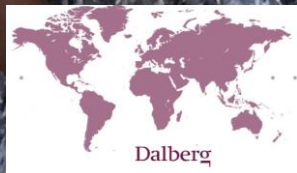


UN Capital Development Fund

PoWER Women and Girls Financial Inclusion Country Assessment Ethiopia



Prepared by Dalberg Global Development Advisors
11th July 2017 (revised August 2017)



Unlocking Public and Private
Finance for the Poor

Executive summary (1/6)



Recognizing the essential role that financial inclusion plays in women's and girls' economic empowerment, UNCDF has developed a global strategy, called "PoWER"¹, to facilitate women's and girls' economic empowerment through improving their access, use and control over financial services. This strategy will be operationalized at a country level with a market-led outlook to innovate, scale and replicate evidence-based financial service interventions. PoWER will help bridge existing gaps and reduce the barriers that impede women's and girls' access of, use of, control over and benefit from financial services.

The PoWER strategy anchors around a framework that identifies **three key spheres of influence affecting women's and girls' financial inclusion**: supply of financial services, demand for financial services, and the enabling policy and regulatory environment. These are mediated by socio-cultural context, or gender norms. To further understand the constraints and enablers in each of these spheres, UNCDF has developed a **comprehensive toolkit** to support the PoWER strategy. The toolkit has been deployed in multi-country assessments to gain a deeper understanding of the country specific constraints that women and girls face in Bangladesh, Ethiopia, Myanmar, Senegal and Tanzania. The PoWER country assessment toolkit is available as a public good to deepen understanding of these constraints in other countries.

This document presents the results of UNCDF's country assessment in Ethiopia (05/2017) through the toolkit: desk research, 22 key informant interviews, 5 focus group discussions and a survey of 400 women and girls². Together, this analysis seeks to understand key constraints and enablers of women's and girls' access, usage, control and agency over finance in Ethiopia across supply, demand and the enabling environment. The structure of the report is as follows:

- 1. Introduction.** What are the key macro-trends in financial inclusion in Ethiopia? What are the micro-insights about the target women and girls and their needs?
- 2. Access.** What are the key constraints and enablers of women's and girls' access (access points and requirements)?
- 3. Usage, Control and Agency.** What are the key constraints and enablers effecting women's and girls' usage, control and agency over products and services?
- 4. Stakeholder analysis.** Who are the key stakeholders in the financial inclusion ecosystem, what is their focus and where are the gaps?
- 5. Recommendations.** Based on the constraints and stakeholder analysis, what opportunities exist?

[1] Participation of Women in the Economy Realized [2] Girls refers to adolescents between 12-24 years of age; Country research engaged in- as well as out-of-school adolescent girls

Executive summary (2/6)



Introduction: Key Macro-Trends and Macro-Insights

Ethiopia's financial sector is in the early stages of development, financial inclusion is expanding but levels of financial inclusion are low compared to the rest of Sub-Saharan Africa (SSA). For example, the average number of bank branches in SSA was 8 per 100,000, while Ethiopia only had 1.5 branches per 100,000 in 2012¹. Although, financial inclusion is limited for both men and women, recent data from 2016 shows that women are particularly disadvantaged, where the gender financial gap stands at a 9% point difference, driven by the gap in bank use². Deliberate efforts will be needed to ensure that growth of financial inclusion is equitable, especially because there is evidence from Ethiopia to show that greater financial inclusion, can contribute to women's and girls' economic empowerment³. In particular, savings leads to an increase in self-confidence and greater involvement in household spending.

Women and girls can be segmented based on (a) their lifecycle stage and (b) their economic activities. The key lifecycle stages identified in Ethiopia are (i) (early) marriage, (ii) raising children, (iii) employment, and (iv) migration which can involve migration to the Middle East. The financial needs at these stages are largely unmet by formal products. As such, coping mechanisms often fill formal product gaps. For example, dropping out of school for early marriage is a common coping mechanism for familial financial hardship with over 41% of girls marrying before the age of 18⁴. Women also occupy economic roles, which expose them to various financial needs and challenges. For example, women domestic workers migrate to urban areas or abroad and face hardships in paying rent, whilst women farmers face insecurities in their harvest and underinvest due to lack of access to finance. This report focuses on (i) adolescent in-school girls (ii) adolescent out-of-school girls (iii) domestic workers (iv) SME entrepreneurs and (iv) farmers. All women and girls face barriers in accessing, using and controlling finance⁵.

Access: Key Constraints and Enablers

Unlike many other countries in SSA, formal banks are the main access points for Ethiopians. The number of bank branches are growing but still low by continental standards; there are about 3 bank branches per 100,000 inhabitants⁶. Where the gender gap in bank access between women and men stands at 4% points, this increases to 21% points in rural areas³. Distance to access points poses a greater challenge for women than men who has limited time and freedom to travel. Women on average have 16 hours less free time than men per week once unpaid household and market work are considered⁷. Mobile money has a potential of addressing access issues driven by distance and time poverty. However, mobile and mobile money are still nascent in Ethiopia. Only 43% of Ethiopians had mobile cellular subscriptions in 2015 (compared to 76% in Tanzania)⁸. In addition, phone ownership is still low, particularly among women, implying that greater mobile penetration could widen the gender gap in financial inclusion unless gap in mobile ownership is addressed.

[1] IMF and World Bank: GDP estimates (2012) [2] World Bank, CSA, and NBE, LSMS: Integrated Surveys on Agriculture Ethiopia Socioeconomic Survey (ESS), (2017) [3] UNCDF/Dalberg Country Assessment Survey (May 2017) [4] World Bank: Gender Data Bank (2011 data) [5] UNCDF/Dalberg Focus Group Discussions [6] World Bank, Findex, (2014) [7] Girl Hub: Girls and Income Growth in Ethiopia (2013) [8] World Bank: International Telecommunication Union, World Telecommunication/ICT Development database (2015)

Executive summary (3/6)



In terms of requirements, ID requirements are challenging for migrant women, whereas, access to retail bank loans for high growth women entrepreneurs are particularly challenging. For most women, ID does not appear to be a barrier for opening an account given pressure on banks to meet account opening targets mean alternative requirements like a letter from the kebele¹ are often accepted. However, where National Bank of Ethiopia (NBE) requirements for photo ID are enforced, women are disadvantaged given that only 58% of surveyed women report owning one². Migrant women may also be at a particular disadvantage given the requirements for a release letter to obtain a kebele ID whereby women need to give up any rights to inherited property. The National ID system is a key agenda item for NBE and efforts can be made to support gender sensitivity in its design and roll out. Regarding bank loans, the NBE allows unsecured loans and lets banks determine collateral amounts but banks require up to 200% collateral for loan approvals. Property is the most common form of collateral required, but only 11% of women own a house, compared with 26% of men due to traditional inheritance practices³. Lessons can be learned from the WEDP program implemented by World Bank, which is piloting psychometric testing to assess credit worthiness, instead of relying on collateral. Furthermore, pilots to introduce use of land or livestock as collateral are underway, but this may disadvantage women given that 12% and 15% of women own land and livestock respectively compared with 29% and 32% of men⁴.

Usage, Control and Agency: Key Constraints and Enablers

In terms of product usage, women's financial lives revolve around daily expenses and unpredictable expenses such as emergencies. Women primarily save and borrow informally, relying heavily on friends and family as well as equbs (rotating savings group) to meet their needs. Women save to meet daily expenses and to prepare for emergencies such as death of a spouse, which increases their financial burden as they become head of the household. In contrast, borrowing is rare, and viewed as a last resort if not for business; only 14% of surveyed women noted that they had borrowed in the last year². Although insurance may be able to meet emergency needs, penetration is low with less than 1% of women using insurance, primarily driven by limited awareness (only 32% of surveyed women have ever heard of insurance)². Beyond product usage, <50% of surveyed women report sole control of loans but 68% report sole control of savings. >70% of women surveyed report improvements in confidence and decision-making because of savings.

Overall, Ethiopia's financial system is small but there are pockets of gender sensitive innovation. For example, Enat Bank has been created specifically to address women's needs. Both Enat Bank and CBE offer women's savings products. As FSPs are beginning to engage in agent banking and mobile banking (as per NBE's recent directive) there is an opportunity to integrate gender sensitivity right at the outset. **Furthermore, NBE does not yet require FSPs to collect sex disaggregated data but this initiative is underway.** As NBE rolls out its M&E system which will require collection of sex disaggregated data there is an opportunity to ensure that it is designed in a way that is gender sensitive.

[1] Kebele's are the lowest form of administrative unit in Ethiopia; [2] UNCDF/Dalberg Country Assessment Survey Data (2017) [3] World Bank, CSA, and NBE, LSMS: Integrated Surveys on Agriculture Ethiopia Socioeconomic Survey (ESS) (2017) [4] Girl Hub: Girls and Income Growth in Ethiopia (2013)

Stakeholders for greater gender financial inclusion

In the stakeholder landscape, **(i) civil society and international organizations are primarily focused on addressing constraints as it relates to social norms.** Other clusters of activity revolve around developing women's financial and business capabilities especially linked to informal savings groups; **(ii) interventions on the supply side are limited,** but there are pockets of innovation such as ENAT bank and CBE which are creating tailored savings products for women; however supply-side interventions are sparse leaving lots of room to get engaged particularly as agent banking and mobile banking are just beginning to be implemented. **(iii) Gender is a key agenda item for the government,** and it is one of the key pillars of the GTP (growth and transformation plan), but there is room for greater coordination across ministries and development actors. NBE has many initiatives in the pipeline such as the national ID, tiered KYC, movable collateral registry etc. but they will need support to ensure that these initiatives are not delayed and they are gender sensitive; **(iv) private sector initiatives are extremely limited,** but opportunities exist to ensure the upcoming 9 industrial parks in the textile sector are gender inclusive, given that most employees will be women.

Recommendations

Our analysis has identified (i) **the supply of products and services tailored to women** and (ii) **promotion of the use of sex-disaggregated financial inclusion data as strategic focus areas.** Key sectors for strategic focus have been identified as women SME and employees. Please note, many of these activity recommendations need to be collectively implemented to be effective. UNCDF can play a critical role in bridging silos and bringing stakeholders together. To deliver on these focus areas, the following activities are recommended.

1. Supply-side recommendations:

Access / Usage

- a. Coordinate with LIFT to understand / share learnings on gender sensitivity in using land for collateral in Ethiopia. Additionally, pilot a lending program building on LIFT's results, providing technical assistance to raise awareness among both banks and women farmers
- b. Build the business case for sex-disaggregated data collection around customer experience and analysis around FSPs access targets, and use as an advocacy tool, in conjunction with capacity building, to some of the larger and dynamic banks and MFIs (e.g. working via AEMFI for MFIs) to create products, services and marketing that are tailored to the needs of women. Identify and advocate to funders to support FSPs develop an electronic platform to collect the data.

1. Supply-side recommendations (continued):

Access / Usage

- c. In the short-term, compile 'good' practices about mobile money from more mature markets such as Tanzania and anchor around key lessons for uptake amongst women. In the medium to long-term, provide technical assistance and advocate to retail banks and mobile money operators (especially ones such as CBE and Awash) to expand agent and mobile banking as well as to incorporate gender sensitivity trainings, based on 'good' practices from other countries, as they roll-out agent banking and mobile banking.
- d. Partner with WEDP and UN Women to expand the pilot program using psychometric data for credit assessments by building the business case for FSPs to expand the use of psychometric data for assessing credit worthiness, and reducing their reliance on collateral specifically for growth oriented entrepreneurs. Launch an innovation fund to incentivize FSPs to pilot alternative credit assessment using this data
- e. Research women's primary insurance needs and launch an innovation fund to pilot women-focused insurance offerings around crop insurance and for farmers and health/life insurance for all women; co-design tailored products given surveyed women save mostly for emergencies
- f. Advocate for increased gender diversity by promoting women's employment with FSPs, their value chains and in the ministry/ NBE, to support more gender sensitive policy making

2. Demand-side recommendations:

Access/Usage

- a. Broker partnerships with organizations such as Care, PACT etc. who are working on promoting savings culture among women and FSPs promoting expansion of these services to integrate non-financial services, including expanding existing curricula to girls in addition to women and offer trainings on the benefits and use of mobile money and agent banking
- b. Advocate to the ministry of education for the inclusion of financial literacy trainings in secondary schools and TVET institutions to start teaching girls about managing finances at a young age including skills such as developing an understanding of the purpose of FSPs and helping women/girls develop a habit of using these institutions

Executive summary (6/6)



3. Enabling environment recommendations:

Access/Usage

- a. Provide technical assistance and capacity building to NBE to ensure new financial regulations and infrastructure (e.g. tiered KYC for commercial banks, national ID, credit registry etc.) are gender sensitive and consider needs/barriers impacting various segments of women such as migrants/domestic workers
- b. Create a platform for cross dialogue between the ministry of women, ministry of finance and the ministry of health to incorporate learnings from the success of 'the women's army' in the ministry of health which successfully mobilized women to provide health services. These learnings can help with providing sensitization of the new land law and with financial literacy training.
- c. Advocate to key supply chain actors such as companies working in textile supply chains and their business associations starting with textiles industrial parks, and expanding to the horticulture industry, to facilitate partnerships between banks and employers to develop savings products for women and supporting women with account opening and other financial inclusion related constraints e.g. alternative ID to support employers to set up digital payment of wages into financially inclusive accounts
- d. Support the implementation of the national financial inclusion roadmap to ensure it is gender sensitive, by facilitating public private dialogue on the strategy implementation with gender expertise/ and women representatives of diverse stakeholder groups

Control

- a. Convene development actors, donors and government to share 'good' practices from efforts to shift social norms, including 'transformative household' approaches, and build roadmap on way forward especially to address norms around inheritance practices

Finally, several research questions have also emerged, pointing towards a broad learning agenda for Ethiopia:

Demand

- What are the specific risks that women face and what kinds of insurance would be necessary to meet these needs?
- Building from FGDs, what characterizes women's and girls' financial needs and behavior across segments and what types of products and services could meet these needs? (partnering with SPRING to research the needs of girls can help answer some of these questions)

Supply

- What is the context specific business cases for FSPs in Ethiopia to serve different segments of women and girls?
- What 'good' practice is emerging from the corporate sector in other contexts e.g. Bangladesh in terms of women inclusive supply chains with regards to financial inclusion, and what is the context specific business case for doing so in Ethiopia among identified supply chains?

Enabling Environment

- What 'good' practices and enabling policies are required to ensure the development of a gender-sensitive ID system (with a focus on ensuring it is not a barrier for migrant women), credit bureau and tiered KYC?
- What is the evidence around effective interventions required to support uptake and usage of digital financial services by women, including digital literacy training and female agents and how should they be integrated?
- What is the level of women's participation in the financial sector, and what are the existing levels of institutional policies and practices to enhance gender diversity in the workforce and leadership of the financial sector providers and policy makers?

Table of Contents



Context, background and methodology

Introduction

Access

Usage, Control and Agency

Stakeholder analysis

Recommendations

Annex

UNCDF in Ethiopia has been working on 'last mile finance models



Background

- UNCDF has been present in Ethiopia since 1982, executing local development and financial inclusion programmes to provide financial services and endorse economic activities at the local level
- Currently, UNCDF Ethiopia is under the aegis of the United Nations Development Assistance Framework (UNDAF) framework for coordinated, cooperative action among different UN agencies. The UNDAF 2017-2020 framework works in close collaboration with the Government's 7th Five Year Plan 2016-2020, to advance the Sustainable Development Goals.
- UNDAF's operative agenda includes policy and advocacy, capacity development, technical assistance and facilitation of partnership building, which keeps the government central to its efforts.

UNCDF's current focus in Ethiopia

UNCDF in Ethiopia has a major strategic focus on inclusive finance, particularly with 'last mile' finance models that further the use of public and private resources domestically to ensure economic development

The Financial Inclusion practice is currently implementing two programs:

- **CleanStart:** In collaboration with the Ministry of Water, Irrigation and Electricity, the Development Bank of Ethiopia and UNDP/GEF's Promoting Sustainable Rural Energy Technologies (RETs) for Household and Productive Uses projects. It provides risk capital and technical assistance to financial service providers and energy enterprises on a regional or national level
- **Programme for Inclusive and Rural Finance (PIRUF):** UNCDF is in the process of starting up the Programme for Inclusive and Rural Finance (PIRUF). The PIRUF aims to support the implementation of the Government of Ethiopia's Financial Inclusive Strategy, and to expand access to financial products and services for underserved and underbanked women, youth, rural households and SMEs.

