



PRIVATE AGRICULTURAL SECTOR SUPPORT TRUST (PASS)

CONSULTANCY ASSIGNMENT FOR GUARANTEE PORTFOLIO REVIEW TERMS OF REFERENCE

Table of Contents

1.	Introduction	1
2.	Background Information	1
3.	Objective of the Assignment	1
4.	This Assignment	1
5.	Deliverables	2
	5.1. Inception Report	2
	5.2. Final Report	2
6.	Duration of the Assignment	2
7.	Remuneration	2
8.	Submission:	2

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1. Introduction

The Private Agricultural Sector Support Trust is a not for profit organisation, registered under Trustees Incorporation Act. The Trust was registered to promote investment in agricultural sector by creating access to financial and business development services. The Trust provides technical services on business development comprising of performing feasibility studies and project write ups as well as appraisals. It also guarantees loans agribusiness entrepreneurs take from banks for agribusiness projects. Subject to type and size of the loan, borrowers pledge different types of assets to secure the loans as collateral. PASS Trust guarantees part of loans taken in the range of 20 % to 60% and on special arrangement for loans to youth and women the guarantee may be increased up 80% as may be required.

2. Background Information

PASS Trust works in partnership with 13 banks offering credit accommodation to agribusiness entrepreneurs across the United Republic of Tanzania. Our operations are clustered in six zonal offices, serving farmers in the whole country. Banks obtain documents and records from each applicant as their policy and procedures require and they process the applications with no influence from PASS Trust. Having established percentage guarantee the loan is going to receive from PASS Trust, the bank normally advises the applicant security value they should pledge to secure the facility.

3. Objective of the Assignment

The Trust has worked with the banks about 20 years now and a good cooperation has been enjoyed by both parties.

The main objective of the assignment is to predict/simulate portfolio at risk i.e. provisions for 2020 and 2021.

4. This Assignment

The Trust seeks to engage a competent consultant to review on current position and projecting our portfolio forward so that we know

- a. Current NPL levels and projected NPL and guarantee portfolio growth
- b. Potential losses on credit guarantees and possible mitigations (i.e. how to minimize NPL – e.g. review the processes, control mechanisms, etc – back office on risk management)
- c. Guarantee claims management – system, verification process, loopholes in guarantee agreements with banks, etc. The aim is to minimize claims payment
- d. Adequacy of guarantee fund (and re-guarantee) to support portfolio growth 4 (a) above

The Trust has guaranteed over 12,000 credit facilities. The assignment shall, therefore, consider priorities such as loan sizes, classification of the loans and risk profile of each loan reviewed. Further details of the approach and modalities of the work will be discussed with the selected consultant while on site.

5. Deliverables

5.1. Inception Report

Within one week of signing the contract, the consultant will submit an inception report covering results of portfolio review and methodology by which the assignment will be conducted.

The inception report shall also indicate resources to be used in assignment, including personnel and time, any support needed from PASS Trust, as well as tentative contents of the final report. The report should also indicate expected date for completion of work and submission of final report.

5.2. Final Report

At the end of the assignment, the consultant will submit a report with information addressing each of the items a) to d) under section “4” above.

The report should highlight all gaps in the guaranteed credit accommodations and suggest corrective actions wherever possible.

6. Duration of the Assignment

The consultant is expected to complete the assignment in 60 days from the day of signing the contract.

7. Remuneration

Successful consultant may request advance payment of 50% of the contract sum after signing the contract. The remaining amount will be paid on submission of final report of the assignment.

8. Submission:

Interested Consultants will be required to submit their Technical and Financial Proposals electronically as per this TOR Guidelines to the web address: <https://pass.or.tz/vacancies>.

The Application must be submitted on or before 10th August 2020 at 05:00 pm East Africa Time (EAT). For any enquiry please send email to: procurement@pass.or.tz

MANAGING DIRECTOR



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