PASS TRUST

Financing Agribusiness Transformation,

Innovative AgriFinance for Improved Livelihoods



SECTOR BACKGROUND

Agriculture is a strategic sector for Tanzania...

51% of the total land area is arable

67% of the arable land is suitable for irrigation

2nd largest livestock population in Africa

...and plays a crucial role in economic growth, employment generation, and poverty reduction

28% contribution to the country's GDP

29.1% contribution to exports

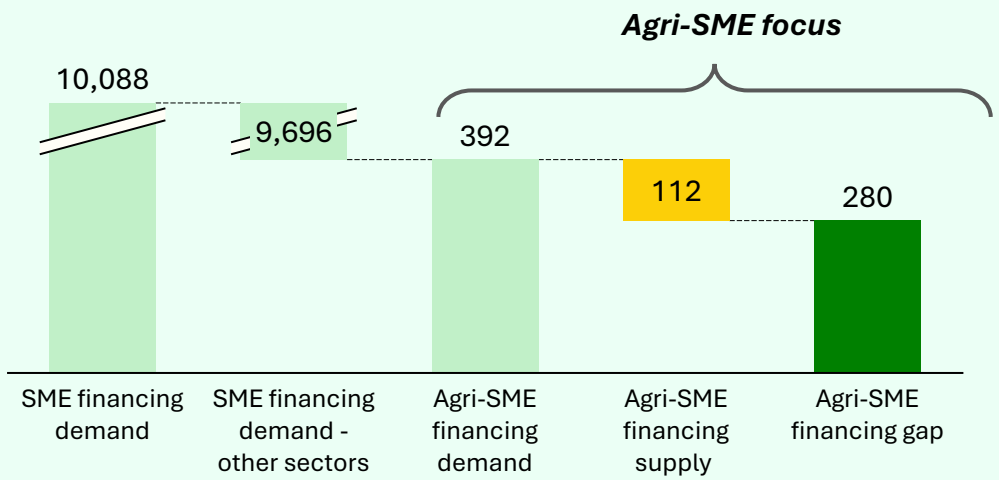
65% of the population is employed in the sector

80% of all agricultural produce is by smallholder farmers and the most vulnerable groups in rural areas

- **Agriculture remains the backbone of Tanzania's economy, contributing significantly to the Gross Domestic Product (GDP), export earnings, and employment.** Most people depending on agriculture are smallholder communities, the most vulnerable groups in rural areas. As such, the sector is critical for the country to achieve economic transformation and poverty reduction, with the sector's benefits reaching those with the lowest incomes across all agriculture sub-sectors. The sector is also vital for ensuring the country's food and nutrition security.
- **Agriculture faces several challenges, including low productivity, limited value addition, and the persistent effects of climate change – creating white spaces for support and investments.** Although about two-thirds of Tanzania's population works in agriculture, the sector contributes less than one-third of GDP primarily due to low productivity. For instance, maize productivity averages 2 tons/ha, significantly lower than Ethiopia's 3.8 tons/ha and South Africa's 5.8 tons/ha. In livestock, Tanzania cattle are mostly indigenous with lower body weights (200–350 kg) than improved breeds (500–800 kg). Similarly, milk production remains low at 0.5 to 2 liters/cow/day, versus 20 to 30 liters for dairy breeds, with only 3% processed. Climate change further challenges crops like rice due to salinity, drought, and disease.
- The government of Tanzania is committed to transforming the sector with notable growth in the agricultural budget and a move towards holistic food systems transformation. The 2024/25 budget marks a significant shift in focus towards agriculture. With an increased allocation exceeding 1.2 trillion shillings (representing a 23.71% increase from the previous year) and a more than fourfold increase from 2021/22, the country is set for significant agricultural growth.

AGRICULTURAL FINANCING IS CRITICAL CONSTRAINT TO THE SECTOR'S GROWTH

Estimated annual gap in Agri-SME finance
USD millions, 2023



- Only ~12 - 13% of commercial agricultural lending is directed to the sector.
- Despite the steady growth in commercial lending, there is still an Agri-SME financing gap of ~$300 million and is projected to reach over $450 million by 2030.
- Similarly, only 13.64% of farmers had access to financial services, let alone effectively using the financial services.

Supply-side Challenges

- **High collateral requirements.** Regulations demand that lenders have a 125% collateral requirement. This requirement constrains banks' ability to lend, given that most farmers and processors do not have immovable collateral.
- **High risk of providing credit to the sector due to unpredictable prices.** Agricultural prices fluctuate due to policy factors and climate-related factors. Such fluctuations affect the customer's cash flows, leading to non-performing loans.
- **High deposit requirements:** Most customers do not have a downpayment of 20 – 25%, making them ineligible for asset financing.