UNCDF is seeking to understand country access, usage & control issues affecting women & girls



CONTEXT AND BACKGROUND

- **UNCDF is seeking to gain a deeper understanding of country specific issues that women and girls face to access and use financial and non-financial services to enhance their economic opportunities**
- The assessment will examine **access and agency** as well as the **supply, demand-side and structural barriers** that women and girls face when accessing and using financial services.
- The outputs of this development results focused research are i) **country assessment tool** and ii) **the individual country assessments** conducted using that tool. These will be considered a public good

OBJECTIVES OF STUDY

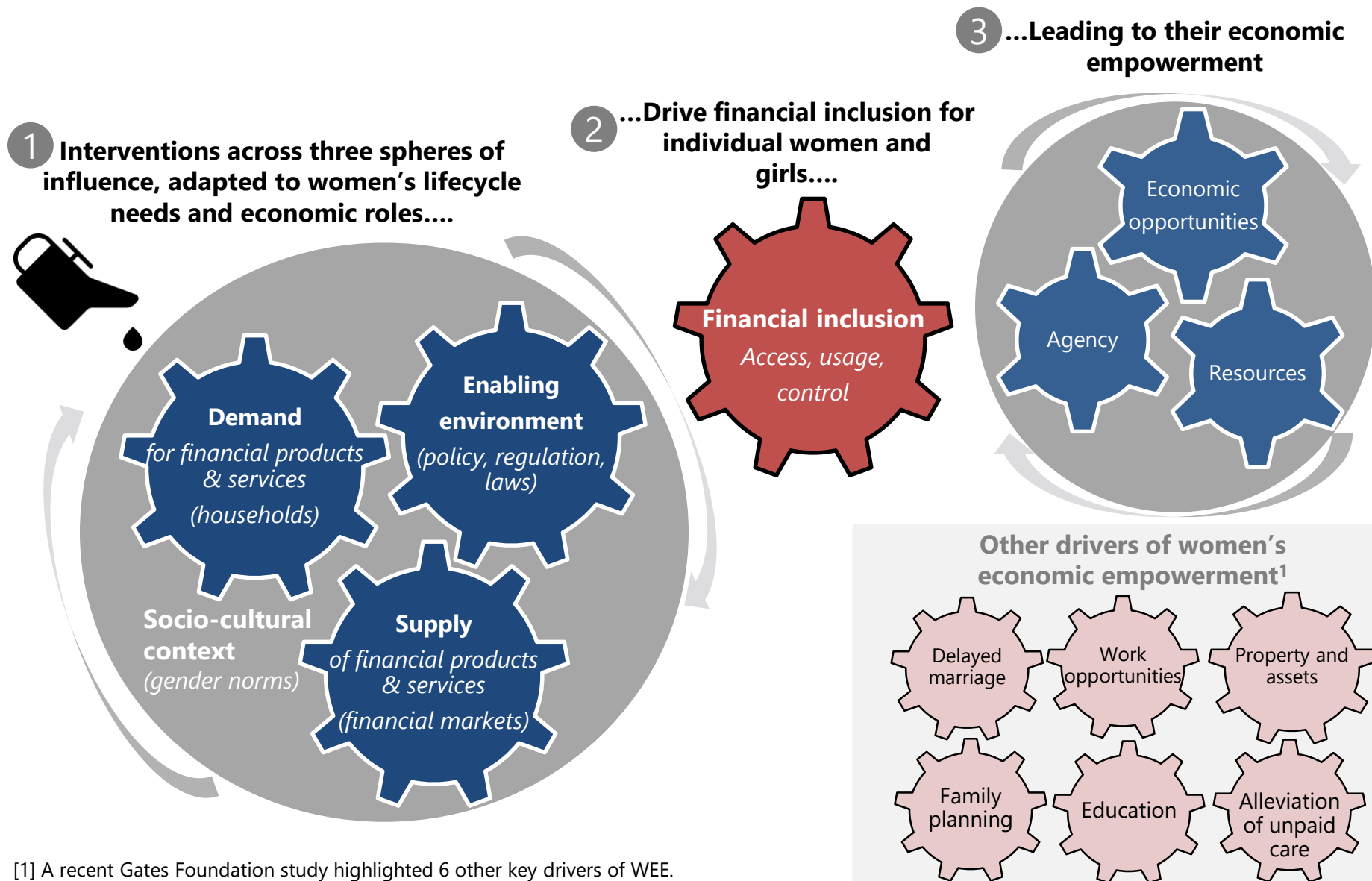
- The objectives of the study are to:
 - 1) **Develop a tool** to conduct a country assessment on financial inclusion access and agency² for women and girls in advancing their economic participation; and
 - 2) **Conduct country specific assessments** in 5 countries including Tanzania, Senegal, Ethiopia, Bangladesh and Myanmar.
- This is the **Ethiopia** report

Following this study, UNCDF will build on the findings of the country assessments and the global framework to start operationalizing the PoWER¹ platform

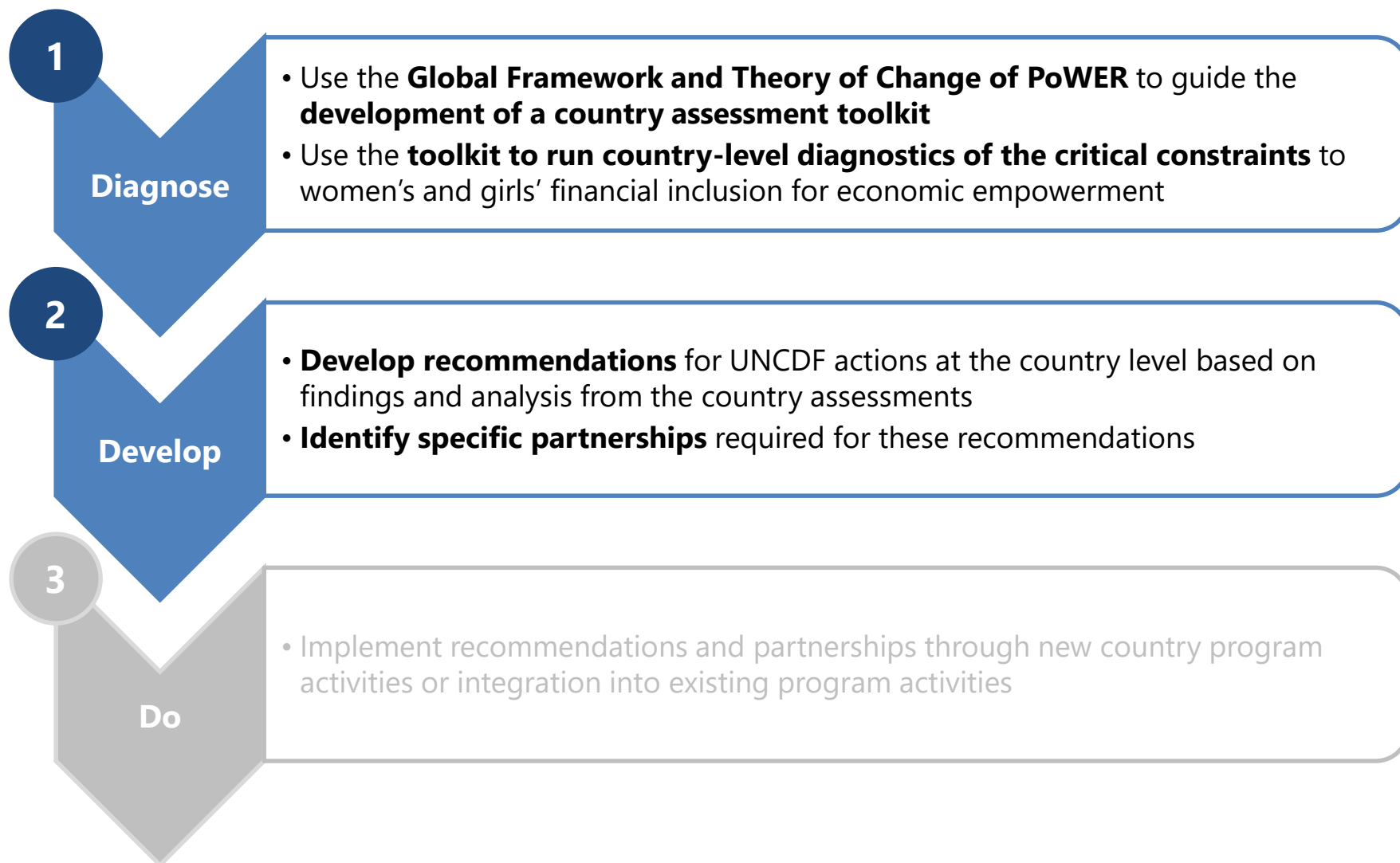
[1] Participation of Women in the Economy Realized

[2]] The definition of agency in the financial inclusion context refers to controlling the benefits of financial product & service use.





The PoWER analytical framework anchors on supply, demand, & enabling environment



The operationalization of PoWER will be part of a 3 stage process; this report focuses on stages 1 & 2






The PoWER toolkit was built around this framework to bring together insights across sources

	Tool	Description	Source
	DESK RESEARCH	Secondary data capture tool to collect existing public information	Country level research and datasets by international/ local financial inclusion actors
	KEY INFORMANT INTERVIEWS	Semi-structured interview tool to validate and poke holes in desk research information	22 interviews with FSPs, governments, civil society and industry associations (20 targeted) conducted in June 2017
	HCD INSPIRED FOCUS GROUP DISCUSSION	Primary qualitative interview tool to elicit a conversation around needs, barriers and motivations	5 FGDs with women farmers, entrepreneurs, employees and adolescent girls (in and out-of-school) conducted in June 2017
	QUANTITATIVE SURVEY	Primary quantitative survey tool to quantify key indicators of constraints and enablers building off of existing Findex/Finscope/Financial Inclusion Insights questionnaires	Survey with 400 women and girls (rural/urban, married/unmarried, age) conducted in May-June 2017

The PoWER toolkit methodology combines and prioritizes the insights gained from each of the four tools into evidence-based findings and recommendations

A survey was conducted among 400 women across Ethiopia, representative of geographical distribution

Regions	Sample size
TIGRAY REGION	20
AFFAR REGION	20
AMHARA REGION	101
OROMIA REGION	140
SOMALI REGION	20
BENISHANGUL-GUMUZ REGION	-
S.N.N.P REGION	79
GAMBELLA REGION	-
HARARI REGION	-
ADDIS ABABA CITY ADMINISTRATION	22
DIRE DAWA` CITY ADMINISTRATION	-
ESPECIAL ENUMERATION AREA	-
TIGRAY REGION	400
AFFAR REGION	20
AMHARA REGION	20
Total	400

	Age group (years)	Percentage
	<26	54%
	26-50	42%
	50+	4%



	Geography	Percentage
	Urban	16%
	Rural	84%

Table of Contents



Context, background and methodology

Introduction

Financial inclusion macro snapshot

Financial inclusion micro snapshot: "who is she?"

Access

Usage, Control and Agency

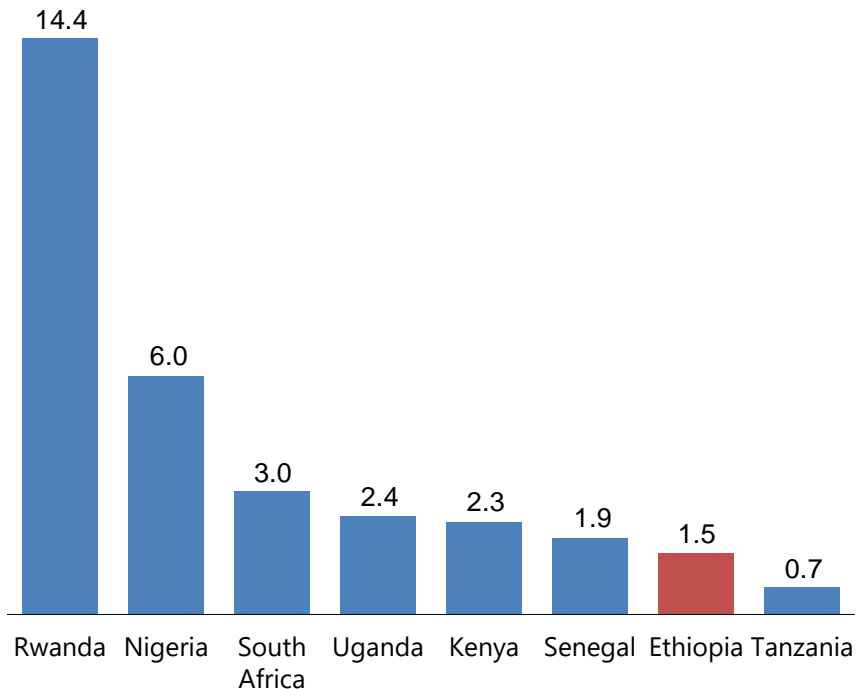
Stakeholder analysis

Recommendations

Annex

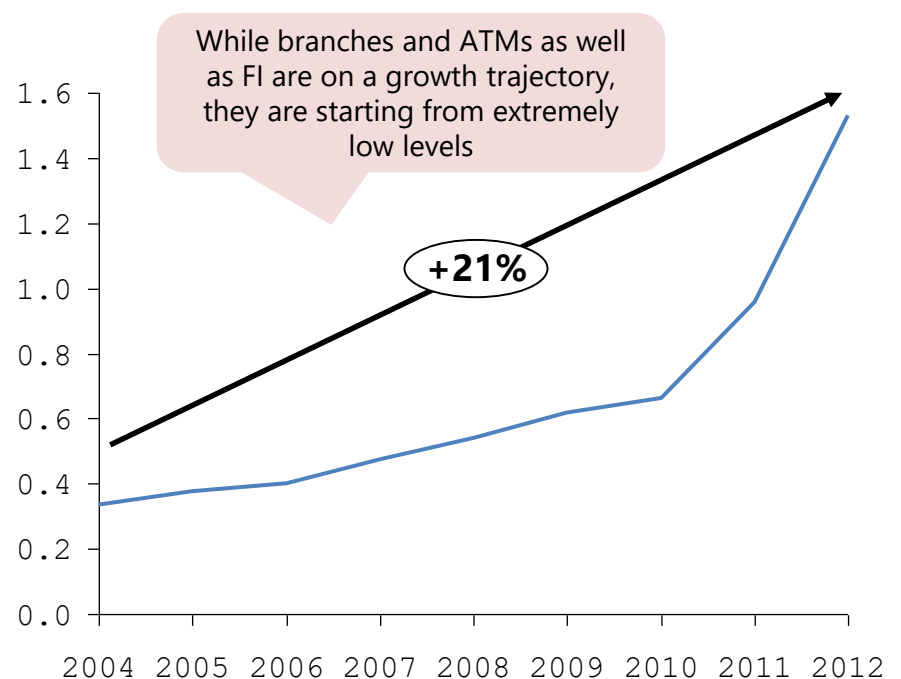
Financial inclusion is increasing in Ethiopia, but still remains low compared to SSA

A comparison of the number of bank branches per 100,000 people across countries in 2012¹



- **Ethiopia lags behind the rest of the continent with only 1.5 branches per 100,000 in 2012 compared to an average of 8 branches per 100,000²**

Growth in number of bank branches per 100,000 people in Ethiopia (2004-2012)¹

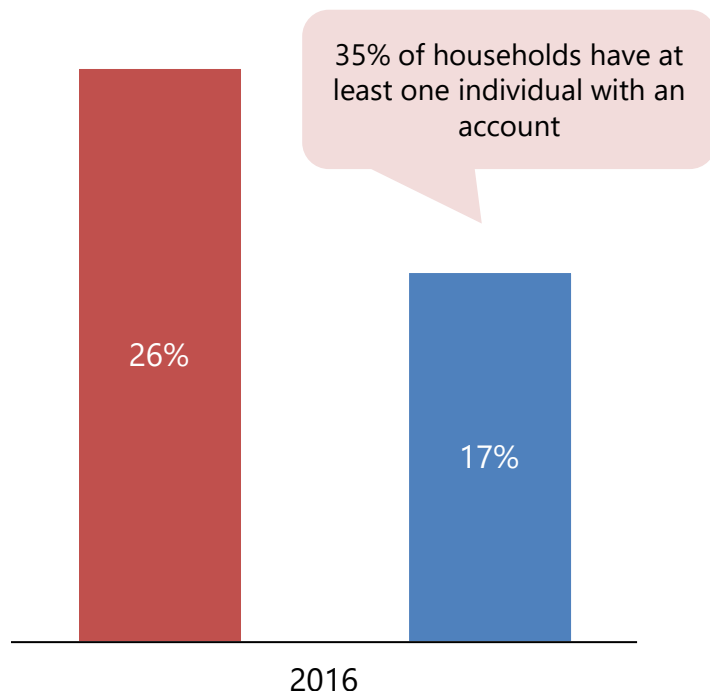


- As there is a push to rapidly expand to rural regions, financial inclusion is increasing (compounded growth of 21% from 2004 to 2012)
- As of 2014 there were about 2.94 bank branches per 100,000 and 0.46 ATMs per 100,000²

