Early Warning System

FMO-62093

NMB Bank PLC - NASIRA PORTFOLIO

Early Warning System

NMB Bank PLC - NASIRA PORTFOLIO

FMO-62093

Quick Facts

Countries	Tanzania
Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Approved
Bank Risk Rating	A
Voting Date	2023-02-22
Borrower	NMB Bank Plc
Sectors	Agriculture and Forestry, Finance, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 11.00 million

Project Description

WHO IS OUR CUSTOMER

NMB Bank Plc. ("NMB") is one of the largest commercial banks in Tanzania, providing banking services to individuals, MSMEs, agribusinesses and corporates. NMB has an extensive network of agents, branches and ATMs spread across Tanzania and is enabling access to finance to end clients across the country.

WHAT IS OUR FUNDING OBJECTIVE?

FMO is providing a USD 11 mln NASIRA Risk Sharing Facility (with a possibility to top-up to USD25million within 1 year of effectiveness). The facility will be geared towards NMB's loans to MSMEs with a specific focus on the agriculture value chain being a key driver of the Tanzanian economy.

WHY DO WE FUND THIS INVESTMENT?

NMB plays an important role in contributing to financial inclusion by serving the MSME segment that has difficulties in getting loans from financial institutions. The Risk Sharing Facility (RSF) will help the bank expand its business with MSMEs with a particular focus on MSMEs led by women, youth and operating in the agriculture sector. These clients often have a higher risk profile and have limited access to collateral and credit histories, which limits their ability to access financing. By sharing in the credit risk for the underlying loan portfolio, FMO will be helping NMB to offset the increased risk and enable them to further grow their loan portfolio and increase the financing for MSMEs.

WHAT IS THE ENVIRONMENTAL AND SOCIAL CATEGORIZATION RATIONALE?

The client is categorised as E&S Category A in accordance with FMO's Sustainability Policy and based on the overall loan portfolio for NMB and their increasing exposure in the corporate sector. To tackle the increased E&S risks, an E&S Action Plan has been developed and agreed upon as part of the recent senior loan facility. Although, the underlying portfolio covered by this NASIRA facility will have lower E&S risk given the focus on MSMEs and low loan sizes to end-clients, the overall categorization and the same requirements will apply to the client.

Investment Description

- Netherlands Development Finance Company (FMO)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- NMB BANK PLC (Financial Intermediary)

Private Actor Relationship

MASSIF

FMO is providing a USD 11 mln NASIRA Risk Sharing Facility (with a possibility to top-up to USD25million within 1 year of effectiveness). The facility will be geared towards NMB's loans to MSMEs with a specific focus on the agriculture value chain being a key driver of the Tanzanian economy.

Private Actors Description

NMB Bank Plc. ("NMB") is one of the largest commercial banks in Tanzania, providing banking services to individuals, MSMEs, agribusinesses and corporates. NMB has an extensive network of agents, branches and ATMs spread across Tanzania and is enabling access to finance to end clients across the country.

Contact Information

ACCESS TO INFORMATION

As part of FMO's ex-ante disclosure (disclosure of transactions before contracting), you can send requests or questions for additional information to: disclosure@fmo.nl

ACCOUNTABILITY MECHANISM OF FMO

Communities who believe they will be negatively affected by a project funded by the Dutch Development Bank (FMO) may be able to file a complaint with the Independent Complaints Mechanism, which is the joint independent accountability mechanism of the Dutch Development Bank (FMO) and the German Investment Corporation (KfW). A complaint can be filed in writing, by email, post, or online. The complaint can be filed in English or any other language of the complainant. The Independent Complaints Mechanism is comprised of a three-member Independent Expert Panel and it can provide either problem-solving, compliance review or both, in either order. Additional information about this accountability mechanism, including a guide and template for filing a complaint, can be found at: https://www.fmo.nl/independent-complaints-mechanism

Bank Documents

- Project Information