



Photo: UN Women/Joë Strade

CASE STUDY SERIES: Innovative Financing for Gender Equality via Bonds



Tanzania: SOCIAL BOND ISSUED BY A COMMERCIAL BANK

NMB Bank

Tanzanian Shilling (TZS)










<p>Issuer</p>	<p>NMB is a large commercial bank in Tanzania that serves retail, corporate and government clients. Established in 1997, NMB Bank has grown successfully into the largest and most profitable bank in Tanzania. With over 3,500 employees and a balance sheet of over US\$4 billion, the bank continues to play a key role in helping its clients’ growth and advancing Tanzania’s social and economic development agenda.</p> <p>NMB’s vast network is located across the country. The bank boasts over 227 branches, 781 ATMs and 19,879 agents located in all districts in Tanzania. This geographical reach, coupled with strong origination, structuring and distribution capabilities, allows the bank to offer its retail, corporate and government clients a unique range of banking products, making NMB Bank a preferred financial institution.</p> <p>The sustainability agenda forms a core facet of the bank’s organizational purpose. Recently, its debut Social Bond (Gender Issuance) was named Platinum Winner of the Sustainable Bond of the Year Category at the 2022 Global SME Finance Forum Awards.</p> <p>In recognition of its internal commitment to gender equality and equity, NMB was the first financial institution in Africa to become EDGE certified (EDGE Assess level).</p>
<p>Issuance tranche</p>	<p>4th tranche: FXD04</p>
<p>Amount issued</p>	<p>TZS 74 billion (about US \$30 million)¹</p>
<p>Date of issuance</p>	<p>28 March 2022 (Dar es Salaam Stock Exchange – DSE)</p>
<p>Date of listing</p>	<p>2 April 2022 (DSE) and 8 March 2023 (Luxembourg Stock Exchange – LuxSE)</p>
<p>Date of maturity</p>	<p>28 March 2025</p>
<p>Number of issuances</p>	<p>Single issuance</p>



Coupon rate	+ 850 basis points (bp)
Listing (domestic or international)	Domestic and International (dual listing)
Stock exchanges where listed	Luxembourg Stock Exchange (LuxSE), display on Luxembourg Green Exchange: https://www.luxse.com Dar es Salaam Stock Exchange (DSE): https://dse.co.tz/
Future issuances	Non-applicable
Use of proceeds (Socioeconomic advancement and empowerment)	Proceeds from the Gender Bond will go entirely towards the Jasiri Women’s Market Proposition under the Socio-Economic Empowerment project category. The use of the proceeds will enhance women’s economic empowerment and sustainable development.
Gender considerations in the use of proceeds	<p>Socioeconomic empowerment and gender inclusion:</p> <p>The proceeds in this category can support Micro, Small & Medium Enterprises (MSMEs), as defined by NMB Bank (turnover of up to TZS 150 million), and SMEs (turnover from TZS 150 million to TZS 15 billion), which are owned and/or controlled by women and can boost the development of new women entrepreneurs.</p> <p>Supported bodies and actions could include, for example:</p> <ul style="list-style-type: none"> • Credit facilities and preferential interest rate loans to increase productivity for SMEs controlled by women (SMEs with women with more than 50 per cent capital stock ownership). • Working capital and credit to balance cash flow and support unforeseen expenses for SMEs controlled by women. • MSMEs that offer products and services that specifically or disproportionately benefit women. • Credit facilities for SMEs controlled by women (SMEs with women with capital stock with more than 50 per cent ownership) and for MSMEs that have 30 per cent to 50 per cent women in the workforce.



Alignment with the Sustainable Development Goals (SDGs)	 
SDG targets that the bond addresses	 Target 5 Achieve gender equality and empower all women and girls.  Target 10 Ensuring equal opportunity and reducing inequalities.  Target 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
Target population	Women



Indicators related to gender equality	As reported in the framework, the following metrics will be provided in the annual impact report:	
	Category	Selected Output and Outcomes Indicators
	Socio-Economic Empowerment	Number of female-owned businesses financed
		Number of jobs created for women
Number of loans to women		
<p>The issuer states that the number of jobs created and the number of beneficiaries, notably with respect to women and youth, are common evaluation metrics for all NMB projects.</p> <p>TZS 56.9 billion has been disbursed as of 30 September 2022 to women-owned or -controlled MSEs, SMEs and those businesses whose products and services directly impact women.²</p>		
International standards alignment	ICMA Social Bond Principles	
Link to framework	<p>NMB Bank PLC. 2022. Social Bond Framework. January.</p> <p>https://www.nmbbank.co.tz/investor-relations-nmb/investor-information/nmb-jasiri-bond-2022?download=333:nmb-social-bond-framework</p>	