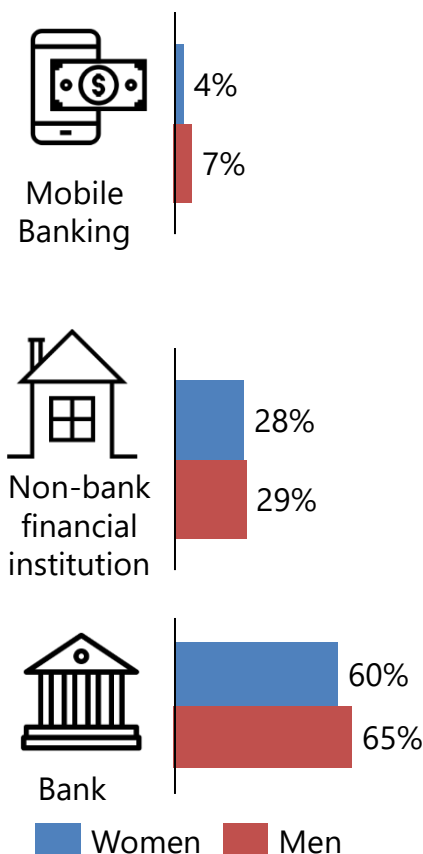
The gender financial gap stands at 9% point difference, driven by the gap in bank use¹

Registered financial service use by gender (% of adults n=4,954)¹

■ Men ■ Women



Financial product account ownership by gender (% of adults n=4,954)¹



Although number of adults with mobile money accounts increased, it is still less than 10% with a 3% point difference between men and women

About 28% of adults use non-bank financial institutions. This is dominated by MFIs which account for about 90% of the total non-bank use

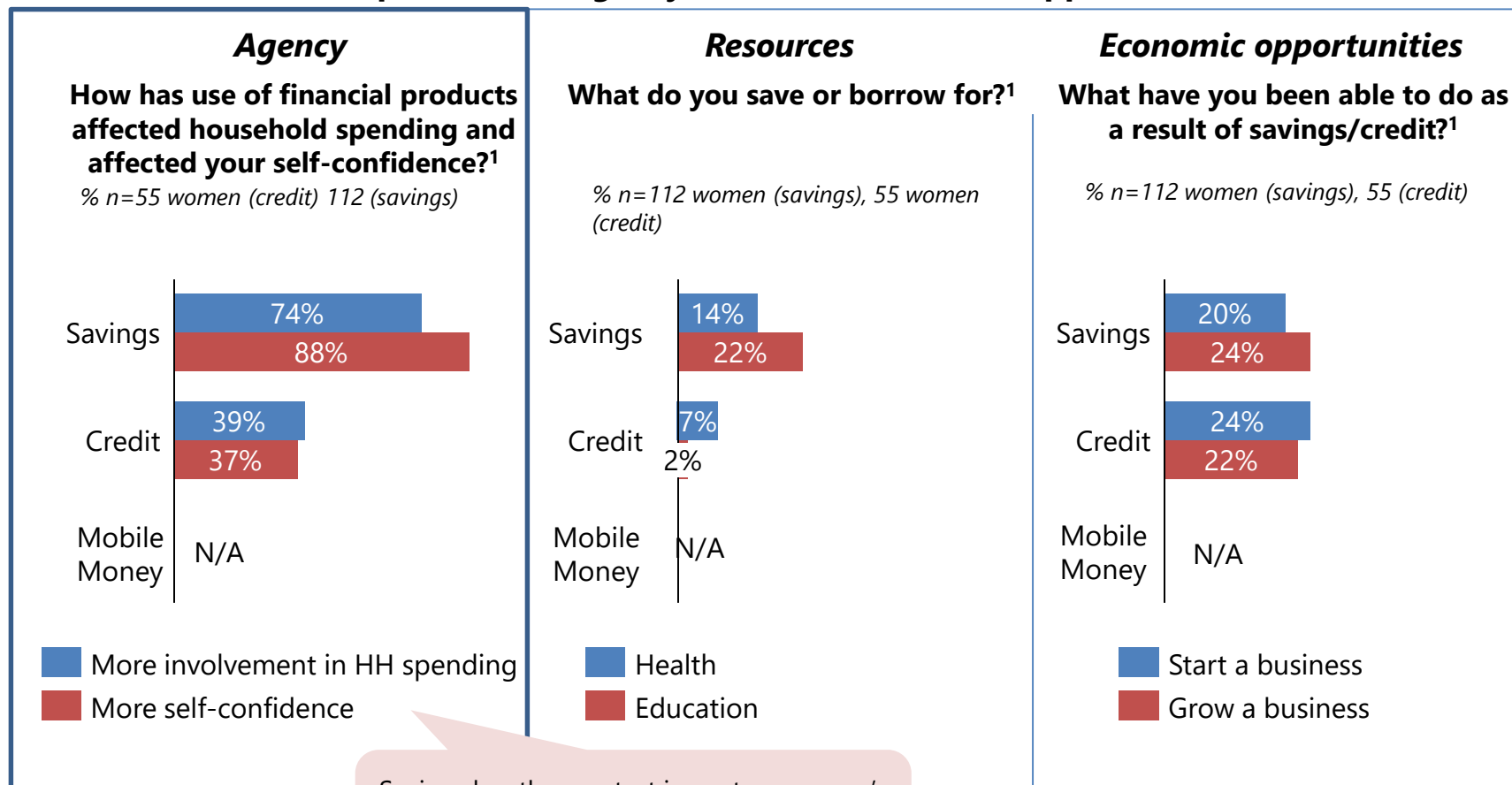
Unlike many other countries, banks are the primary access point for most Ethiopians. 60% of women and 65% of men have bank accounts

Financial inclusion in Ethiopia is very low for both men and women, but it is important to ensure that the gender financial gap does not continue to widen

[1] World Bank, CSA, and NBE, LSMS: Integrated Surveys on Agriculture Ethiopia Socioeconomic Survey (ESS) (2017)

And greater financial inclusion, especially savings, substantially contributes to improving women's agency

Measuring how financial inclusion relates to three components of women's economic empowerment: agency, resources, economic opportunities*



Savings has the greatest impact on women's self confidence and involvement in household spending

Table of Contents



Context, background and methodology

Introduction

Financial inclusion macro snapshot

Financial inclusion micro snapshot: “who is she?”

Access

Usage, Control and Agency

Stakeholder mapping

Recommendations

Annex

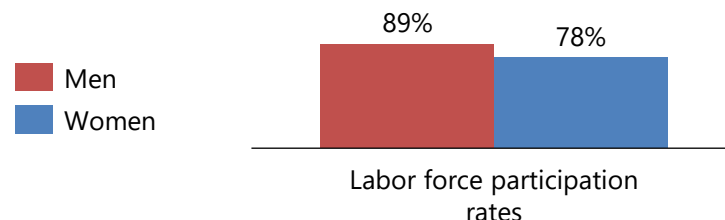
65% of women are engaged in agricultural activities; 3% of women get into formal employment

Key country statistics

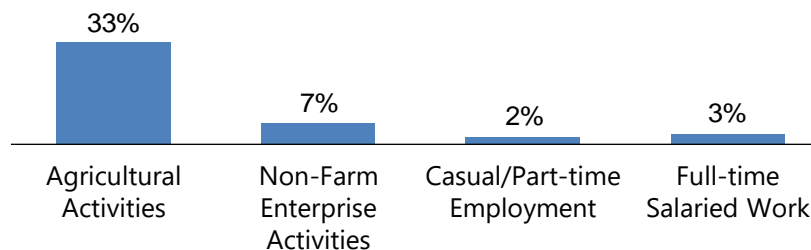
- **Population:** 102 million¹
- **Religion:** Dominated by Ethiopian Orthodox 43.5%, and Muslim 33.9%¹
- **Ethnicities:** Over 10 ethnicities – Oromo is the largest at 34%¹
- **Poverty rate:** 37% of the population lives below the income poverty line (ppp \$1.25)²
- **Urbanization:** 19.5% of total population lives in urban areas with a 4.9% rate of urbanization¹
- **Female Demographic:** 49% of the population is female, 26% of households are headed by females³
- **Age at marriage:** The average age of marriage is 21 but 41% of women are married by age 18³
- **Life expectancy:** 59.8 for males and 64.7 for females¹
- **Age at childbirth:** median age at first birth among women 25-29 is 19.6 years¹
- **Sex ratio:** 1.03 male(s)/female¹
- **Age Structure:** 44% of the population is between 0-14 years, and 20% is between 15-24 years¹

Over 50% of surveyed women highlighted that their occupation was their own preference whereas 20% noted that it was due to their childcare responsibilities⁷

Labor force participation by gender (2015)⁴

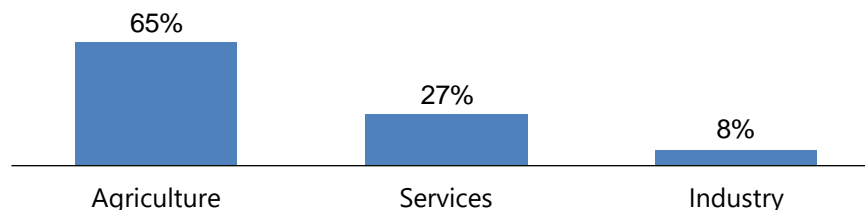


Female labor force participation by type (n=4,954)⁵



Salaried jobs are more common in large towns than in small towns and rural areas; participation is also **higher among men than women**

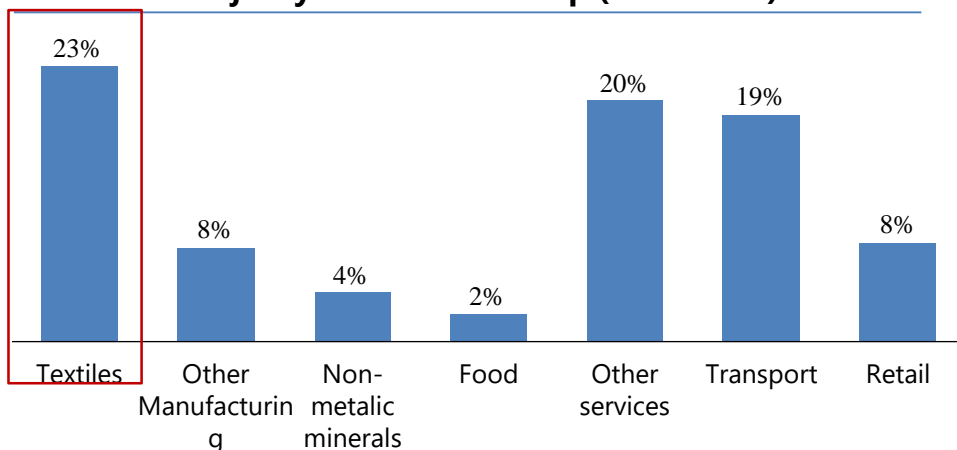
Economic sectors by female employees (2013)⁶



[1] CIA World Factbook (2017) [2] UNDP: Human Development Report (2015) [3] World Bank Gender Data Bank (2011 data) [4] ILO: Labor Force Participation (2015) [5] World Bank/World Bank, CSA, and NBE, LSMS: Integrated Surveys on Agriculture Ethiopia Socioeconomic Survey (ESS) (2017) [6] ILO: Key Indicators of the Labor Market Database (2013)

Women own 16% of businesses; their ownership participation is greatest in the textiles sector

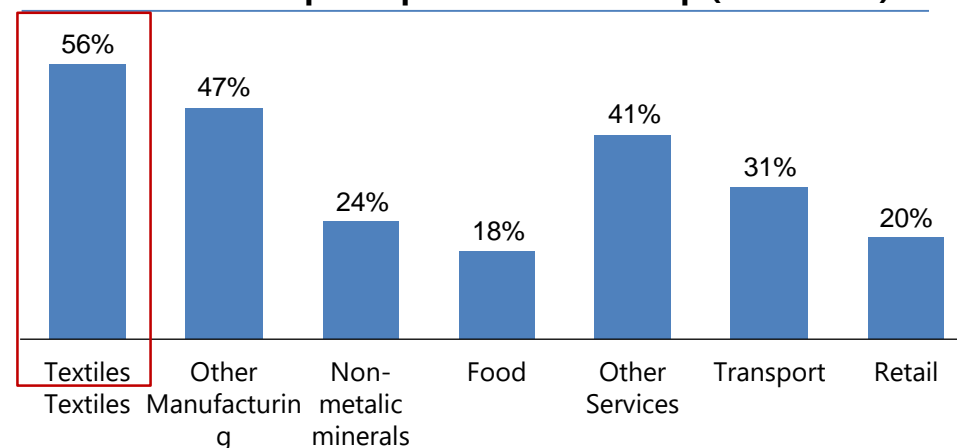
Firms with majority female ownership (% of Firms)¹



Manufacturing

Services

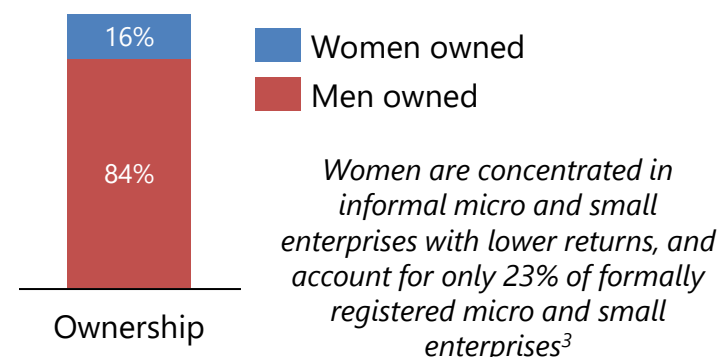
Firms with female participation in ownership (% of Firms)¹



Manufacturing

Services

Ownership of firms by gender (% of Firms)²



- 36% of firms have women participating in a firm's ownership structure¹
- However, **only 4.5% of firms have women in the top management positions** and 16.5% of them have female majority in their ownership¹
- Female ownership participation is greatest in the textiles sector (**23% majority female ownership and 56% participation in ownership**)¹
- Ethiopia has significant **differences in profitability between female-owned and male-owned enterprises** (Women farmer enterprises are 26% points more profitable than men's)²

Women face financial challenges during, raising children, employment, migration, and early marriage



Typical lifecycle stages and financial challenges for women

Stages do not all occur in order e.g. early marriage precedes income generation and some are skipped e.g. secondary to higher education

Early marriage often associated with leaving school, a period where women experience an increase in rising financial responsibility to pay for the wedding and within the household (e.g. Rent, food, etc.) to support their spouses

Meeting educational (exam/school fees, uniform costs), health expenses of children and other family members, and household related expenses (e.g. Food)

Paying for funeral related expenses which typically involves 3 days of feeding those who come to pay their respects

Primary to secondary school
3-20 years

(Early) Marriage
10-17 years

Childbirth
15-40 years

Raising children
15-40 years

Spousal death
15-60 years

Secondary to Higher Education
14-20 years

Employment
18-40 years

Migration
25-34 years

Caring for family/ community
15-40 years

Ageing to death
60-80 years





Given continued rising cost of living, which is disproportionately outpacing the rise in wages, women struggle to 'make ends meet' and often look to start their own businesses to have more control of their income

Paying for transportation (e.g. Bus or plane fare), visa fees, and other associated costs e.g. payment to agency facilitating logistics when traveling to the middle east in search of employment. Although exact number is unknown it is estimated to be about 130,000 women a year¹

