



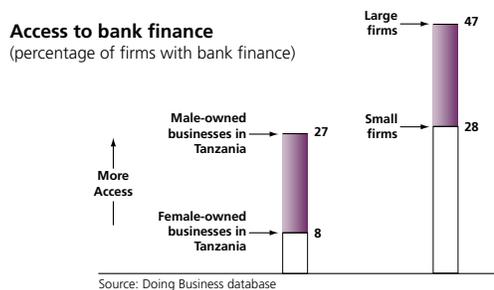
Banking on Women in Business: Exim Bank, Tanzania

"Lending to women entrepreneurs is part of our five-year plan to explore new areas of growth."

— S. M. J. Mwambenja, Managing Director, Exim Bank

A Growing Opportunity

The financial services sector in Tanzania is becoming more competitive. Banks are seeking new customers and opportunities to differentiate themselves. Meanwhile, research shows that women entrepreneurs who seek financing to develop their small and midsize firms are vastly underserved (see figure below).



Dr. Victoria Kisyombe of Sero Lease and Finance Ltd., an Exim Bank client.

In Tanzania, few women possess land titles that can be used as collateral for loans. As a result, their applications are often not taken seriously by bank officers. While microfinance is increasingly accessible to women, the maximum loan size and tenor from microfinance is often too low for SME owners. At the same time, women entrepreneurs running midsize firms frequently lack "proper" credit history, as well as the training and financial resources they need to gear up their businesses for growth.

"Female-owned SMEs contribute jobs to our communities, and women have shown themselves to be good payers in many countries. Yet, the banking sector has done little to help them in Tanzania. Our Women Entrepreneurs Finance Program is more than just good business—it's a chance to show our innovative approach to the market," says Exim's general manager, R. R. Chandramouli.

Exim has been working with IFC experts to take into account the challenges that businesswomen face when applying for loans. Solutions include increasing Exim's offering of structured financing to women entrepreneurs, allowing them to use contracts with reputable companies as collateral. One of the impediments to women's busi-





nesses moving from microfinance to the formal banking sector is the inability to transfer their good credit history from microfinance institutions to commercial banks. With this program, IFC has brokered a \$1 million on-lend from the \$5 million Exim Bank facility to Sero Lease and Finance Ltd., a pioneer in micro-leasing in Tanzania. The objective of this partnership is to create a link between microfinance and commercial banking, by helping leverage women borrowers' good credit history in microfinance to commercial banking. As of October 2007, 150 Sero Lease clients have already opened "Tumaini" Savings accounts at Exim Bank. IFC training for the women is also an important part of the program, giving them knowledge of the applications process, as well as courses on business planning and management.

Outcome

Since the launch of the women's program at Exim Bank in early 2007, the bank achieved the following results:

- Disbursed \$4.7 million of IFC funding, with an average loan size of about \$160,000.
- \$1 million committed to a female-owned microfinance institution targeting 30,000 women.
- New women's savings and loan product, the Tumaini account, launched.
- Training of women entrepreneurs underway, as well as training of bank staff on gender-sensitive customer service and the products and services that Exim bank offers through its Women Entrepreneurs Finance program.
- The program's emphasis is on assisting women who are already in business, to help them meet requirements to access finance.

- Exim bank female clients have been sponsored to attend networking opportunities to China and France.

Financing at Last: SME Focus

Fatma Mdoe has big goals for her water infrastructure and drilling company. Starting with \$10,000 of capital, her company, Efam, Ltd., topped \$1.2 million in revenue in 2006. With support from Exim Bank, Fatma is targeting \$3 million in revenue for 2007.

Success is critical not only for Fatma and her 20 employees, but for Tanzania, where clean water is still a scarce resource for many. A \$200,000 overdraft and \$200,000 loan from Exim's IFC-supported women's program will make all the difference to her company's growth.

Equally important, Fatma will receive much needed business skills training. A solid grounding in financial management and business planning will help her avoid pitfalls and successfully transition the company as it grows.



Efam, Ltd. provides critical water infrastructure services.



Exim Bank (Limited) is an innovative commercial bank specializing in pre-export crop financing as well as trade and financial services to small and medium enterprises in Tanzania. It is privately owned and is a member of the Global Banking Alliance for Women. For more information go to www.eximbank-tz.com.

IFC, the private sector arm of the World Bank Group, is the largest multilateral provider of financing for private enterprise in developing countries. For more information on IFC's support for access to finance for women entrepreneurs, visit www.ifc.org/gender.

Notes

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