Demand-side Challenges

- **Lack of collateral.** Most Agri-SMEs lack assets such as land that can be used as collateral. Alternative forms of collateral are also not widely acceptable, limiting Agri-SMEs options
- **Debt tenure is usually short to medium-term** (i.e., 1-5 years), few lenders offer long-term debt. Short-term loans/overdrafts is the most common type of financing for the sector.
- **High interest rates on commercial loans.** While lending rates could be as low as 9%, on average, most commercial banks charge between 15-24% for agricultural financing.

OUR HISTORY, VISION AND MISSION



Our History

PASS Trust was established in 2000 as a project by the Government of Tanzania under the Danish Government's Agricultural Support Program. It started operations in 2002 and was fully registered as an autonomous legal Trust under the laws of Tanzania in 2007 after the project's achievements. The Trust was tasked with empowering the agricultural, livestock, and fisheries sectors through credit guarantees and agribusiness development services for entrepreneurs and small financial institutions.

PASS Trust is a unique private sector led institution in Tanzania that works among existing funds and programs under the National Economic Empowerment Council (NEEC), which focuses on agribusiness credit guarantee services through various financial institutions in the country and building capacities for those involved in agribusiness value chains.

PASS is currently working with 23 Financial Institutions to provide credit guarantees and offer business development services to entrepreneurs in the sector. The main funder of the Core Credit Guarantee fund of over USD32 Million under management has been the Royal Danish Embassy, with SIDA also coming in 2018/2019 for 5 years to support the Trust with a Re-Guarantee arrangement. PASS covers the expanse of the country through its 6 regional offices. PASS has proven to be sustainable in its business operations.

Our Vision

To be the leading and most innovative development institution for improved quality of life for all players within the agribusiness ecosystem.

Our Mission

To facilitate access to adaptive solutions for agribusiness entrepreneurs for their long-term growth.

OUR STRATEGIC PILLARS

OUR PURPOSE

'Enabling Sustainable Agribusiness Transformation That Improves Livelihoods Through Innovative And Adaptive Solutions'

1

Sustainability and Partnerships

A commitment to ensuring long-term sustainability by actively mobilising resources through diverse funding streams and innovative mechanisms within the agriculture ecosystem.

By forging strategic partnerships, we will amplify our impact, enhance organisational resilience, and drive advocacy efforts. We will optimize resource allocation, strengthen collaboration with key stakeholders, and maintain transparency and accountability in our operations, ensuring sustained agricultural development and organisational growth.

2

Agricultural Ecosystem Facilitation

A commitment to drive innovative and transformative improvements across the agricultural value-chain. This involves adaptation to green growth practices, delivering targeted development assistance, securing impactful funding, advocating for progressive policies, and managing relevant knowledge.

By integrating these elements, PASS Trust seeks to enhance agricultural productivity, foster sustainability, and strengthen resilience, ultimately creating a thriving ecosystem that supports agribusinesses and livelihood.

3

Finance for Development

To promote an inclusive financial ecosystem that supports the development and scaling of agribusinesses by introducing innovative financial solutions to empower them and reducing risks in the agricultural sector.

By leveraging partnerships, digital tools, and tailored financial products, PASS Trust aims to increase access to finance for agribusinesses to promote their sustainable growth and resilience. This goal also includes developing de-risking mechanisms to mitigate the uncertainties of agricultural investment.

4

Operational Excellence

This pillar seeks to lay the foundation of operational efficiency within PASS Trust. The focus is on optimizing internal processes and strengthening organizational effectiveness within the organization.

This involves enhancing branding and communication to build a clear, impactful identity; fostering a positive and productive organizational culture; and ensuring robust ESG and program management. By refining these areas, PASS Trust aims to improve its operational agility, drive strategic decisions, and enhance its ability to deliver impactful agricultural programs efficiently.

WHAT WE DO

Traditional Guarantees

Portfolio Guarantees

PASS facilitates access to financial and business development services for agribusiness entrepreneurs in Tanzania

Equipment leasing
Through our subsidiary, PASS Leasing

BDS Offering

WHAT WE DO



Normal Traditional Guarantee

PASS undertakes the underwriting process after independently appraising and approving the borrower's financed project or business and provides guarantees for credit facilities. **The guarantee covers between 20% and 60% of the loan amount, with special coverage of up to 80% for projects owned by women or youth.**

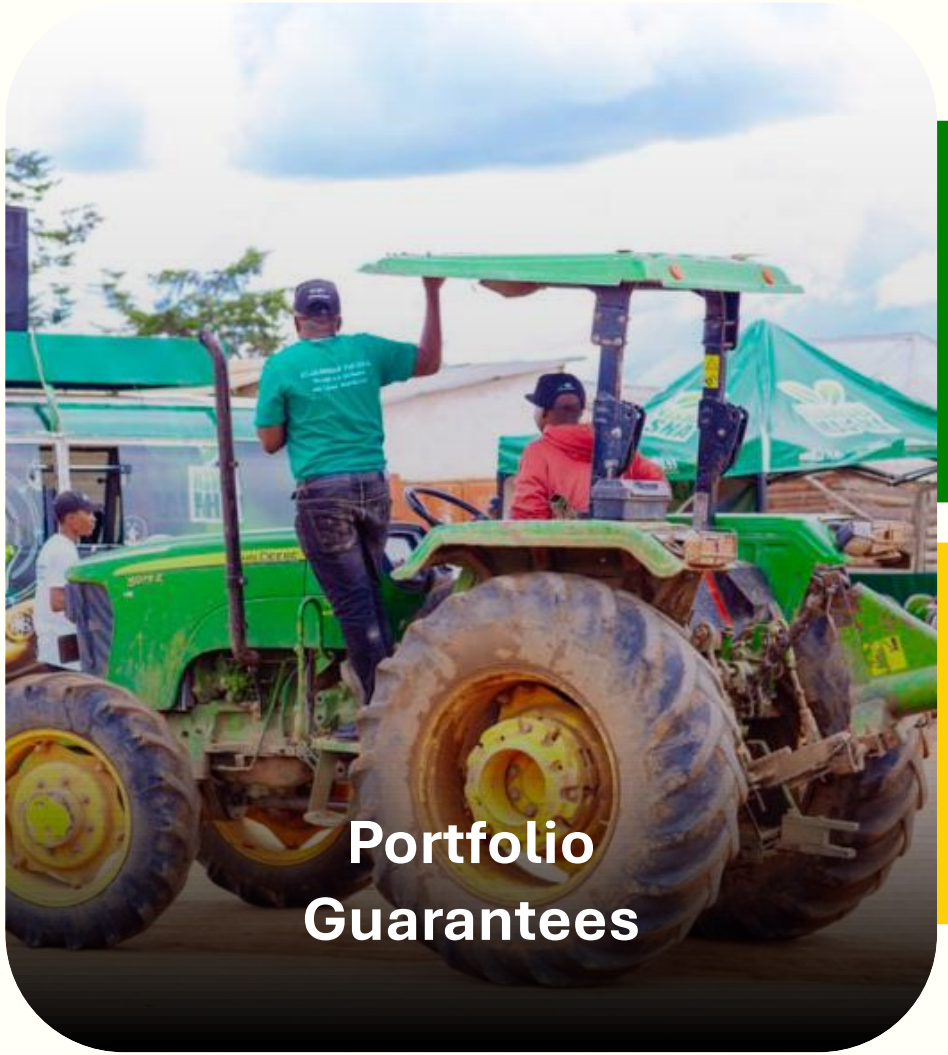
Linkage Traditional Guarantee

Under this product, PASS provides a guarantee to a financial institution (Primary lender) for the purpose of a primary lender providing a loan to another financial institution (Secondary lender) for the purpose of later providing loans to agribusiness projects.

Green Credit Guarantee

This product targets agribusinesses that focus on the use of green technologies and practices, adding further social and environmental value to the investment and adhering to Inclusive Green Growth (IGG) principles. The objective is to incentivise players to adopt Green Technologies and Climate Smart solutions. For this, **PASS Trust guarantees up to a maximum of 80% of the loan amount to be secured from a financial institution.**

WHAT WE DO



Normal Portfolio Guarantee

Under this product, the financial institution does the full sanction processing, including client and security visits, with or without the involvement of PASS Trust. Upon approval of the facility, the lender applies for a PASS Trust guarantee. **This product targets clients with loan amounts of a maximum of TZS 200 million, and the guarantee is fixed at 50%.**

Digital Credit Guarantee (DCG)

This is an innovative product under portfolio guarantee designed to enable smallholder agribusiness entrepreneurs to access digital loans and digital guarantees through their mobile phones. **Currently, the maximum loan amount under the credit guarantee is TZS 500,000 and the guarantee can cover up to 80% of the loan amount.**

WHAT WE DO



Equipment Leasing

(Through our subsidiary, PASS Leasing)

Traditional Financial Leasing Product

PASS offers a traditional financial leasing product, which involves three key parties: a lessee, a lessor, and a supplier of equipment. In this arrangement, the lessee selects equipment from a specified supplier, and the lessor (PASS) pays the supplier for the delivery of the equipment. The supplier is required to maintain a warranty, provide maintenance services, and offer a buy-back option to both the lessor and the lessee. The lessee then makes payments directly to PASS Leasing.

Micro Leasing Product

PASS offers a Micro Leasing product designed for small and portable equipment valued at less than TZS 10 million. This type of financing lease is ideal for equipment that can be easily transferred to different locations. The lease is structured for short-term repayment, with the expectation that the lessee will fully repay the amount within one year.

Value Chain Financing Lease

PASS offers a Value Chain Financing Lease tailored for clients who require processing equipment for produce that is in demand by industries or value addition sectors under specific contracts. Under this arrangement, the lessee delivers the produce to an aggregator, and the aggregator then pays PASS, as the lessor, through a check-off system based on the amount of produce delivered by the lessee.

WHAT WE DO



Feasibility Studies

PASS Trust has expertise in performing feasibility studies in agribusiness projects. This includes analyzing and appraising potential projects in farming, animal keeping, fishery, and upstream as well as downstream agribusiness value chains, including crop processing.

Training Programs

PASS works with Training institutions to deliver practical programs for agribusiness entrepreneurs on various development needs as identified from time to time. Typical areas include financial literacy, good agricultural practices, small business management skills, forming farmer groups, and the like. PASS leverages its experience from having established an Agribusiness Innovation Centre where 140 youth have benefited – 49% being female through incubation programs in Horticulture and goat fattening.

Contract Farming

PASS Trust facilitates contract farming by connecting farmers with potential buyers for specified crops. Under this arrangement, farmers enter into contracts to produce and sell crops to buyers based on agreed terms. These contracts have been successfully established for crops like maize, sunflower, and others with specific market demands, ensuring reliable market access for farmers and consistent supply for buyers.

OUR CAPABILITIES



Finance Provision

PASS deploys a range of debt guarantees to support agriculture financing and provides lease financing to agribusinesses. We are well-positioned to leverage private equity funds for risk-sharing and have significant experience providing lease financing tailored to agribusiness needs.



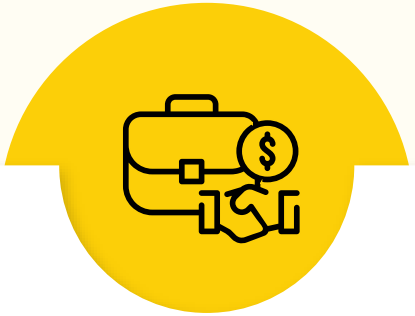
Fund Management

With extensive experience in managing guarantee funds, PASS invests these funds to generate income and maintain low non-performing loans (NPLs) through thorough due diligence and close follow-up with beneficiaries.



Capacity Building

PASS works with its partners to offer tailored training programs to build the skills of agribusiness entrepreneurs. These programs cover areas like financial literacy, business management, and good agricultural practices, ensuring sustainable growth and development for beneficiaries.



Partnership Linkages

PASS has a strong network of partners to create market linkages for agribusinesses. We leverage a comprehensive agribusiness database and have vast experience in facilitating investments across the agricultural sector.

OUR VALUE PROPOSITION



We deliver unique value through our ***on-the-ground presence,*** ensuring deep integration with the agribusinesses we serve.

By providing ***blended solutions***, we combine financial solutions with technical assistance to ensure our support addresses multiple challenges faced by agribusinesses.

Our strong ***impact focus*** ensures our initiatives drive long-term change by promoting sustainable agricultural practices, empowering agribusinesses, creating jobs and improving livelihoods of players across value chains.

OUR CUMULATIVE IMPACT

Key numbers

TZS 2.652 Trillion

Value of loans guaranteed/ supported

~20%

Of all lending to the sector supported

25%

Of all guarantees are Green Guarantees

99.78K

Approved business proposals

4.89M

Total beneficiaries reached

27% (1.32M)

Youth beneficiaries reached

51.5% (2.52M)

Women beneficiaries reached

2.87M

Employment created

OUR IMPACT: SUCCESS STORIES

A case of Mbasira Foods Industrials Limited



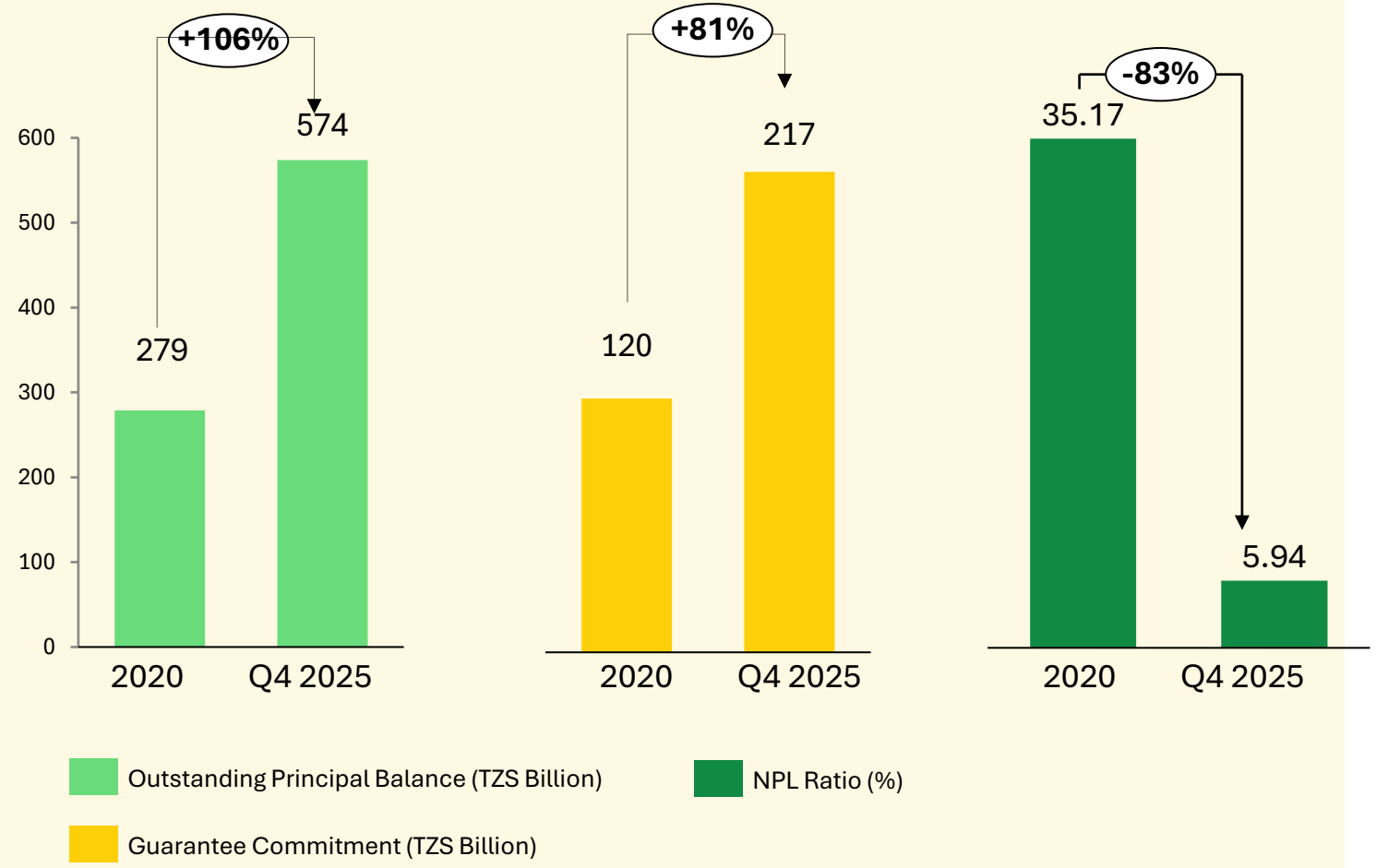
Mbasira Food Industries Limited is a company dealing with agricultural commodities through grain aggregation, processing, packaging, and marketing amongst its other business activities. The company sources grains directly from smallholder farmers who are organized into groups such as farmers' groups, SACCOS, and AMCOS' located in various parts of Tanzania, assuring them of a ready market, increased incomes, and better living standards.

Furthermore, the company has organized more than 100 farmers groups to supply maize to the company. The promoter provides inputs, training, and extension services to these farmers' groups. Prior to commencing the farming season, Mbasira subcontracts smallholder farmers through contract farming arrangements with their farmers' groups.

In these specialty contract farming arrangements, smallholder farmers commit that they will sell to Mbasira a defined quantity of their produce at a pre-determined price. In return, Mbasira facilitates prefinancing for contracted smallholder farmers with Agro-inputs including improved seeds, tools, fertilizers, and cash advances as will be required and on a need basis.

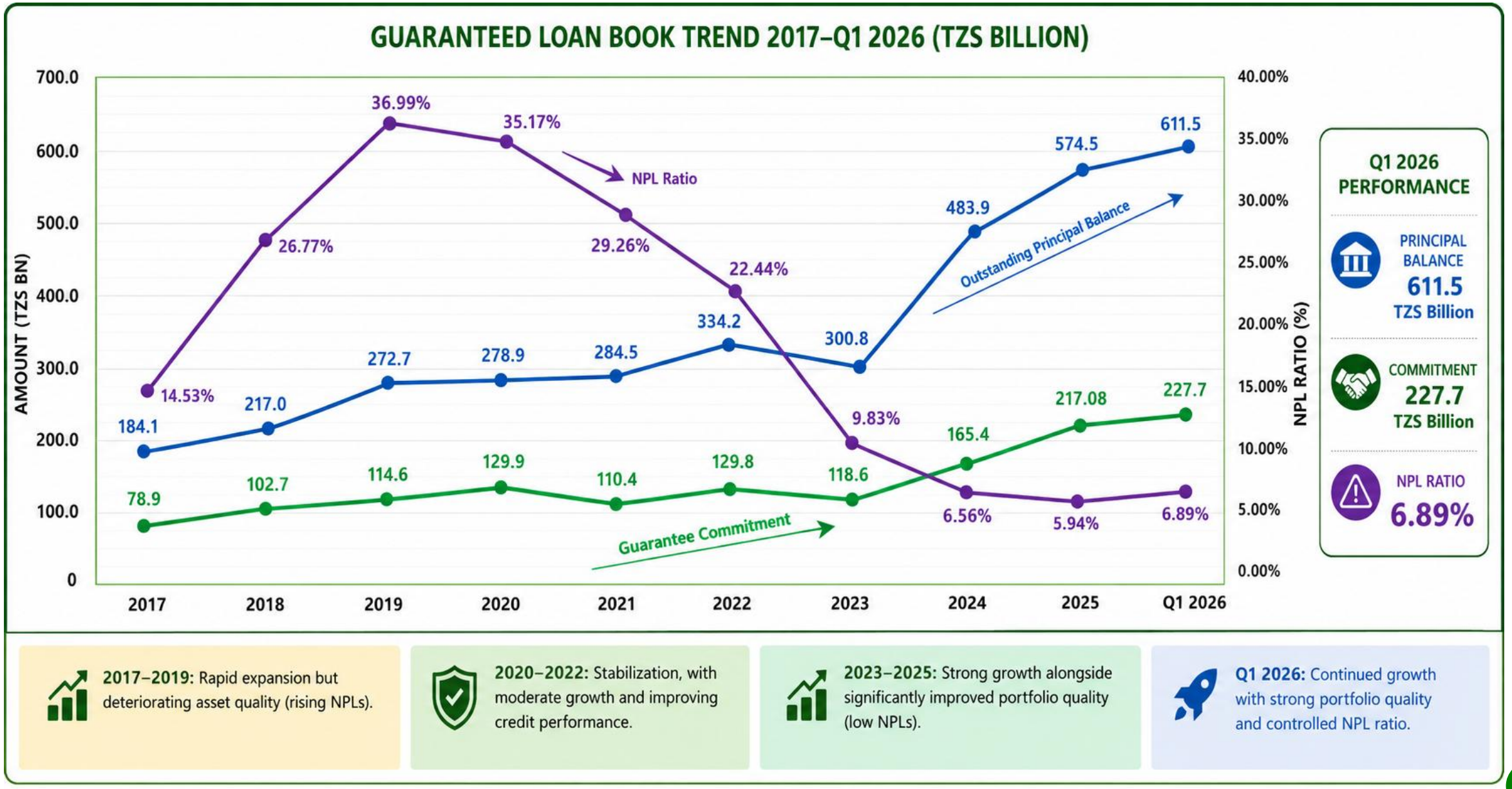
OUR EFFICACY

We deliver this impact while ensuring that we minimize our Non-performing-Loans ratio



- In the past 5 years, the PASS guarantee scheme has seen a significant improvement in the size of its portfolio as well as the quality evidenced by the increase in commitment value by 81% and decline in the NPL ratio by 83%.
- This is a testament to the role of PASS Trust in derisking agricultural lending and enhancing the financial institutions lending appetite to the agricultural sector, as evidenced by the increase in loan value by 106%, and the signing of additional banks to the credit guarantee scheme.
- Historically, PASS's risk appetite has been to limit the guaranteed exposure at a leverage of 1:3. However, due to the strong efficacy of the guarantees, with only around 6% of guarantees issued, PASS has extended the risk appetite to 1:6.

HISTORICAL TREND GUARANTEE PORTIFOLIO GROWTH AND QUALITY (2017-2026)



OUR AMBITIONS

Expanding of the Credit Guarantee Fund: With the increased government investment in the Agriculture sector over the last 3 years, private sector investments through commercial financing are expected to grow. in the next five years. Commercial lending is expected to triple from USD 700M in 2023 to over USD 2B in 2030. PASS is already sitting on a pipeline of over USD 50M in loans.

Setting up an Equity/ Impact Fund: There is a significant opportunity to roll out equity financing to agriculture as an alternative and complement of the growing debt financing. This is particularly true for Agri-SMEs that have a financing gap of over USD 280M, and equity solutions could help narrow this gap. This fund is expected to catalyze growth in the sector through availing patient capital solutions for MSMEs.

Scaling Leasing Solutions: The leasing business has significantly grown over the past 3 years with total assets increasing by more than threefold from TZS 7.6B in 2021 to TZS 23.9B in 2023. Given the success in the first three years, PASS intends to scale these solutions and reach more Small and Medium Scale Agri-business entrepreneurs in Tanzania.

Scaling BDS Offerings: PASS intends to invest in scaling BDS to support agribusiness growth, including conducting feasibility studies and offering capacity-building programs in areas like financial literacy and small business management to more Agri-business entrepreneurs.

Expanding fund management activities for commodity compacts: PASS intends to work with commodities boards and other strategic partners to support fund management for strategic value chains. We are already in conversations with the coffee board and have an active soybean commodity compact supported by the Royal Norwegian Ministry of Foreign Affairs.

2024	2030
~$804M loans guaranteed	~$1.5B loans guaranteed
Required Funding: $35 Million	
N/A	~$5M of equity financing provided
Required Funding: $25 Million	
~TZS 23.9B total assets	~TZS 50 B total assets
Required Funding: $80 Million	

Impact

30k
Jobs Created
7.25m
Direct and Indirect Beneficiaries

30K
Agribusinesses supported

EQUITY FUND Structure: USD 15–25M Impact Fund Raised Over 3 Years

Fund Type	Permanent capital vehicle (evergreen fund)
Fund Size	USD 15–25 Million over 3 years | 75% commercial tranche & 25% grant/philanthropic tranche
Costs & Returns	Management fee: 2–4% p.a. on committed capital | Target returns: 3–6% on commercial investments (risk-adjusted)
Liquidation	Self-liquidating instruments; contractual exits available for investors with fixed time horizons
Distributions	Made from investment realizations and dividends
Investment Criteria	High-growth companies with established track record, strong impact potential, and ESG compliance
Sector Focus	Agri-SMEs in sunflower, horticulture, beef, and aquaculture value chains
Investor Governance	Quarterly financial & operational reports | Board representation for >15% shareholders | Information rights & project visits

De-Risking Agriculture Financing for Smallholders Farmers: Parametric Insurance

Platform Finalized · Web-based · Multi-crop · Multi-model

Weather Index-based Risk Solution

De-Risking Agriculture Through Blended Finance

50%
Credit Guarantee

~1.5%
Premium Cap

35%
Premium Reduction

6,000
Pilot Farmers Reached (piloted)

HOW THE MODEL WORKS

Weather Trigger

Rainfall data calibrates drought index triggers across different locations. Satellite + AI crop models refine basis risk.

Blended Cover

50% PASS credit guarantee + 50% parametric insurance embedded in PFI loan. Premium capped at 1.5% within loan structure.

Automatic Payout

Payouts triggered by index, not claims assessment. Reinsurance companies provide reinsurance backstop for reliable settlements.

KEY VALUE TO PASS TRUST'S DE-RISKING BLENDED SOLUTION

Platform Live & Proven

Browser-based multi-crop platform finalised and presented to banks, TIRA, TMA & AfDB at DAFS workshop. Ten lenders now onboarding via API subscription.

Amplifies Guarantee Impact

Bundling parametric insurance with PASS's 50% credit guarantee reduces net lender exposure, lowers premiums and unlocks finance flow in commercial agri-lending.

Scalable & Inclusive

Covers floods and drought risk for smallholders across regions districts. The platform is built to be sustainable by generating revenues - underwriting the long-term sustainability.

PLATFORMS FOR COLLABORATION &PARTNERSHIP

Value Chain Financing (Priority Commodities)

- Structured financing for soybeans, coffee, oilseeds, horticulture & livestock
- Delivered with crop boards, off-takers, FIs, DFIs and government actors

Blended Finance & Investment De-Risking

- Integrated use of credit guarantees, grants, weather index insurance & TA
- Crowds in private and institutional capital for agri-SMEs

Climate-Smart & Green Agriculture Finance

- Green guarantees, climate-smart investments & risk mitigation
- Strong alignment with COP commitments & national green growth priorities

Agribusiness Investment & Fund Management (PLC/ New Co)

- Dedicated vehicle to mobilise impact capital & manage thematic funds
- Focus on SMEs, jobs, and strategic value chains
- Direct lending

Public–Private & Policy-Aligned Delivery Platform

- Translating Vision 2050 & Agriculture Master Plan 2050 into bankable programmes
- Trusted convenor between government, investors & agribusinesses

Digital & Knowledge Platforms for Scale

- Digital credit guarantees & Knowledge Hub for data-driven financing
- Expanding financial inclusion & impact measurement

SOME OF OUR PARTNERS

Finance partners

















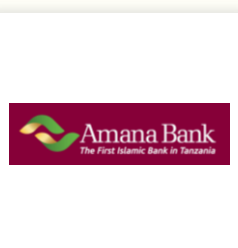
























Other partners

























OUR LEADERSHIP – EXECUTIVE COMMITTEE



MR YOHANE KADUMA

Managing Director

An accomplished leader with over two decades of expertise in banking, microfinance, and development finance. Renowned for his expertise in credit risk management, business development, and relationship building, Yohane combines strategic vision with operational excellence to drive transformative growth and is committed to fostering partnerships to advance Tanzania's agricultural sector.

+255 767 210 360

yohane.kaduma@pass.or.tz



MR ADAM KAMANDA

Director of Business Development

A seasoned professional with over 20 years of distinguished experience in business development, risk management, and strategic operations across the financial and agricultural sectors. prominent for his strategic vision, exceptional organizational skills, and ability to cultivate impactful business relationships, Adam is a catalyst for innovation and growth and is deeply committed to empowering agribusinesses.

+255 767 490 862

adam.kamanda@pass.or.tz



MS DOREEN MANGESHO

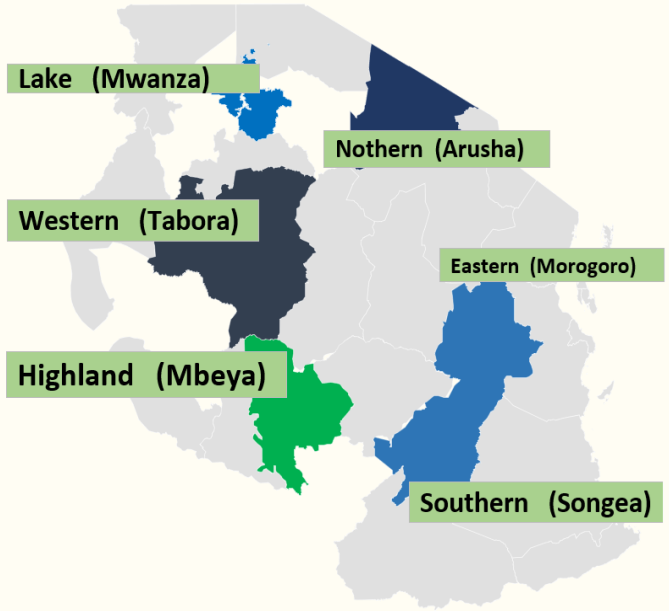
Director of Finance and Administration

An experienced finance professional with over 20 years of experience in financial management, accounting, and auditing. With a robust background in both corporate and non-profit environments, Doreen brings a wealth of expertise in financial planning, tax law, and international public sector accounting, making her a key driver of PASS Trust's continued success.

+255 753 956 599

Doreen.mangesho@pass.or.tz

PASS OFFICES AND CONTACTS



HEAD OFFICE

Dar es Salaam

PRIVATE AGRICULTURAL SECTOR SUPPORT TRUST (PASS TRUST)

PSSSF Commercial Complex, 5th Floor, Sam Nujoma road, Dar Es Salaam, Tanzania

P.O. Box 9490 **Tel:** +255 222 110 392/4 **Tel:** +255 (0)22110394 | 2110395

Email: md@pass.or.tz; pass@pass.or.tz **Web:** https://www.pass.or.tz

Note:

- PASS support businesses across all regions in Tanzania Mainland and Zanzibar through its zonal offices which are all equipped with experienced Business Managers and officers in Agribusiness Financing
- Customers can also make a tall free call via **0800750037** for enquiries about PASS Services

PASS
PRIVATE AGRICULTURAL SECTOR SUPPORT

Popote ulipo unaweza
kuwasiliana nasi



"Improving Quality of Life Through Agribusiness Transformation"

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