Key: ■ Key lifecycle stages ■ Financial challenges of key stages □ Other stages and financial challenges

Source: UNCDF/Dalberg FGD discussions [1] Maastricht Graduate School of Governance; Migration in Ethiopia: History, Current Trends and Future Prospects (2009); figure may be higher given the rates of illegal migration is hard to measure

Their financial needs are largely unmet; coping mechanisms fill formal product gaps

	Marriage	Employment	Migration	Raising Children
Usage of financial products/ coping mechanisms	 <ul style="list-style-type: none"> Sell assets Save at home or in a financial institution Ask help from friends and family to cover wedding related costs 	 <ul style="list-style-type: none"> Finding a supplementary income by starting a side business or becoming an entrepreneur Using saving (formal and informal) s to sustain living costs 	 <ul style="list-style-type: none"> Borrow informally from social networks Save at home Rely on illegal migration methods to avoid paying agency fees 	 <ul style="list-style-type: none"> Rely on husbands to help fill the gaps Use long-term informal savings Borrow informally from social networks
Key Financial Needs/ Expenses	<ul style="list-style-type: none"> Wedding expenses Initial expenses of 'new household'(e.g. Paying for smaller household items such as furniture) 	<ul style="list-style-type: none"> Spikes in living costs due to shocks in life such as spousal death, increase in rent etc. Capital to scale business ideas 	<ul style="list-style-type: none"> Travel costs (e.g. plane or bus fair) to travel from rural region to cities and/or to travel out of Ethiopia Agency costs to facilitate visa, and find employment opps. 	<ul style="list-style-type: none"> Daily household expenses (e.g. food) Education expenses of children Medical expenses of husbands, children and other family members
Unmet needs/ product gaps	<ul style="list-style-type: none"> Awareness raising with families on non-marriage economic opportunities for daughters Commitment savings products to meet marriage related expenses 	<ul style="list-style-type: none"> Small, inexpensive capital injections for initial working capital Financial literacy and strategic direction for small businesses 	<ul style="list-style-type: none"> Small loans with flexible terms to cover increased capital needs at the time of migration Commitment savings products to meet migration related expenses 	<ul style="list-style-type: none"> Products to smooth consumption in times of financial shocks such as sudden illness, desertion by husbands/other family members Medical insurance Low interest education loans



Mainly formal products



Mix of formal products and informal coping mechanisms



Mainly informal coping mechanisms

Women's economic roles also expose them to distinct financial needs and challenges

Data from 2016 shows that enrolment rates for females are 64% in primary school¹



In-school girls

The prevalence of early marriage (41% of girls are married by age 18⁷) reduces girls' chances of accessing higher education



Out-of-school girls

Labour force participation of women is 11% less than men.³ The majority of women work in informal sectors such as domestic work. The accessible jobs for women are typically lower-productivity jobs compared to men.⁴



Employees



SME Entrepreneurs

On average, female-headed households are less likely to own and operate land, than male-headed households. Women are also more likely to have joint ownership of land (18% difference), whereas sole ownership is more common for men⁴



Farmers

Girls are often responsible for domestic chores (average of 23 hours per week⁸), which interferes with schooling.²

The drop-out rate for females is high. In 2009, only 41% of girls completed primary school and there were only 30% enrolled in secondary school³






Females aged 15 to 24 receive the lowest wages relative to males (66% of the male wage in the public sector and 56% in the private). The gap has increased for this age group since 2006⁴

Women entrepreneurs tend to be less successful than men (only 22% succeed⁹) because they typically start from a more difficult situation lacking in access to finance, land, training, education, or effective business networks⁵

An estimated 46% and 74% of all working women (aged 15-49) and men of the same age, are engaged in agricultural occupations⁶

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These women segments need to meet recurring expenses & cope with financial shocks with limited formal means

	In-School Girls	Out-of-School Girls	Employees (Cleaners)	SME entrepreneurs	Rural farmers
Usage of financial products/ coping mechanisms	 <ul style="list-style-type: none"> • Saving at a bank or at home • Heavy reliance on financial support from family 	 <ul style="list-style-type: none"> • Dropped out of school and married • Group savings (equb* and VSLA) • Heavy reliance on husband/family 	 <ul style="list-style-type: none"> • Using long-term savings to support daily expenses • Taking multiple jobs • Migrating to the middle east 	 <ul style="list-style-type: none"> • Loans from MFIs and banks • Borrowing from family, friends & neighbours for working capital 	 <ul style="list-style-type: none"> • Engaging in income generating activities (e.g. Petty trade and renting out land) • Group savings (equb* and VSLA)
Key Financial Needs	<ul style="list-style-type: none"> • Educational costs especially for higher education (books, uniform, living expenses, transportation etc.) • Savings for living cost in-school 	<ul style="list-style-type: none"> • School fees to be able to continue education • Financial shocks such as sickness and death • Expenses for children's education 	<ul style="list-style-type: none"> • High liquidity needs to pay for rent, and education fees • Housing costs (rent or purchase) • Financially supporting external family 	<ul style="list-style-type: none"> • Expenses for children's education • Larger loans to grow and develop businesses 	<ul style="list-style-type: none"> • Crop input costs • Expenses for children's education • Household expenses (e.g. Food, chickens etc.)
Unmet needs/ product gaps	<ul style="list-style-type: none"> • Low interest education loans to cover non-tuition expenses • Commitment savings products to meet education expenses 	<ul style="list-style-type: none"> • Low interest education loans • Commitment savings products to meet education expenses • Tailored health and life insurance 	<ul style="list-style-type: none"> • Housing loans with flexible repayment terms • Access to information, capital and training to start businesses 	<ul style="list-style-type: none"> • Loan products with flexible terms (e.g. Repayment, duration, collateral) • Business skills training to help scale businesses • Loan management trainings 	<ul style="list-style-type: none"> • Flexible smallholder agricultural loans • Tailored weather-based insurance • Trainings on loan management and bank/MFI offered financial services



Mainly formal products



Mix of formal products and informal coping mechanisms



Mainly informal coping mechanisms

Each segment can be characterized by persona highlights of their financial hardships¹

In-School Girls



"My mother doesn't work, my father doesn't want her to work outside of the house"

Sahada is 17 years old and she is looking to finish high school but she's **afraid that she won't have the marks to make it to university**. She has one younger brother, her father works in construction and her **mother is a housewife**. A significant portion of her time is spent **helping her mother at home**.

Out-of-School Girls



"My fear is that my child will not be able to finish school and will have the same life I had."

Kentu has three brothers and four sisters, three of her siblings never went to school. She **married at 15** to a farmer. Kentu was studying while married but then **she got pregnant when she was supposed to take her university level qualifying exams**. Since there was there was **no one in her family who could support her she dropped out of school..**

Employees (Cleaners)



"This country is not suited for employees, it's only good for large corporations"

Seble came to Addis on her own when her father was imprisoned. She lied about her age saying she was 18 and **left for Dubai to get a job**. She returned to Addis after 7 years and got married and had two kids. Her marriage did not work out so she separated from her husband. She now does **odd jobs cleaning to support her children and her siblings with no other help**.

Entrepreneurs



"My husband believed that as long as I was fed and taken care of I had no reason to leave the house."

Gelaye married young and had a baby when she was 20. **Her husband did not want her to work**, he believed that as a man he was meant to be the breadwinner. When her child turned 5, she decided to separate and leave the country. When she returned she **decided to start a social enterprise working with women, but struggled to find support**.

Rural farmers



"I want to grow vegetables because vegetables are more profitable – it will allow me to live a better life."

Faye's husband died four years after they got married. She has land but she has been **struggling because she has been unable to use it for farming** given her limited money to invest in agricultural inputs. She leased out her land to alleviate some of her financial challenges but she wants to farm vegetables because they are more profitable

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These women and girls face barriers accessing, using and controlling finance

ACCESS

ACCESS POINTS

Deresu lives in rural Amhara region. She opened a bank account when CBE came by her house promoting their products. Even though she was able to open it easily, she has not been able to deposit any money since she has to travel over 1 hour to get to the bank and she has no time given all her household duties.

USAGE

USAGE

Bethlehem has slowly been borrowing and paying back her loans to build her capital. She first took a loan from Addis Microfinance to buy a house. She used the house as collateral to buy a car. She struggled to pay back the loan because the term was too short. Taking a loan in the first place was difficult, she felt like it was a big risk and even now although she knows she has to take more loans to grow it still scares her, especially if her business is unable to perform as expected.

CONTROL & AGENCY

REQUIREMENTS

Lydia needed a loan to finance capital for her business. She wanted to take a bank loan but she was scared of the property collateral requirement,, so instead she borrowed from her family and friends to invest in her business.

SOCIAL NORMS

Rohda used to work but once she got married and had children she quit her job. She wants to eventually go back to school but her husband doesn't want her to work and she is now responsible for paying for all her children's needs

This country assessment report will take access, usage, control and agency issues in turn

Table of Contents



Context, background and methodology

Introduction

Access

Access points and delivery mechanisms

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Annex

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ACCESS

USAGE

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Access is a challenge across the board; informal services have limited capacity and mobile/agent banking is nascent

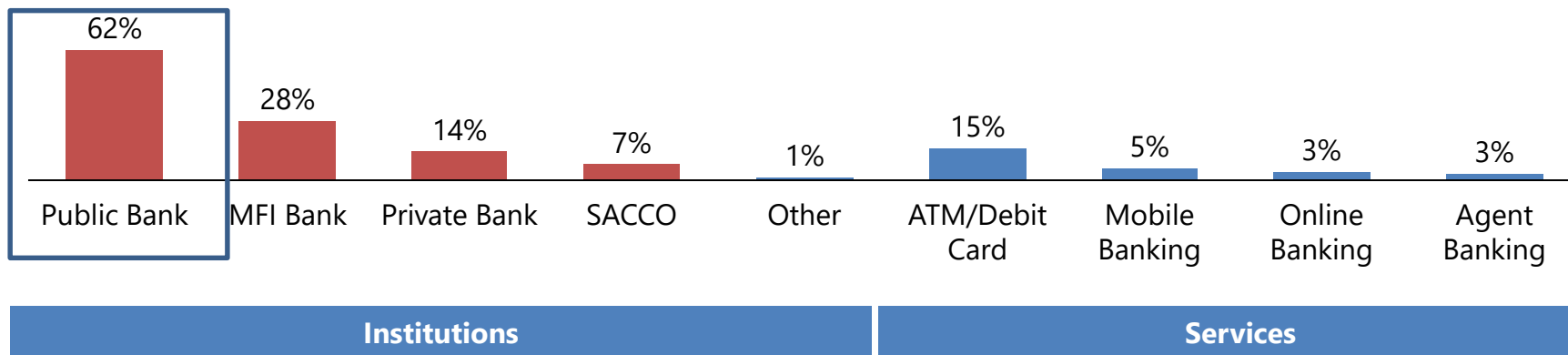


	INFORMAL	RETAIL		MICROFINANCE
	SACCOs	Agent banking /Mobile agents	Brick-and-mortar ¹	Loans + savings + micro-insurance
ENABLING ENVIRONMENT	<ul style="list-style-type: none"> Recent proclamation allows women to start their own cooperatives FI strategy identified cooperatives that need more support Cooperatives are not well regulated 	<ul style="list-style-type: none"> NBE issued a directive allowing financial institutions to conduct the Mobile and Agent Banking Services Directive specified that mobile banking has to be bank led 	<ul style="list-style-type: none"> Strong push from the government to increase the number of bank branches – for every one branch opened in cities, 3 have to be opened in rural areas 	<ul style="list-style-type: none"> The minimum paid-up capital to obtain a microfinance business license is 10 million ETB (~430,000 USD)
SUPPLY	<ul style="list-style-type: none"> There are over 18,000* SACCOs which have high membership numbers but they are generally weak and not able to provide services on a sustainable basis 	<ul style="list-style-type: none"> 2 banks have started to pilot agent banking in 2017 (others are soon too follow); 3 MMOs are currently in operation (Kifiya, Hello-Cash and M-Birr)² 	<ul style="list-style-type: none"> Commercial Bank branch (per 100,000 adults) ratio was 2.94 which is lower than SSA, 8 – On average a person walks 5-15km to access a bank 	<ul style="list-style-type: none"> There are 30 MFIs in Ethiopia, larger ones like ACSI have almost 2,000 access points
DEMAND	<ul style="list-style-type: none"> Although women join SACCOs based on community mobilization efforts, women have little awareness of services offered and utilization is low 	<ul style="list-style-type: none"> Very limited awareness of mobile banking and agent banking PSNP recipients have the most awareness given that use of M-Birr under the social scheme 	<ul style="list-style-type: none"> Banks are primarily used among women in urban areas driven by the lack of banks in rural areas and rural women's lack of financial know-how 	<ul style="list-style-type: none"> Due to increased efforts to reach communities and strong rural presence women are more aware of MFIs
	Not a constraint	Relatively moderate constraint	Relatively acute constraint	

*Although there are a large number of SACCOs their capacity and reach is limited given that they primarily operate in silos and are therefore not useful for women [1] Brick-and-mortar is referring to banks [2] requirement that it has to be bank-led is too restrictive limiting the supply

Unlike many other countries, formal banks are the main access points for Ethiopians

Percent of accounts opened by institution and service type (% of respondents n=4,954)¹



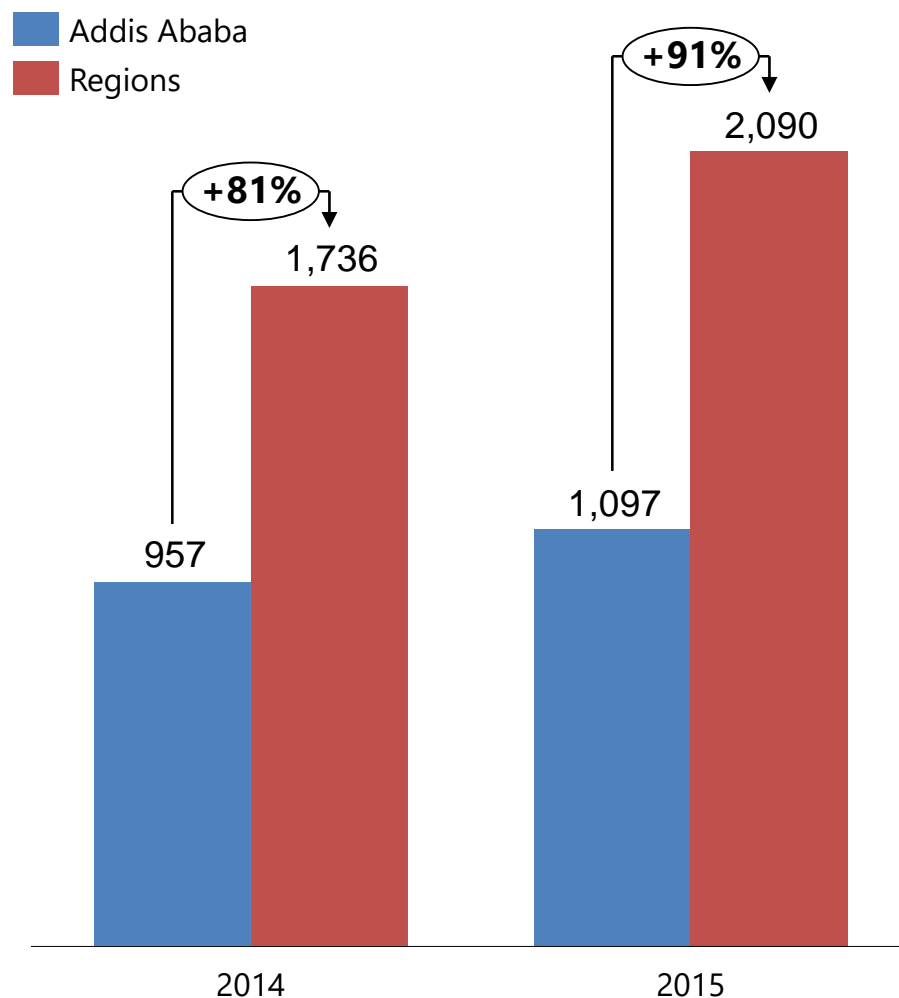
- **Public banks are the main access points because they have aggressive campaigns in addition to rapid expansion** throughout the country (CBE currently has 1150 branches in the country)
- The digital financial service market is nascent and supply is limited. Even when available, frequent service interruptions affect access. For example almost all banks are offering ATM services but ATMs are frequently not working.²
- Although there are around **18,000 SACCOs**, **use is low among both men and women;**² **only 7% of respondents opened an account at a SACCO** suggesting that SACCOs are not optimally organized or able to meet the needs of their members

