Ground-breaking Jasiri Gender Bond in Tanzania

Jasiri Gender Bond
AN INNOVATIVE FINANCIAL INSTRUMENT EMPOWERING WOMEN BY PROVIDING CAPITAL AND RESOURCES TO WOMEN-LED SMES AND MSMES.

The Jasiri Gender Bond plays a crucial role in stimulating economic growth and empowering women in business. By focusing on enterprises that are owned (at least 50%) by women, those that have at least 50-70% of women in their workforce or have at least 30% women in key management roles, the bond contributed to bridging the gender finance gap and promoting sustainable development and gender equality in the business landscape. It has helped to create new opportunities for women entrepreneurs by producing goods and services, and has also enabled women to benefit from the bond proceeds.

In recognition of its contributions to sustainable finance, NMB Bank was awarded the prestigious Platinum Prize in the Sustainable Bond category by the International Finance Corporation (IFC). This recognition highlights the bond’s pivotal role by offering essential technical assistance and support in creating local rules embraced global standards and laid the groundwork for local ESG product guidelines. This enhanced the regulatory framework, promoting sustainable and inclusive financial products.

The bond has played a catalytic role in shaping Tanzania’s financial landscape by demonstrating the viability of using capital market instruments to channel private sector financing towards sustainable and inclusive growth initiatives.

The success of the bond was facilitated by the innovative approach of the Capital Markets and Securities Authority (CMSA). Following the International Capital Markets Association (ICMA) guidelines instead of the Capital Markets and Securities Authority (CMSA) guidelines, the bond's dual impact of providing financial returns and fostering social change.

The broad-based investor involvement signifies a move towards more inclusive capital markets, highlighting the bond's dual impact of providing financial returns and fostering social change.

In Tanzania, women-led businesses face a considerable financing challenge, highlighted by the African Development Bank’s estimate of a gap exceeding US$ 42 billion across Africa. FSD Africa played a pivotal role by offering essential technical assistance and support in the creation of the NMB Bank's Social Bond Framework. Their efforts extended to obtaining a Second Party Opinion from Morningstar Sustainalytics, a key step that facilitated the successful launch of the NMB Bank Jasiri Gender Bond.

THE JASIRI GENDER BOND
Launched in February 2022
Listed on the Dar Es Salaam Stock Exchange.

Annual return: 8.5%
Maturity: ~USD 32 M

Foreign investors: 31%
Tanzanian investors: 69%
Women investors: 52%
Institutional investors: 17%
Retail investors: 1%
Bond investors: 99%

The bond’s success in mobilising funding was remarkable, with its proceeds being fully allocated to women-owned or -controlled enterprises that provided services to an average of 30% of women, a step forward in closing the financing gap envisaged in the NMB Social Bond Framework. The rapid deployment of funds, totalling TZS 74.2 billion across three quarters, underscored the bond’s effectiveness in addressing the urgent financing needs of women-led MSMEs. By providing loans at a highly competitive interest rate of 14%, compared to the market average of 18%, the bond substantially boosted the profitability and growth prospects of these businesses.

The Jasiri Bond significantly enhances the bank’s support of female entrepreneurs. This financial instrument introduces accountability and transparency, demanding rigorous reporting and evaluation of fund deployment, attracting investors interested in gender-positive outcomes. Going beyond capital provision, the Jasiri Bond collaborates with entities like the African Guarantee Fund to address collateral challenges faced by women entrepreneurs. This ensures secured loans, expanding access to businesses and entrepreneurs traditionally underserved by conventional banking products.

Looking ahead, NMB Bank is committed to building on the success of the Jasiri Bond. The bank’s strategy is centred around a four-pillar approach, one pillar that emphasizes outreach, penetrating the women’s market with innovative services, enhancing financial literacy, and expanding market share. The strategy is designed to sustain the momentum achieved thus far and create a lasting impact aligned with the Sustainable Development Goals (SDGs), further embedding the principles of inclusivity and sustainability into Tanzania’s financial and economic systems.