

Press Release



Embassy of the United States of America
Addis Ababa, Ethiopia
2016/42

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Loan Agreement Will Increase Access to Finance for Ethiopian Businesswomen

Addis Ababa, Ethiopia, September 29, 2016 – The United States Agency for International Development (USAID) and the Swedish International Development Cooperation Agency have signed a new loan portfolio guarantee agreement with Enat Bank. The agreement guarantees up to 50% of losses on \$10 million in loans, allowing the bank to offer more loans to women entrepreneurs and expanding its capacity to lend to small- and medium-sized businesses.

Access to finance is the most critical constraint that Ethiopian businesses face, according to the 2015 World Bank Enterprise Survey. The challenges are especially strong for women.

The Development Credit Authority (DCA) is a broad financing authority that allows USAID and our partners to leverage private sector resources to have a greater and more sustainable impact in supporting economic growth. For every dollar spent on DCA guarantees, an average of \$10 of private credit can be mobilized. The program improves loan terms for under-invested sectors of the economy that have little or no access to credit. The DCA instrument reduces risks and encourages private banks in Ethiopia to invest in local businesses and projects. The DCA program has enabled more than \$50 million in financing for borrowers in Ethiopia since 2004.

The loan agreement with Enat Bank will build upon the success of previous loan guarantee agreements in Ethiopia. Enat Bank and borrowers covered under the guarantee will also receive training in business skills, business plan development, and market development through the loan guarantee program.

“The guarantee agreement will essentially bolster the lending capability of the bank to the inclusion of the most deprived, but economically potent women who can transform their businesses as a result of the injection of loan funds,” said Wondwosen Teshome, the bank president. “The desire for a loan, particularly by those dubbed as ‘the missing middle,’ is quite enormous and we have a firm trust and belief that women in this category have the potential and ability to use the credit in a way that benefits themselves, their community, the financiers and the country at large.”

Speaking about the agreement, USAID Ethiopia Mission Director Leslie Reed said, “I am excited about this new partnership as it will strengthen the financial sector in Ethiopia, particularly for women. Working together, we can create a more inclusive and robust economy that meets our shared goals of empowering women and eliminating extreme poverty in Ethiopia.”

The American and Swedish aid agencies expect the credit guarantee will demonstrate the viability and profitability of lending to women owned businesses. This should encourage greater private lending to women-owned enterprises in the future.

For more information about this program, contact Enat Bank at: info@enatbanksc.com, visit <http://www.enatbanksc.com/> or contact W/o Lidya Damtew at +251-115-52-77-82.

For more information, see <https://www.usaid.gov/ethiopia>