Since formal banks are the primary access points, the reach of formal banking is largely determining women's current financial access

[1] World Bank, CSA, and NBE, LSMS: Integrated Surveys on Agriculture Ethiopia Socioeconomic Survey (ESS) (2017) [2] UNCDF/Dalberg Key Informant Interviews

The number of bank branches is growing but limited; branches are primarily concentrated in Addis Ababa

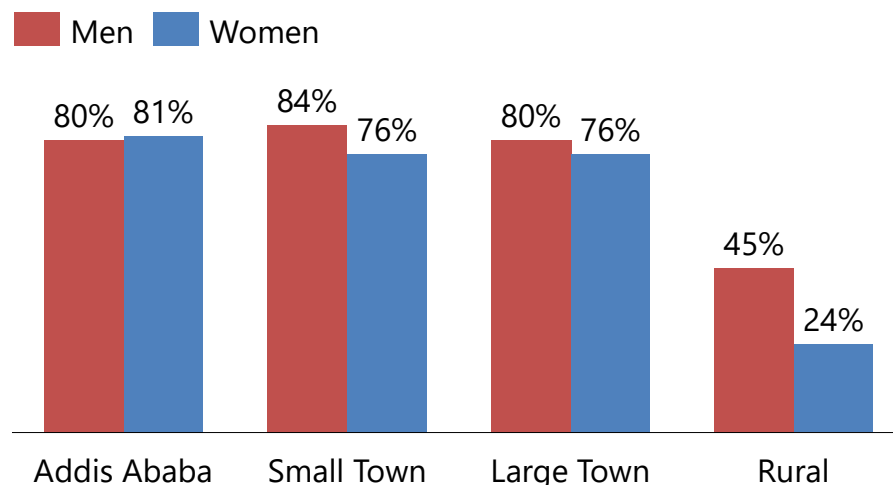
Growth in the number of bank branches (2014-2015)¹



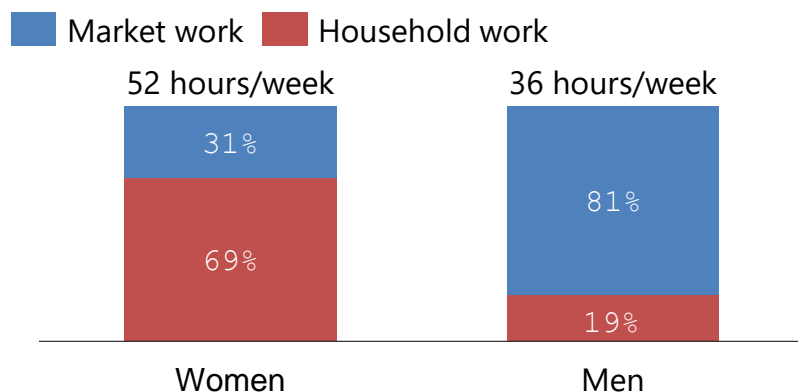
- Ethiopia is still one of the **least banked countries in the world with about 3 bank branches per every 100,000 people (compared to 8 SSA average)**²
- Although there is a growth in the number of bank and insurance branches, they are mostly concentrated in the capital of Addis Ababa - **about 53 percent of insurance branches and 34 percent of all bank branches are in Addis Ababa**¹
- There is a push to expand bank branches – NBE has specified that for every bank branch opened in urban areas, three have to be opened in rural areas; there was a **20% point increase in bank branches in rural areas from 2014 to 2015**
- Insurance branches are also mainly concentrated in Addis Ababa; **while branches are growing in the regions the growth is slow compared to Addis Ababa** (only 11 % point increase in the regions compared to 15 % points in A.A)

The 9% point gender gap is most visible in rural regions, given pressures on women's time and mobility

% who opened accounts at public banks by region & gender
(n=4,954)¹



Time allocation spent on household vs. market work
(n=24,861)²



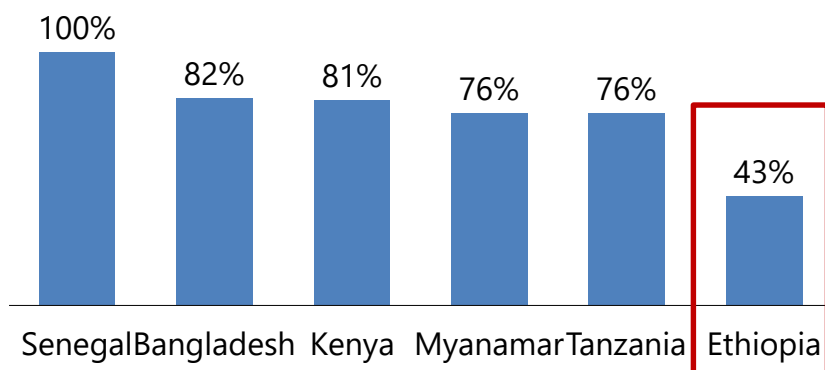
- In rural regions **men open almost double the number of bank accounts, than women; this is likely due to women's mobility constraints**
- **On average banks, are 5-15km⁴ away.** The distance is particularly an issue for women because of the added pressure on time, and restrictions on women's mobility³
- **Women work 16 hours/week more than men** once all productive (housework, family and child care and market) activities are taken into account. Women take the bulk of **housework and child care** while men are mostly responsible for market work³
- There are also **regional differences** – the number of hours spent working is greater for women in rural areas (54 hours vs. 46 in urban areas) and the gender gap is also greater²
- **Furthermore, even if time restrictions were overcome women's mobility is restricted** - 45%⁵ of women believe husband justified in beating her if she goes out of the house without telling him

[1] World Bank, CSA, and NBE, LSMS: Integrated Surveys on Agriculture Ethiopia Socioeconomic Survey (ESS) (2017) [2] Central Statistical Agency, Labor Force Survey (2005) [3] Girl Hub: Girls and Income Growth in Ethiopia (2013) [4] UNCDF/Dalberg Key Informant Interviews [5] World Bank, Gender Data (2014)

MM is nascent but could address time and mobility constraints; surveyed mobile ownership is low among women

Supply

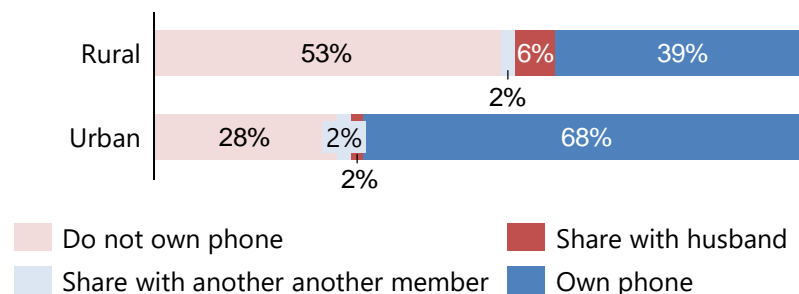
Mobile phone market penetration rate (2015)²



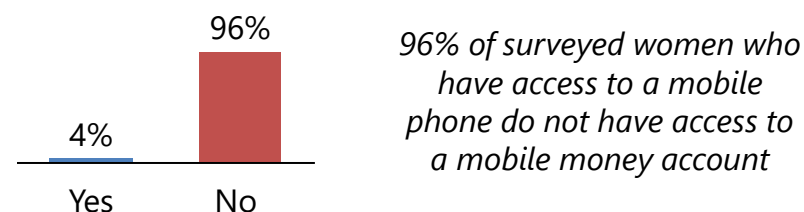
- Ethiopia has had a dramatic increase in mobile phone penetration in the last 7 years. **43% of Ethiopians had a mobile cellular subscription in 2015**, up from 32% in 2014 (9% point increase)²
- However, **when compared to other countries the penetration rate is still substantially low** (there is a 39% point difference between Bangladesh and Ethiopia)
- Furthermore, mobile money is just beginning to emerge. Only a handful of institutions are now offering mobile money services (M-Birr, HelloCash and Kifiya). **M-birr launched first in 2015, however it is only being offered through 6 MFIs***

Demand (General)

Mobile phone ownership by women segment (n=400)¹



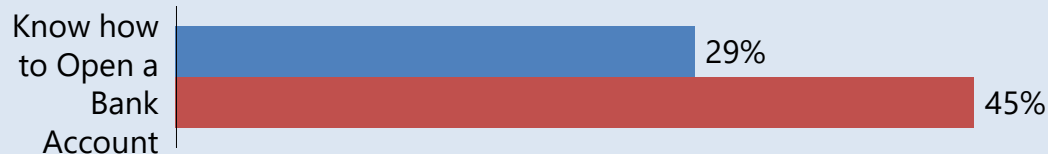
Access to a mobile money account among female phone owners (n=220)¹



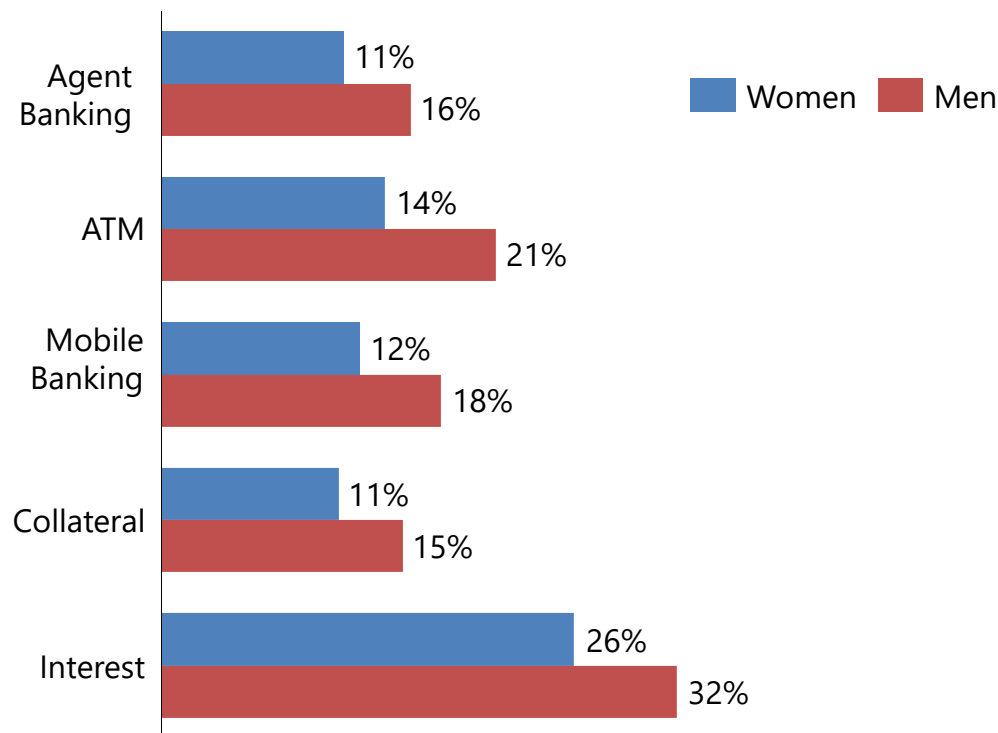
- 53% of rural women do not own a phone; **over 50% of surveyed women highlighted cost as the primary reasons for not owning a phone¹**
- Additionally, even among those who have a phone, 80% of surveyed respondents do not know about mobile money accounts

Limited access points is compounded by lack of awareness; only 29% of women know how to open a bank account¹

General Financial Knowledge Among Women (% of Respondents
n=4,954)¹



Are you aware of the following types of financial service terms?¹



- **Financial knowledge among women is below 30% for all metrics**, and almost 50% of women (especially women in rural areas) prefer to use informal savings methods¹
- 52% of women cited lack of understanding as the number one reason for not using formal insurance products¹
- Although most women are aware and are members of **SACCOs**, **they did not understand the benefits or services they could access**²
- Often **women gather their information through their social networks and kebeles** (lowest administration level), where misinformation is common² Only 9% of surveyed women have ever received any form of financial literacy training³
- This leads to taking actions that may not be well-informed. For example, women noted that they had previously taken loans from MFIs without fully understanding the repayment terms or approval criteria²

Table of Contents



Context, background and methodology

Introduction

Access

Access points and delivery mechanisms

Requirements for account opening and credit

Usage, Control and Agency

Stakeholder analysis

Recommendations

Annex

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USAGE

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I.D. is a constraint for migrant women & requirements for bank loans are challenging for high growth SME owners

	MICROFINANCE	RETAIL	MOBILE MONEY
	Loans + credit-linked savings	Accounts/Savings	Loans
ENABLING ENVIRONMENT	<ul style="list-style-type: none"> MFIs have autonomy to determine models for de-risking loans Minimal requirements for account opening (only photo ID required) 	<ul style="list-style-type: none"> Requirement of one government issued id to open an account ID requirement waived if individual is under 18 Particularly restrictive for domestic workers (90% undocumented) 	<ul style="list-style-type: none"> NBE allows unsecured loans, and lets banks determine the amount of collateral needed to secure a loan
SUPPLY	<ul style="list-style-type: none"> Flexible ID and collateral requirements - willing to accept social collateral for loan approval May require both husband and wife to co-sign for a loan 	<ul style="list-style-type: none"> Minimum balance requirements to open an account can be as high as 5,000 ETB (~215 USD) ID requirements are not strictly followed because branches are aiming to meet targets 	<ul style="list-style-type: none"> KYC norms applied discretionally (can accept kebele letter to open an account) Collateral viewed as an essential piece of loan approval; can require 200% the value of the loan
DEMAND	<ul style="list-style-type: none"> Women are aware of MFI market, although it varies by region, however, women are unaware of requirements to access a loan (eg. Business plan) 	<ul style="list-style-type: none"> Women, especially rural women are unaware of what is required to open a bank account 59% of surveyed women have a kebele ID card⁴ 	<ul style="list-style-type: none"> Women lack collateral (11% have sole ownership of house)¹ and in cases where they have access to collateral they lack the confidence and awareness to use it

Key*:

Not a constraint

Relatively moderate constraint

Relatively acute constraint

NBE requires photo I.D. to open an account but in practice banks accept alternatives

Enabling Environment¹

- NBE specifies that **an individual needs one form of government issued photo ID to open an account** (accepted forms include kebele ID, passport, driving license etc.)
- Kebeles (lowest form of administration) provide ID cards for residents of that region once the individual turns 18.
- There is currently **no form of national ID but it is a big agenda item for NBE**. The law has been passed, to roll-out the national ID, but it has been delayed. Currently they're working on gathering information. It's **unclear when it will be launched**
- NBE is also working on a **tiered ID registration system where the ID requirements will be tiered based on the service that the individual is seeking** (eg. Lower requirements for opening an account vs. requesting a loan)

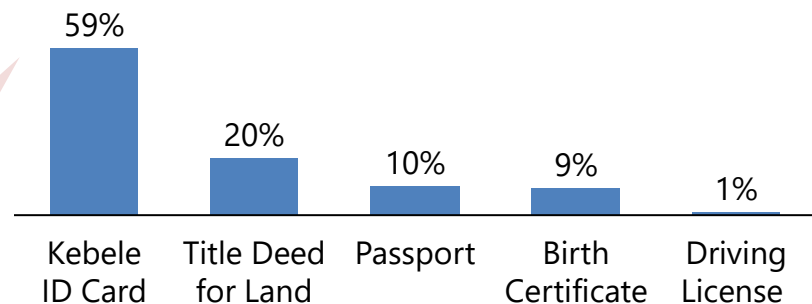
59% of surveyed women have a kebele ID card; as expected it's higher in urban areas where 77% of surveyed women have a kebele ID. **32% of surveyed women don't have any form of accepted government issued photo ID, and cite 'lack of knowledge of how to get one' as the primary reason for not having an ID²**

Supply¹

- Officially banks follow requirements outlined by NBE** ie. one government issued ID
- In practice, banks are less stringent with ID requirements for opening bank accounts** (eg. Some accept a letter from the kebele) – in part this is due to a push to expand their consumer base (each bank has a target number of accounts they need to open per month), so they have an incentive to be more accommodating

Demand

Women's ownership of ID documents² (n=400)



However, when photo I.D. is enforced this becomes a constraint for migrant women in particular

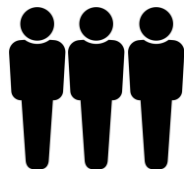
Enabling Environment^{1,2,3}

- Kebele id cards are specific to each district, and therefore create additional hurdles for individuals who are not from that city or district
- Migrants are required to bring a **release document** from their birth place which serves as evidence of their prior residence and **indicates that they are relinquishing their property inheritance rights in the regions**
- Furthermore, a **physical address needs to be accompanied by a guarantee from the owner of that residence** (the guarantor is responsible for renewing the ID and will be held accountable for any crimes committed by that individual)

Ethiopian migrants in 2013 (#migrants)⁴



6,721,492 women



5,393,772 men

Demand

- Many women migrate in search of better/more job opportunities, and usually end up as domestic workers
- A survey carried out by the World Bank found that **90% of domestic workers in Addis Ababa were unregistered** signifying that they did not have a kebele ID³
- Migrants are particularly vulnerable, given that they are **highly dependent on their employers, family and friends** – this includes depending on them to vouch for their id. Often, employers are unwilling or unable to take on the risk¹
- Having a release document is the biggest barrier **Over 70% of women claimed that not having a release document* was the primary reason for not obtaining a kebele ID⁴**
- Many do not have a release document 1) because it's not on their radar as they prepare to leave and 2) because they don't want to relinquish all their rights to property^{1,2}
- Once they're in the cities, **the cost and the time to return and obtain the document serves as an additional deterrent³**

[1] UNCDF/Dalberg Focus Group Discussions [2] UNCDF/Dalberg Key Informant Interviews [3] Migrating out of Poverty, Poverty, Youth and Rural-Urban Migration (2014) [4] World Bank: The Ethiopian Urban Migration Study (2008, 2010) *release document is given at the place of origin and it signifies that the individual has migrated and gives up any rights to inherited property in the place of origin

Banks rely on up to 200% collateral in form of property; there is a 15% point gender gap in sole ownership¹

Enabling Environment (National Bank of Ethiopia)

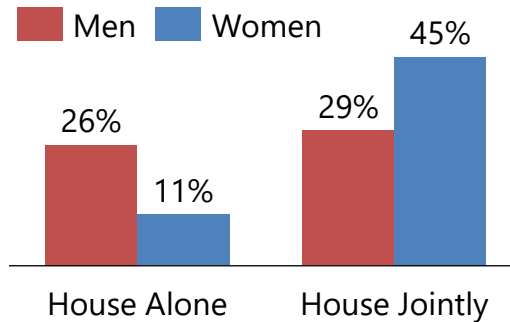
- NBE does not mandate the amount of collateral needed to secure a loan – banks are left to determine their own standards
- There is no explicit proclamation which allows use of land as collateral – individuals are unable to own land; land is owned by the government and individuals are given use rights
- NBE is working on a **movable collateral registry system to be able to accept livestock as collateral** – this will help address the issue of limited collateral in rural areas²

Supply (Banks)

- Collateral **requirements can be as high as high as 200%** especially for private banks such as Dashen²
- Collateral **requirement is more common when female-headed firms take a loan** (almost 100% of female-headed firms for women vs. 85% for men) However the difference narrows based on firm size¹
- Commonly accepted forms of collateral include property, machinery and sometimes vehicles
- In select cases (eg. Export oriented businesses) banks are willing to give collateral free loans

Demand

Ownership over property (% of Respondents n=15,683)¹



Women are almost four times as likely to have joint ownership over a house compared to sole ownership

- Women have **less ownership over items that can be used for collateral** (eg. Property)²
- This often stems from an opportunity issue where **culturally male children are usually first to inherit property** and therefore have a greater chance to 'get ahead'²
- Furthermore, even in cases where women have access to property, they **lack the confidence and the awareness to use their joint property for collateral**²
- When women do apply for loans they are more likely to borrow from rotating savings and credit associations (ROSCAs) and microfinance institutions¹

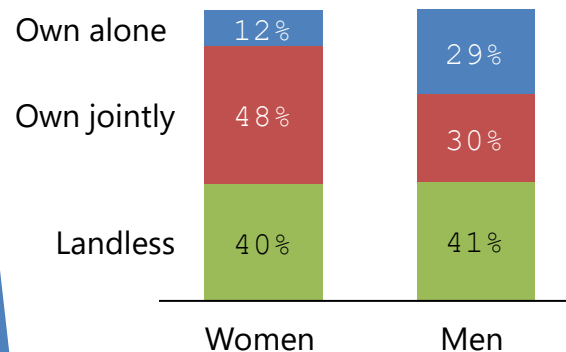
While pilot of land and livestock guarantees are underway, the impact on women may be limited

Enabling Environment¹

- Currently land cannot be accepted as collateral. There is a **draft proclamation currently underway which will allow second level land certification (using satellite imagery) to be used as collateral** (value of the land will be based on cash flow)²
- Access to land use rights happens through inheritance, gift, or donation which disadvantages **women, who are less likely to inherit land**
- Although polygamy in Ethiopia is illegal about **14% of women are in polygamous relationships and they face a gap in their legal rights to land**
- Poor maintenance of records following land registration increases vulnerability for women who are more likely to need to prove their land rights
- In the case of divorce, **laws dictate that land is shared based on ownership**, however women are often discriminated against by local elders making the decisions
- **Disputes can be resolved via religious, community and civil means, which allow men to abide by their own laws and not adhere to federal laws**

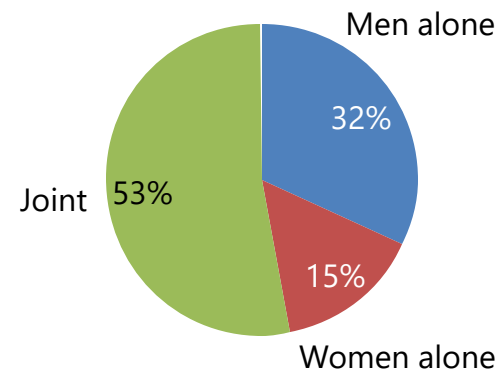
Demand

Ownership over Land (% of Respondents n=15,683)²



Women with joint ownership are less aware of their rights and less likely to use it given their lack of confidence²

Ownership over Livestock (% of Respondents n=15,683)²



Although most of livestock ownership is joint, women are less likely to have sole ownership – livestock is perceived to be an asset controlled by men

[1] UNHABITAT: Land Certification in Ethiopia: Early Impacts on Women (2008) [2] Girl Hub: Girls and Income Growth in Ethiopia (2013)

Lessons can be learned from programs that are innovating to address requirement barriers

Group Lending

MFIs use group lending to reduce collateral constraints:

Individuals are required to be part of a group, so 'social collateral' can serve in lieu of physical collateral. It guarantees the borrower, helps to reduce risk among borrowers, and also increases accountability from borrowers

Zero-Balance Saving

CBE allows women to open an account with zero balance: CBE's regular saving product allows individuals to open the account with zero balance. To open the account, individuals need a valid photo ID, and two photos. They can maintain a zero balance for up to one month before they are required to deposit the minimum of 25 ETB (~1 USD) or close the account.

Psychometric testing

World Bank (WEDP – Women's Entrepreneurship Development Program) is piloting psychometric testing to predict the ability of a borrower to repay a loan and reduce the need for collateral. This is part of the larger WEDEP program which implementing a number of initiatives aimed at reducing the barriers to accessing credit especially for high growth entrepreneurs. The psychometric testing is currently being evaluated for its potential as a 'graduation tool' to help reinforce established trust. WEDP has had tremendous success providing access to loans for over 3,000 women (64% who had never taken a loan before). It started in 2012 and will end in 2017. It has already been effective in paving the way for a larger effort from the Government to support the SME finance agenda

Alternative Collateral + non-financial services

Enat Bank has a number of loan products that address the collateral barrier faced by women: Collateral requirements are often lower than conventional banks – regular product has 70% collateral requirement compared to banks which can require up to 200%. Enat bank also has a collateral free window specifically for women who cannot access collateral; approval is based on the strength of their business plan. Furthermore, Enat bank provides non-financial services through a partnership with the Entrepreneurship Development Center which delivers trainings (focusing on financial management) for loan applicants

'Women's empowerment will not be achieved by just providing access to finance, it needs to be backed by capacity building'

Table of Contents



Context, background and methodology

Introduction

Access

Usage, Control and Agency

Stakeholder analysis

Recommendations

Annex

Women and girls face barriers in accessing financial products and services

ACCESS

USAGE

CONTROL & AGENCY

ACCESS POINTS

Deresu lives in rural Amhara region. She opened a bank account when CBE came by her house promoting their products. Even though she was able to open it easily, she has not been able to deposit any money since she has to travel over 1 hour to get to the bank and she has no time given all her household duties.

USAGE

Bethlehem has slowly been borrowing and paying back her loans to build her capital. She first took a loan from Addis Microfinance to buy a house. She used the house as collateral to buy a car. She struggled to pay back the loan because the term was too short. Taking a loan in the first place was difficult, she felt like it was a big risk and even now although she knows she has to take more loans to grow it still scares her, especially if her business is unable to perform as expected.

REQUIREMENTS

Lydia needed a loan to finance capital for her business. She wanted to take a bank loan but she was scared of the property collateral requirement,, so instead she borrowed from her family and friends to invest in her business.

SOCIAL NORMS

Rohda used to work but once she got married and had children she quit her job. She wants to eventually go back to school but her husband doesn't want her to work and she is now responsible for paying for all her children's needs

Women's financial lives revolve around daily expenses & emergencies*; most use the informal sector

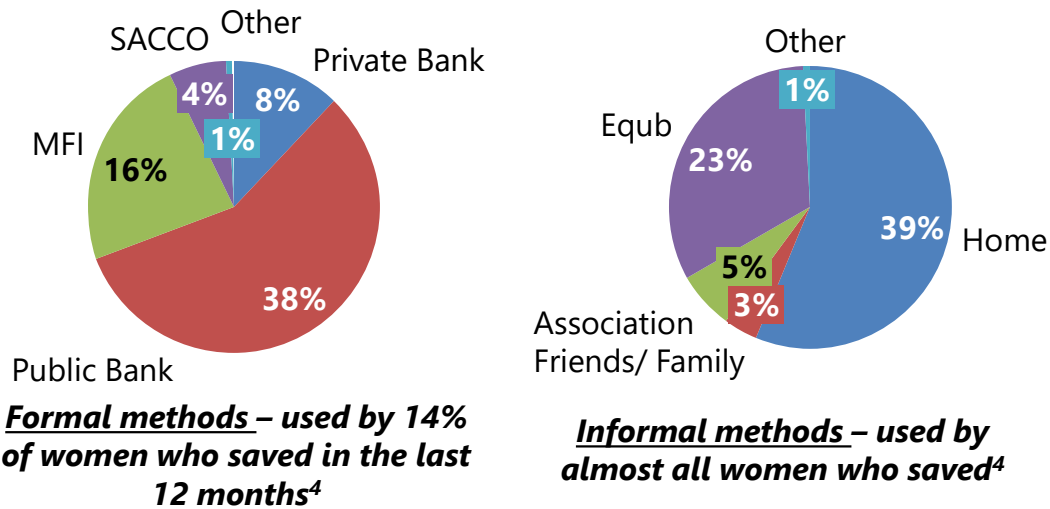


Needs	Usage headlines ¹	Segment nuance on key needs	Mismatches/gaps ²
Everyday expenses	Women save to smooth consumption and to prepare for emergencies such as death of a spouse. Saving is largely informal, 76% of women saved for emergencies; 39% who save informally, save at home	<ul style="list-style-type: none"> • Employees (cleaners)- housing costs ie. rent • SME entrepreneurs – working capital for businesses • Farmers - farming inputs 	<ul style="list-style-type: none"> • Limited saving products targeted to women (offered by only two banks) or designed to meet women's needs • Limited marketing and educational campaigns to reach women/girls • Lack of flexibility that equbs provide
Emergency expenses	Only 1% of Ethiopian women and men use insurance. 80% of surveyed women go to family and friends to cover their emergency expenses	<ul style="list-style-type: none"> • Household managers – emergency costs due to family death and illness • Farmers – financial shocks from harvest failure caused by weather events 	<ul style="list-style-type: none"> • Limited options for insurance (e.g. medical insurance is nearly nonexistent) • Lack of women's active participation in SACCOs which are the primary insurance network pillars
Long term financial goals	9% of women save to build their assets such as livestock or property. ² Women (especially urban women) aspire to purchase a house	<ul style="list-style-type: none"> • Household managers – education for children • Farmers – livestock and land • Adolescent girls – tertiary/ secondary school education costs • SME entrepreneurs – capital for business investment 	<ul style="list-style-type: none"> • Inadequate support to help women borrowers graduate from MFIs to banks for credit needs e.g. lack of a credit registry system • Lack of a options to finance housing needs

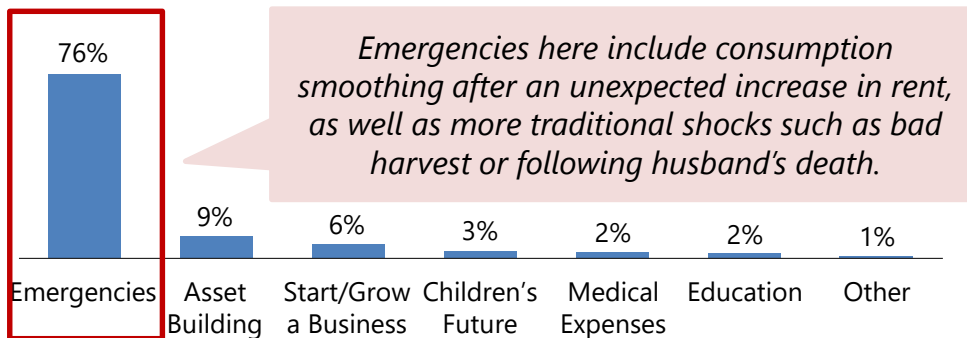
[1] UNCDF/Dalberg Country Assessment Survey, May 2017, unless otherwise stated. [2] Non-exhaustive. See later slides for further nuance. *The literature on women's financial needs is limited – there are research opportunities to dig deeper

All women who save do so informally and 14% formally,* 76% of women save for consumption or emergencies

Saving by type of institution (Formal vs. Informal n=4,954)¹



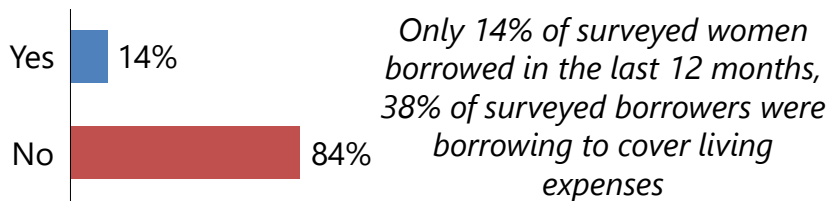
Reasons that women save (n=4,954)¹



- **49% of women save⁵, but only 14% of save at a formal institution⁴.** Of those who save informally, 39% save at home and 23% in Equibs (ROSCAS), both which provide the flexibility and the enforced discipline
- Given that women's needs are often small and frequent, **women commonly draw on savings to meet their expenses and only save small amounts**; 75% of surveyed women believe that they wouldn't be able to save 600 ETB (25 USD)²
- In focus groups, women noted that they **save without a specific 'aim'**, planning for the possibility of a large purchase down the line, or to avoid borrowing in an emergency situation, but miss out on investment opportunities which could help them reach their long-term goals³
- Since many women do not want to borrow, saving **allows them to be self-reliant during emergencies** such as an unexpected increase in rent, or increasing daily costs because of a bad harvest or husband's death etc.³

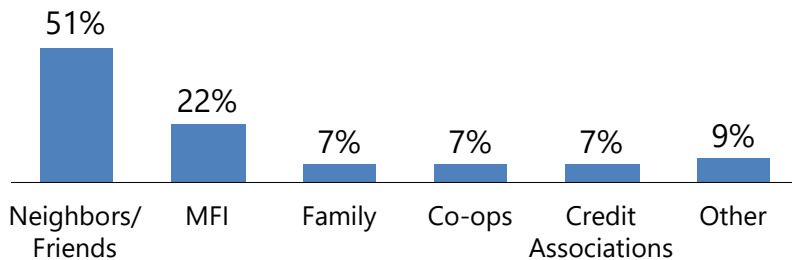
Only 14%* of surveyed women borrowed in the last 12 months; borrowing is mainly informal

Women who borrowed in the last 12 months (n=400)¹



For most women, borrowing is uncommon (14% of surveyed women borrowed in last 12 months). About **40% of surveyed women cited that they did not believe in borrowing/did not want to borrow, while 26% did not need to borrow**¹.

Method of borrowing (n=55* surveyed borrowers)¹



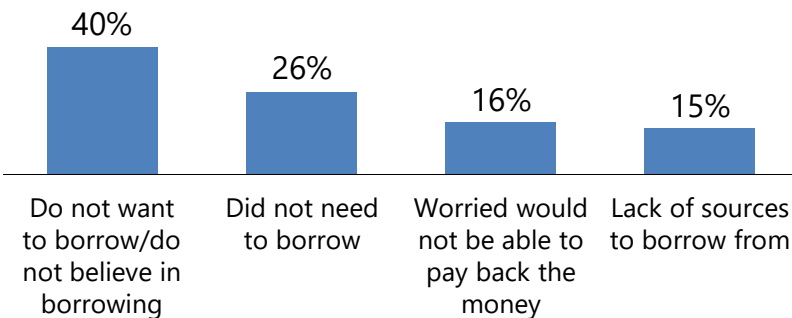
- Focus group participants expressed **fear of large-scale borrowing from formal institutions** given the perceived risk associated with paying back loans

- Another barrier to formal borrowing includes **lack of awareness of the services available to them; and the lack of products which are flexible enough to meet their needs (especially small needs to smoothen consumption)**²

- However, for most women who do borrow, it is **primarily informal borrowing**; women often rely on their network of neighbors and friends or VSLAs to smoothen their daily consumption costs

- On the other hand, entrepreneurs, have different borrowing needs primarily to finance their businesses. They are likely to **use MFIs (instead of banks) because MFIs are more flexible in financing women's business needs** (eg. able to adjust or waive requirements especially with women who have a proven track record).²

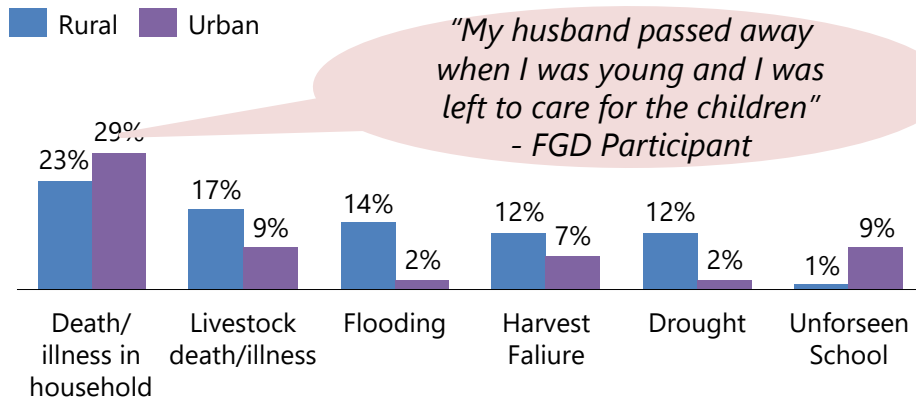
Reasons for not borrowing (n=345)¹



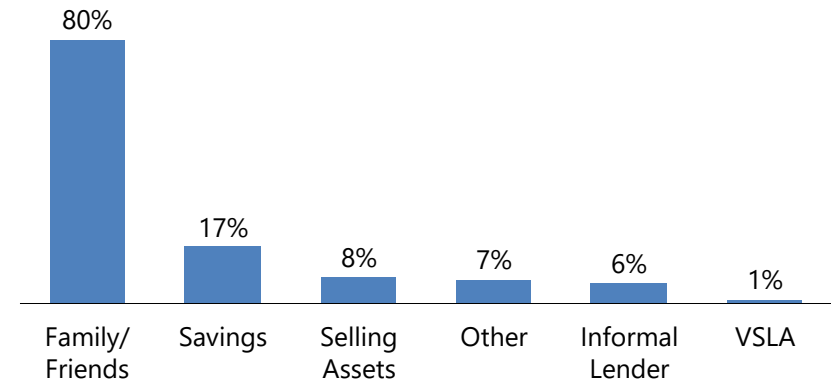
[1] UNCDF/Dalberg Country Assessment Survey (May 2017) [2] Dalberg/UNCDF Focus Group Discussions *Data was triangulated with the LSMS dataset which showed that 22% of households borrowed

Planning for emergencies is a priority for women's financial lives, but insurance penetration is low (<1%)

Events experienced in the last 12 months (n=400 women)¹

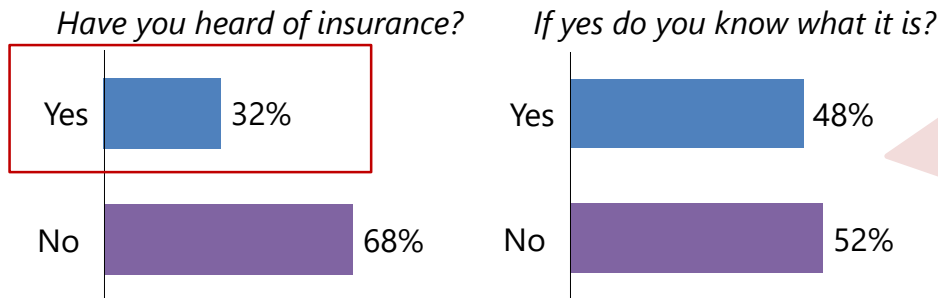


Sources of emergency funds (n=104 women)^{1*}



All women face medical shocks (illness and death in the household), but additionally, rural women face significant livelihood (i.e. agriculture) based shocks. The financial needs created by these emergencies are overwhelmingly met by friends and family as opposed to financial products.

Awareness of insurance (n=400 women)¹



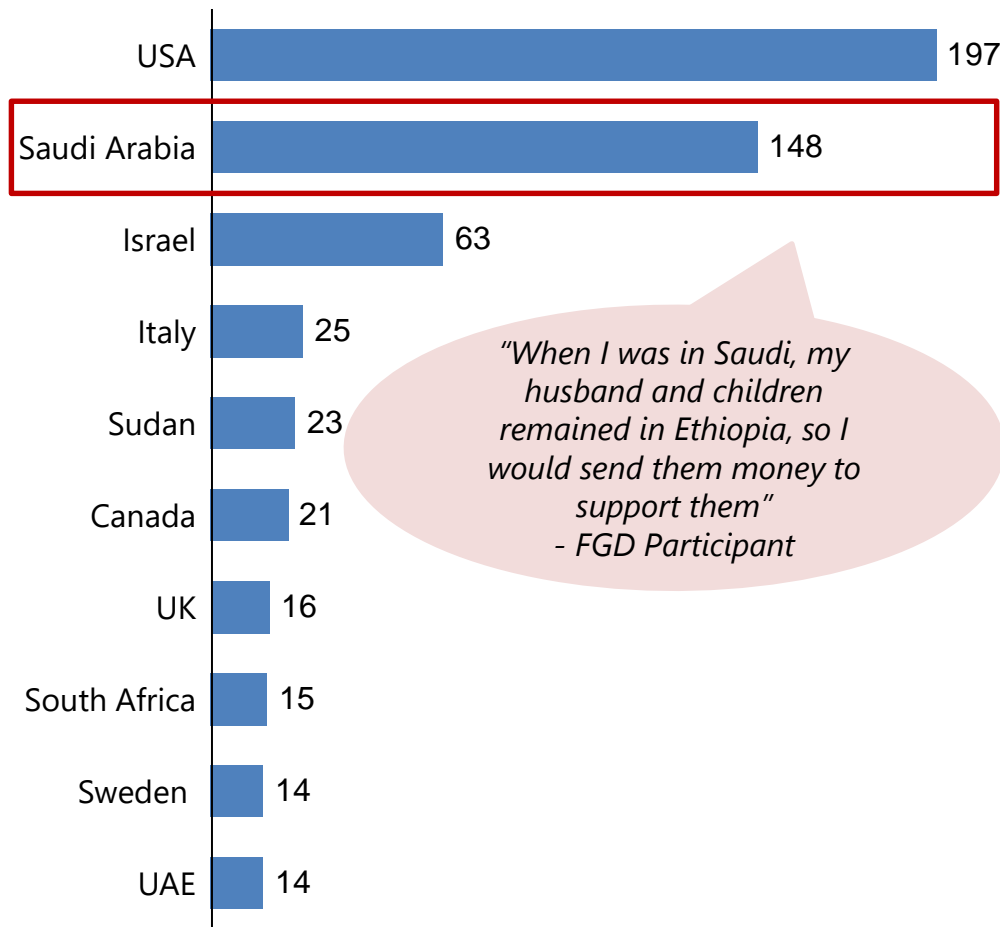
Only 32% of surveyed women had heard of insurance. While 48% claim to know what it is, only 19% said they had access to it showing that, both awareness and access are an issue.¹ Channeling insurance through SACCOs is inefficient given that SACCOs are poorly organized and members are not active

Only 1% of the population use an insurance product².

[1] UNCDF/Dalberg Country Assessment Survey (May 2017) *Only includes women who do not have access to formal insurance [2] World Bank, CSA, and NBE, LSMS: Integrated Surveys on Agriculture Ethiopia Socioeconomic Survey (ESS) (2017)

For migrants, remittances are a significant aspect of their financial lives but use of formal channels is only 20%²

Inflow of remittances to Ethiopia by country in 2015 (millions USD)¹



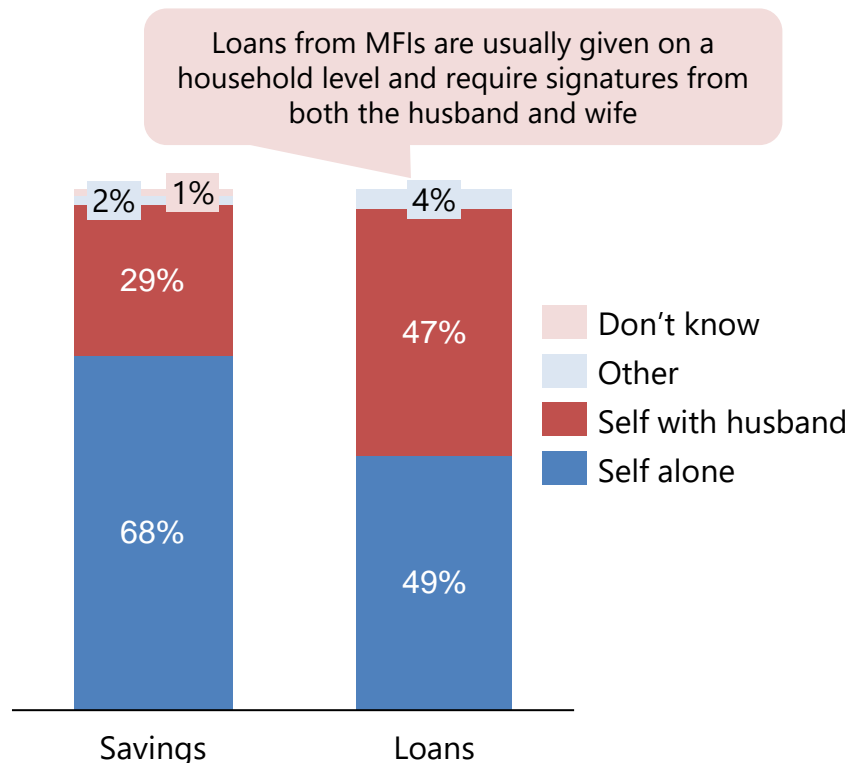
- In 2015, Ethiopia had inflow of 624 million USD in remittances¹ as reported through formal channels, but when considering informal channels the estimate can be as high as 3 billion USD²
- Major source countries for migrant remittances to Ethiopia were the US and Gulf Cooperation Council countries¹. Given that Gulf countries are the main destinations for women domestic workers, we can assume that remittances being sent from these countries are primarily sent by women²
- Although the inflow of remittance has been growing, it is **primarily still informal (only about 20% is sent via formal means)**, informal methods include sending remittances through friends/family and account-to-account transfers.
- Barriers to using formal channels include; the **high cost of using money transfer**, the limited number of access points, and to some extent the, lack of awareness of the formal money transfer options.³ About 47% of surveyed respondents who had not sent or received remittances highlighted a lack of money as the primary reason⁴

[1] World Bank: Migration and Remittances Data (2015) [2] there is no accurate estimate for remittances sent informally, the World Bank has estimated that it can be as high as \$3 billion based on the number of migrants [3] World Bank: Remittances to Ethiopia Report (2011)

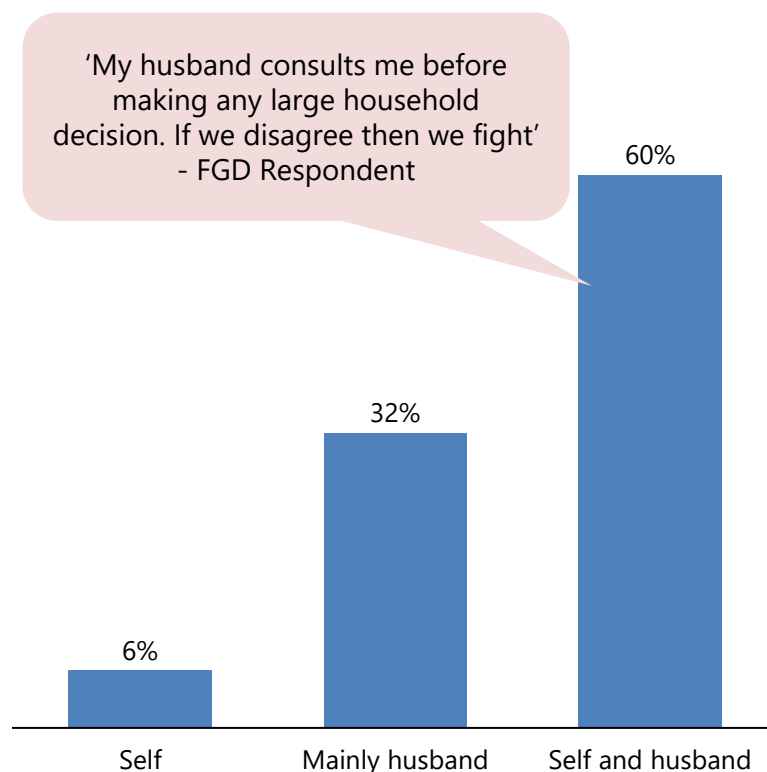
Beyond product usage, <50% of surveyed women report sole control of loans; 6% take large purchase decisions

Who controls decisions on usage of financial products¹

% n=112 women (savings), 55 women (credit)



How major household purchase decisions are made (%women age 15-49 n=15,683)²



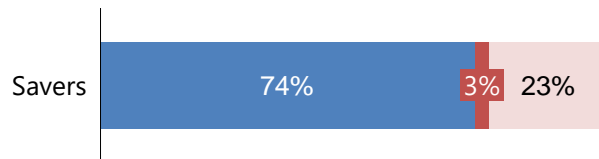
Surveyed women feel that they control the use of their savings, loans and insurance, but a substantial number (32% of women) acknowledge that husbands often have a bigger say in large household decisions

>70% of women surveyed report improvements in confidence & decision-making as a result of savings

Effect of product usage on everyday decision-making¹

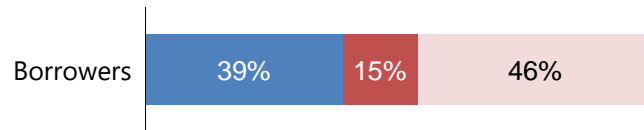
SAVINGS

% of responses from 112 women

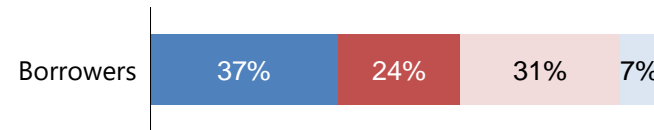
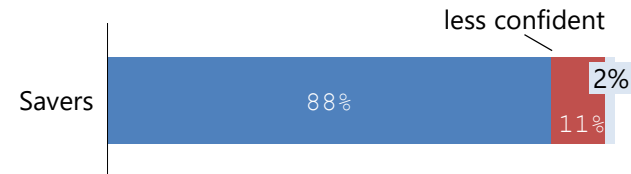


LOANS

% of responses from 55 women



Effect of product usage on self-confidence¹



Increased Decreased No Change

- **Impact of taking credit on confidence level and decision-making was mixed** – this may be partially attributed to women's perception of loans, namely the **fear associated with taking loans because of the repayment burden that it poses, or the fact that women do not report having sole control of the loan**
- In contrast, **use of savings had a substantial positive impact on both self confidence and decision-making** with 88% and 74% of women noting that they saw an improvement in their confidence level and decision-making

NBE does not require FSPs to collect sex disaggregated; mandating data collection could incentivize product tailoring



Supply-side

- Proclamation no. 691/2010 was **passed to enhance gender responsiveness of sector policies, programmes and plans** and one of its mandates includes the collection of sex dis-aggregated data through the ministries to highlight budget allocation and impact
- The status of sex-disaggregated data collection is very sector specific. **Some sectors like education and health have a well-established data collection and compiling mechanisms**
- Various **initiatives are under way to strengthen the data collection process in other sectors** led by the ministry of Women Children and Youth Affairs (MoWCYA)
- Furthermore **NBE is planning to develop an M&E system which will require collection of sex-disaggregated data**

Almost all FSPs spoke to by the country assessment team were collecting sex disaggregated data to understand their consumers. MFIs on the other hand have an explicit goal to target women and are driven by their board members to collect disaggregated data.

