NMB EXPERIENCE OF WAREHOUSE RECEIPT SYSTEM
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About NMB

- 49% share – R/Consort.
- 51% share – Priv. & Govt.
- 142 Branches & growing
- 420 ATMs & growing
- NMB Mobile Banking
- Bank on Wheels

www.nmbtz.com
What is a Warehouse Receipt?

- Is a document issued by a licensed warehouse operator certifying the QUALITY and QUANTITY of a specified commodity placed by a named DEPOSITOR into a secure storage environment.

It specifies:

- Location of warehouse
- Commodity type
- Quality and quantity
- Name of depositor
- Date of delivery
- Storage charges
Types of a Warehouse Receipt

1) Non-negotiable Certificate
   - cannot be transferred or sold
   - sale of commodity requires cancellation and re-issue

2) Negotiable Instrument
   - bought and sold with legal protection against claims by previous owners
   - ‘bank note’ concept
Warehouse RS – How it works

1. Farmer
2. Credit
3. Farmer sells commodity
4. Exporter
5. Commodity Released

Farmer buys commodity
Licensed Warehouse
Receipts
Commodity Released
Payments

Farmer
Licensed Warehouse
Receipts
Credit
Payments
Exporters
Commodity Released
Key success factors

WAREHOUSES
- Good warehouses
- Good roads & reliable communication
- Warehouse receipt financing act & operation guidelines

MARKETS
- Properly organized marketing systems
- Preferably Commodity exchange

BANKS/FIs
- Banks with good delivery channels, easily accessible
- Good performing core banking system & MIS
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<th>Key Risks Identified in WRS Financing</th>
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<tr>
<td><strong>Operation risk</strong></td>
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<td>- Performance Bond</td>
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<td>- Indemnity cover insurance</td>
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<td><strong>Storage risk</strong></td>
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<td>- Insurance against fire, burglary</td>
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<td>- Inventory management skills</td>
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<td><strong>Credit risk</strong></td>
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<td>- Discount value of commodities</td>
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<td><strong>Price risk</strong></td>
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<td>- Access to formal markets</td>
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<td>- Price risk insurance, discounting the receipt value</td>
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<td><strong>Market risk</strong></td>
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<td>- Establish commodity exchange market</td>
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<td>- Put or call options</td>
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| Legal risk | -Enforceability of the warehouse receipt act laws incase of problems/disputes  
-Harmonization of laws to accommodate warehouse receipt financing act i.e. company laws, crop boards regulations, local council by-laws etc |
|---|---|
WRS Financing status in NMB

- More than 28 warehouses have been licensed suitable for the scheme
- Ownership some private & others cooperatives

About 7 crops under the scheme (coffee, Pigeon peas, cashew, maize, paddy, sunflower, sesame)

- Selling is done through auction system – manual not electronic
- Initiatives underway to establish Commodity Exchange for efficient marketing
Agri-SME’s portfolio growth

AGRI-SME’s financed largely under:
- WRS &
- Out grower schemes

- 2007: U$24Mn
- 2008: U$38.2Mn
- 2009: U$46.2Mn
- 2010: U$47.1Mn
- 2011: U$73Mn
Lessons Learnt

- Strong and transparent market environment required – No Govt. Inter.
- Volume-based trade with long term outlook
- Stimulation of storage industry
- Establish Commodity Exchange
- Establish reliable Commodity Database
- Invest in infrastructure including communication
- Capacity Building to Farmers & Stakeholders
TIME IS NOW, WE CAN CHANGE LIVES!!!!

FROM ABSOLUTE POVERTY

TO GREEN REVOLUTION IN AFRICA