

## Signing of Japanese ODA Loan Agreement with Ethiopia: Providing financing to women entrepreneurs for women's social empowerment and for increasing employment opportunities

On February 24, the Japan International Cooperation Agency (JICA) signed a loan agreement with the Government of the Federal Democratic Republic of Ethiopia in Addis Ababa to provide a Japanese ODA loan of up to 5.5 billion yen for the Women Entrepreneurship Development Project. This is the first financial intermediary loan (or two step loan) specifically targeting women in Africa.

This project will provide financing access and training opportunities to companies owned or co-owned by women entrepreneurs in major cities with active economies in Ethiopia, with the objectives of increasing profits for the target companies and increasing employment, thereby contributing to women's social empowerment and development in the private sector. This project is co-financed by the World Bank and other bilateral donors.

Developing industry while switching from an economic structure centered on agriculture, the Government of Ethiopia has set a goal of becoming a lower-middle-income country by 2025 and has announced support for growth of micro and small enterprises (MSEs), which have increased in numbers in recent years. The financial institutions in Ethiopia, however, face the problem of chronically insufficient funds and this problem discourages them from providing financing to MSEs due to potentially higher administrative costs and risks. Furthermore, as the collateral ratio required for funding is high, it is not easy for MSEs to obtain a loan from a financial institution, resulting in a fragile financial condition in which it is difficult to grow and increase profits in the future.



signing ceremony

For women entrepreneurs, it is particularly difficult to find financing since houses and land, which are usually required for loan collateral, traditionally tend to be registered in the names of men in Ethiopia. Meanwhile, the demand for financing from MSEs owned by women entrepreneurs is rising each year. The total amount of loans requested by women entrepreneurs in 2015 was more than 7.5 billion yen under this project, which has already begun with support from the World Bank and others, an amount far exceeding the current supply of funding, resulting in approximately 80 percent of the loan applicants not receiving loans.

By providing support to MSEs owned by women entrepreneurs in areas such as financing expertise and entrepreneurial skills, and by building a stable enterprise foundation, it is expected that this project will contribute to women's social empowerment in Ethiopia, an increase in profits through expanded business operations, and the creation of new employment opportunities.

### 1. Terms and Amount of Loan

	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Women Entrepreneurship Development Project	5,500	0.01	—	40	10	General untied

### 2. Executing Agency

Development Bank of Ethiopia

Address: P.O. Box 1900, Menelik II Avenue, Addis Ababa, Ethiopia

Phone: +251-11-551-1188, fax: +251-11-551-1606

### 3. Planned Implementation Schedule

(1) Completion of project: December 31, 2019 – with the expiration date of the loan disbursement

(2) Issuing of letters of invitation for consulting services (including detailed design work): No hiring of consultants is planned for this project.

(3) Tender announcement of initial procurement package for international competitive bidding on project construction: Bidding will not take place for construction in this project. As sub-loans provided by intermediate financial institutions are for small-scale sub-projects by MSEs in Ethiopia, no procurement through international competitive bidding is expected to be executed.

- The World Bank, Projects and Operations, Women Entrepreneurship Development Project: