENGTHENING FINANCIAL SERVICES”**

### **CO-OPERATIVE BANKS : FOR DEVELOPMENT AND AGRICULTURE TRANSFORMATION IN TANZANIA .**

**PRESENTED TO 2<sup>ND</sup> AFRICAN CONTINENTAL BRIEFING-**

**NAIROBI – SCHOOL OF FINANCE STUDIES. 13- 14 JULY, 2014**

#### **1. BACKGROUND.**

- To assess demand for a national cooperative bank
- To assess willingness and financial ability of the main target groups (Coops) to invest in the business
- To quantify the market
- To obtain information on the type of the bank which is required for the target bank e.g. legal form, products and services
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## **2. JUSTIFICATION**

Agriculture finance gap through Cooperative based Enterprises. Number of Cooperative Societies over 8500 countrywide and individual members over 6 million

## **3. ESTABLISHMENT AND CAPITALIZATION**

### **ESTABLISHMENT**

- Held National Cooperative Congress 2011- Resolved establishment of the Cooperative Bank
- Legal Structure – Co-operative Act and other related legislations
- Ownership Structure 80/20 percentage shareholding
- Business Concept
- Objectives of the Bank
- Strategic Framework

### **CAPITALIZATION**

- Opened Cooperative Bank Escrow account ( NMB)
- Buying shares through crop sales/ business proceeds
- Cash sales of shares
- Other sources

## **C. MARKETS**

- Cooperative itself has huge market potential – Over 75% depend on agriculture where cooperatives works
- SME is another huge and viable market for the bank
- By May 2014 there were over 2500 AMCOS and 7000 SACCOS with over 2.5 million members.
- With the President Empowerment Fund the number has tremendously increased

#### **D. LESSONS LEANT**

- Cooperatives business model sustain in crisis
- Agri-business mindset and Financial inclusion for small scale farmers and SMEs for Agriculture development
- Agri-business value chain finance for mutual commitments and partnership
- Increased financial product competition for economic and social returns

#### **E. THE WAY FORWARD**

- Technology – Market based information to all value chain levels
- Partnerships based on mutual interest
- Agri- business mind set – Cooperative business Model
- Structuring of financial products
- Aggregation
- Specialization

# **THANK YOU**

**Presented by ;**

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