Link to Second Party Opinion	<p>Sustainalytics. 2022. Second-Party Opinion: NMB Bank PLC Social Bond Framework. 28 January. https://www.nmbbank.co.tz/investor-relations-nmb/investor-information/nmb-jasiri-bond-2022?download=334:second-party-opinion-from-sustainalytics-on-the-nmb-social-bond-framework</p>
Second Party Opinion provider	<p>Sustainalytics</p>
Credit enhancement <i>(yes or no)</i>	<p>No</p>
Was the bond oversubscribed and were there any special considerations?	<p>PREVIOUS TRANCHES WERE OVERSUBSCRIBED BY ALMOST THREE TIMES.</p> <p>The April 2022 issuance tied to the programme was oversubscribed by 197 per cent (as indicated by the International Finance Corporation).³</p>
Partners	<p>For the April 2022 issuance, partners included:</p> <ul style="list-style-type: none"> • FSD Africa (technical assistance) • Sustainalytics (Second-Party Opinion) • Orbit Securities (brokerage firm)



Other features

This issuance is the fourth and last tranche of NMB's TZS 200 billion programme that started in 2016. The issuance of the bonds is part of the bank's strategy to diversify its funding sources.

Lessons learned⁴

This bond was groundbreaking as it was the first gender bond issued and listed in sub-Saharan Africa. The issuance was informed by NMB's recognition of the financing gap for women and the bank's willingness to strengthen its products and positioning for women. While women make up 54 per cent of the MSMEs in Tanzania, women have struggled to obtain access to financing, according to the IFC.⁵ NMB acknowledged that although it was offering savings products, it was not yet specifically responding to the financial needs of women. To address the financing gap for women, NMB had to find an innovative way of reaching out to specifically communicate with and lend to women. NMB also highlighted that affordability and accessibility of funding for women will continue to be a very important issue to tackle for years to come.

According to NMB, the biggest challenges related to gender bond issuance relate to misconceptions and a lack of data to track impact. First, there was the misconception that raising money to finance women-owned businesses meant that bond subscribers had to be women. It has been necessary to raise awareness and do public education on the fact that the issuance was open to men and women equally and that the participation of men is critical; when women benefit, the whole society and economy benefit.

Second, challenges around measuring and reporting were significant. Bond issuers need robust data to be able to report on impact as required by bond investors. The issuer will report on impact metrics specifically for women and is interested in tracking how many jobs have been created by the female-owned and -controlled businesses targeted, how many new loans to women businesses have been created, and whether these businesses are scaling up their business operations. The issuer intends to publish its first post-issuance report which will contain impact metrics specific to women by the end of the second quarter of 2023. NMB's advice for other potential issuers of gender-focused bonds is to ensure they can collect robust data for impact reporting and recognize the need for such financing.



Endnotes

1. Arise. 2021. *2021 Operations Report: Investing in Africa's Local Prosperity*, p. 51. https://ariseinvest.com/operationsreport2021/wp-content/uploads/2022/07/Arise-2021-Report_section-6.pdf.
2. NMB Bank. 2022. *Jasiri Disbursement Report (Second Quarterly Performance – 1st Jul to 30th Sept 2022)*. <https://www.nmbbank.co.tz/investor-relations-nmb/investor-information/nmb-jasiri-bond-2022#>.
3. International Finance Corporation (IFC). 2022. "IFC Invests in Sub-Saharan Africa's First Gender Bond Listed by Tanzania's NMB Bank." Press Release. 29 April. <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=26954>.
4. Information shared by Aziz Chacha, Treasurer of NMB Bank, during an interview conducted by the Luxembourg Green Exchange (LGX) was used to feed into the lessons learned.
5. IFC. 2022. *Becoming a Bank of Choice for Women in Tanzania: Insights from Tanzania Commercial Bank*. March. <https://www.ifc.org/wps/wcm/connect/1eaa4d42-37e1-4447-bf2e-ab5a1ad9154b/TCB+Increasing+Women%E2%80%99s+Access+to+Finance+Tanzania.pdf?MOD=AJPERES&CVID=o1aMwD2>.

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THE EMPOWERMENT OF WOMEN.
A GLOBAL CHAMPION FOR WOMEN AND
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ACCELERATE PROGRESS ON MEETING
THEIR NEEDS WORLDWIDE.**

UN Women supports UN Member States as they set global standards for achieving gender equality, and works with governments and civil society to design laws, policies, programmes and services needed to ensure that the standards are effectively implemented and truly benefit women and girls worldwide. It works globally to make the vision of the Sustainable Development Goals a reality for women and girls and stands behind women's equal participation in all aspects of life, focusing on four strategic priorities: Women lead, participate in and benefit equally from governance systems; Women have income security, decent work and economic autonomy; All women and girls live a life free from all forms of violence; Women and girls contribute to and have greater influence in building sustainable peace and resilience, and benefit equally from the prevention of natural disasters and conflicts and humanitarian action. UN Women also coordinates and promotes the UN system's work in advancing gender equality.



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