However, the **data is being collected for board reporting purposes**. It is not being utilized to develop products or determining key constraints to product use. Furthermore, since **data collection is still mainly paper based**, it causes a lag from when the data is collected and analysed

We regularly collect sex-disaggregated data. Our system is a lot better than other MFIs. MFIs have difficulty collecting data because of funding

Collecting sex disaggregated data is important for financial inclusion but not for the banks because they're only interested in making profits

Also, the financial system faces structural constraints which impacts women's use of financial services



Ethiopia's banking sector remains dominated by the public banks¹



- CBE has a quasi-monopoly over the market, where other private banks are unable to compete
- Public banks account for 67% of total deposits and 55% of loans and advances
- The inability to compete in the market takes away banks' incentive or capacity to develop tailored products

"We are a bank and our end goal is to be profitable. About 90% of our corporate clients are men, and that's just how it is"

FSPs are increasingly facing issues with liquidity²



- Liquidity is highlighted as one of the primary constraints that prevent FSPs from adequately servicing clients especially smaller clients
- As concerns with liquidity rise, FSPs become increasingly more restrictive in their lending focusing more on larger established clients (large percent men)

"Our goal is aggressive growth. We want to expand our consumer base and one way to do that is to specifically target women, which is why we created the 'women's saving product'"

Although structural constraints persist, there is a business case for FSPs to target women especially because it will help them expand their customer base.

Table of Contents



Context, background and methodology

Introduction

Access

Usage, Control and Agency

Stakeholder analysis

Recommendations

Annex

Across the Ethiopian ecosystem, a variety of actors are working to advance financial inclusion

Civil society and international organizations

CSOs and International organizations are focused primarily on addressing demand side and social norm constraints. Efforts vary broadly – while some are looking to address issues of women's empowerment such as decision-making and confidence (not related to finance), other programs are specifically working to increase women's participation in accessing and utilizing financial services. Supply side and enabling environment focused interventions by CSOs are limited.

Government stakeholders

The policy environment is improving, gender equality is a priority for the government. The financial inclusion strategy is under development with a specific focus on women¹. A recent proclamation was passed to ensure that there is gender mainstreaming across the ministries². Furthermore, the development of the National Women Policy aims to institutionalize the political, economical, and social rights of women by creating an appropriate structure in government offices and institutions. The Ethiopian Network for Gender Equality in Agriculture was established in 2015 to coordinate efforts with NGOs and other partners

Financial service providers

Interventions by FSPs are extremely limited, especially among the formal banking sector. Given the infancy of the financial sector, especially mobile money and insurance, providers are primarily focused on understanding the market. Furthermore, financial inclusion is broadly understood as reaching all individuals in Ethiopia and not necessarily segmenting out populations such as women. However, a select number of FSPs have instituted programs/products with an aim of better reaching women in collaboration with other stakeholders.

Private sector actors

Private sector in Ethiopia is very small. There are very limited initiatives aimed at addressing women's empowerment. As the push to grow the textile sector increases it provides an opportunity to engage with the private sector, given that the majority of employees will be women. Additionally sectors like horticulture which also have a number of female employees provide other opportunities for engagement.

The ecosystem can be characterized by a mix of activities working on the supply, demand and enabling environment, but few actors are holistically addressing challenges in all three spheres at the same time. Partnerships between different actor types as well as across spheres need to be strengthened.

¹A deep dive of the financial inclusion strategy is included in the annex; ²Gender mainstreaming ensures that gender sensitivity elements are included in ministry budgets, however there are no set targets to measure level of gender mainstreaming

Civil society and int'l organizations are working across demand, supply and enabling environment (1/4)



Organization	Demand	Supply	Enabling environment	Social norms
CARE*				
CAWEE				
CIDA				
CRS*				
DOT Ethiopia*				
DFID				
EDC				
Enterprise Partners				
IFAD				
LIFT				
MasterCard Foundation				
Oxfam				
PACT*				
Population Council*				
Send a Cow				
SNV				
TechnoServe				
The Girl Effect*				
UN Women				
USAID				
WEDP				
World Bank				
WFP				

*Programs are working with adolescent girls in addition to women

Civil society and int'l organizations are working across demand, supply and enabling environment (1/4)

	Demand	Supply	Enabling environment	Social norms
Stakeholder activity trends and analysis	<ul style="list-style-type: none"> Activity is centered on developing women's financial and business capabilities: Programs are focused on both creating and developing entrepreneurial skills as well as supporting rural women through extension training and access to inputs. Trainings on basic literacy (reading and writing skills) are also a focus especially for programs working with the most marginalized women 	<ul style="list-style-type: none"> Multiple actors are supporting some form of savings and loans groups such as VSLAs as a means to expand and deepen financial services. These efforts are often coupled with some form of demand side intervention (business oriented trainings) to extend the impact There are little to no efforts aimed at engaging with FSPs to create tailored products for women 	<ul style="list-style-type: none"> A select number of programs are working on supporting the enhancement of the enabling environment Many of these programs are working on implementation at the regional level to advance the capacity of the local government in addressing issues of women's empowerment 	<ul style="list-style-type: none"> Multiple actors are implementing programs to address issues around gender based violence, women's roles, health etc. Initiatives often work on a household or community level engaging both men and women Select number are focused on women specifically around trainings aimed at decision-making and confidence building

The next section outlines in more detail the activities of a sub-set of actors selected for innovative programs; the full list of actors is provided in the annex

Civil society and int'l organizations are working across demand, supply and enabling environment (2/4)







	Description ¹
	<p>Care is focused on enhancing women's and girls' economic empowerment through improving women's confidence and participation in saving groups</p> <p><i>Demand:</i> Provides financial services for 75,000 people and their families through VSLAs, which are 70% women. Program also includes trainings on how to diversity income and become resilient to shocks.</p> <p><i>Agency:</i> Leads group discussions (community conversations) on women's empowerment and role in decision making</p>
EDC	<p>Entrepreneur's Development Center (EDC) is a quasi-governmental entity established under the framework of the Entrepreneurship Development Program (EDP) with a goal of supporting women entrepreneurs to bring about a transformational change in unleashing the growth potential of micro and small-scale enterprises. EDC aims to reach over 600,000 entrepreneurs</p> <p><i>Demand:</i> Facilitates business trainings on marking, starting a business, business plan development, starting and maintaining business records etc.</p> <p><i>Enabling Environment:</i> EDC was created to facilitate the realization of the entrepreneurship development goals set in the GTP</p>
	<p>IFAD has a number of key areas where it works one of which is improving the access of poor rural people to financial services</p> <p><i>Supply:</i> provides institutional support and credit to MFIs, RUSACOOs, and other cooperatives as well as investing to improve regulation and supervision of these institutions. RUSACCOs must include minimum 50% women</p>

[1] Non-exhaustive descriptions of all of these stakeholders' programming; highlights as they relate to metrics of financial inclusion are presented. The two principal lenses of analysis are (i) supply/demand/enabling environment and (ii) access/usage/agency (referring to controlling the benefits of financial product & service use)

Civil society and int'l organizations are working across demand, supply and enabling environment (3/4)




CSOs/Int. orgs	Description ¹
	<p>LIFT has an objective to improve the incomes of the rural poor and vulnerable groups, including women and enhance economic growth, through second-level land certification, and improved rural land administration</p> <p><i>Access/Supply:</i> Beginning a pilot program with select MFIs testing the feasibility and impact of using land certificates as collateral to access loans and monitoring who receives these loans through the gender mainstreaming department</p> <p><i>Enabling Environment:</i> Working with the government of Ethiopia to allow the use of land certificates as collateral</p>
	<p>Oxfam works to empower women to act as leaders and to support their access to economic opportunities</p> <p><i>Agency/Access:</i> provide trainings for women in areas like preserving milk, meat and hides, helps women collectivize, and provides credit and technologies, as well as improving extension through 215 farmer training centers</p>
	<p>Pact has a micro-banking program which empower women by promoting saving without providing seed capital</p> <p><i>Control:</i> Creates self-help groups in communities, starting from basic literacy and moving into savings groups and small business groups and promoting micro-banking. 83% of women increased ability to make decisions related to their families after participating.</p>
	<p>Send a Cow has a vision to stop poverty and hunger by reaching each household</p> <p><i>Control:</i> provides basic training in saving and loan, as well as promoting social change through community conversation. The program has been successful in increasing incomes, food security, and confidence and decision-making power of women.</p>

[1] Non-exhaustive descriptions of all of these stakeholders' programming; highlights as they relate to metrics of financial inclusion are presented. The two principal lenses of analysis are (i) supply/demand/enabling environment and (ii) access/usage/agency (referring to controlling the benefits of financial product & service use)

Civil society and int'l organizations are working across demand, supply and enabling environment (4/4)



CSOs/Int. orgs	Description
	<p>UN Women has a holistic approach of complementary interventions, integrating economic empowerment with access to reproductive health, literacy and behavioral change at community level.</p> <p><i>Agency:</i> Utilizes the Community Conversation (CC) approach, to engage communities in an interactive discussion about cultural norms and values</p> <p><i>Demand:</i> Provides adult literacy classes for women focusing on building basic reading, writing and math skills as well as training on the basics of income generation and continued technical support as women build their businesses</p>
 	<p>WEDP (Women Entrepreneur's Development Program): IDA investment lending operation designed to address the key constraints for growth-oriented women entrepreneurs in Ethiopia</p> <p><i>Demand:</i> entrepreneurship training program each month, which draws lesson from modern cognitive psychology and equips participants not only with business skills</p> <p><i>Supply:</i> provides women with access to a line of credit and provides trainings for MFIs on management of individual loans</p> <p><i>Access:</i> introducing innovative credit technologies to lenders, such as psychometric tests which can predict the ability of a borrower to repay a loan and reduce the need for collateral</p>
	<p>World Food Program (WFP): P4P gender initiative was an expansion of the P4P program to overcome the challenge of low participation among women in agricultural cooperative unions</p> <p><i>Control:</i> have sponsored community conversations focused on addressing cultural and traditional behaviors that limit participation of women in agricultural farming practices</p> <p><i>Enabling Environment:</i> supported the regional governments in setting up women-led farmer organizations</p> <p><i>Demand/Supply:</i> the program provides basic business skills training provides with loans through the programme and are able to kick start their businesses</p>

[1] Non-exhaustive descriptions of all of these stakeholders' programming; highlights as they relate to metrics of financial inclusion are presented. The two principal lenses of analysis are (i) supply/demand/enabling environment and (ii) access/usage/agency (referring to controlling the benefits)

The supply side landscape reveals pockets of interest among select FSPs customers

Key supply-side providers		Product offerings for women	Delivery mechanisms	Financial capability training
Retail FSPs	CBE (largest bank in Ethiopia)	Have youth and women saving products but no loan products targeting women	NBE directive is requiring that banks offer agent banking services - agent banking is still in a pilot phase for most banks. CBO is working with HelloCash. CBE is set to begin in mid 2017	N/A
	Dashen Bank (largest private bank)	Child saving account geared towards saving for education – no loan products targeting women		
	Awash Bank			
	Cooperative Bank of Oromia (CBO)	No products geared towards women		
	Enat Bank (only women-focused bank)	Offers a series of products aimed at women eg. Collateral saving account	No agent banking, or online banking services	Works with EDC to provide business trainings for loan applicants
Microfinance	ACSI	Various products evolved to match women's needs and preferences	MFI branches even in rural, remote areas but loan officers are mainly men – PEACE recently introduced mobile banking technology	Financial literacy and often bundled with products to help women understand product features
	DEXI			
	VisonFund			
	PEACE			
MM Providers	M-birr	No products geared towards women – still operating at primarily at a pilot phase	Large network of agents from local community; agents are male dominated	Provide basic trainings on using mobile money platforms – not specifically geared towards women
	Kifiya			
	HelloCash			
Insurance	Nyala Insurance	Primarily offer crop weather insurance products through their micro-insurance product – no products are aimed at women	Fragmented delivery by a large number of providers, limited reach especially in rural areas	Limited efforts to build customer understanding of insurance – primarily target wealthier clients
	Global Insurance	Life and non-life insurance products – no products aimed at women		

[1] Non-exhaustive list of financial service providers. Shortlist based on combination of size and/or interest in women's finance.

There are opportunities to raise awareness and provide incentives to deepen access and usage for women (1/2)



Potential partnership opportunities and rationale

Retail banks



Enat Bank, as the first women-owned bank, is committed to working towards better access for women and girls. They have a number of products (both credit and saving) targeted towards women and girls. There are also indications that they are flexible based on their track record of partnering with various organizations such as USAID and CIDA. Despite their vision, they are one of the smallest banks in Ethiopia and therefore are limited in what they can offer. There is an opportunity to engage in capacity building to ensure the launch of agent banking is gender sensitive.



CBE has the largest reach given that it has about 10 times the number of branches compared to the next largest bank. They're aggressively trying to expand and they've made some indication of targeting women (eg. Launched a women's saving product). However, despite their reach they are one of the few institutions which does not collect sex disaggregated data. Given that this is the most well-known and utilized bank, there is an opportunity for them to collect sex-disaggregated data and develop tailored products, taking a leading role in the sector. Additionally support for gender sensitive agent banking i

MFIs



ACSI and **DECSI** are two of the largest MFIs operating in Ethiopia. This speaks to their ability to scale and reach a substantial number of women. Furthermore, they're at the frontier of testing a number of initiatives including the pilot initiative with LIFT where they're starting to accept land certificates as collateral for loan approvals. Since the program is still being piloted, the majority of loan recipients are men, who are lower risk clients. As this program gets rolled out, there is an opportunity to partner with these MFIs to increase the number of female clients who benefit from this scheme by helping them access non-financial services offered through CSOs. **PEACE** is also another MFI to consider given that they have previously worked with UNCDF and they are also piloting the LIFT initiative.

There are opportunities to raise awareness and provide incentives to deepen access and usage for women (2/2)



Mobile Money



Potential partnership opportunities and rationale

Mobile Money and agent banking are still primarily operating on a pilot scale. There are a limited number of operators, and a select number of banks have also started creating their own brands. **M-Birr** targets rural residents and is therefore being piloted by 6 MFIs, while **HelloCash** has been taken up by 3 FSPs. As of now, these providers have limited products targeting women, but there is an opportunity to leverage their existing services and create tailored products. For example M-Birr has the ability to tweak and change their offerings, such as the blocked account for education or savings targeting towards starting a business for entrepreneurs. Given that each of these providers works with a growing number of FSPs the reach can be substantial

Insurance



ATA is working to pilot a national crop insurance scheme. 3-year target is to reach > 7 million households, of which 1.6 million are expected to purchase the product.¹ The initiative is a public-private partnership that uses geo-data to expand financial service delivery to smallholder farmers. The program insures a taken credit amount to purchase and use agricultural inputs, against weather-related perils. There have been some delays because of the costs to roll it out. The program may have tremendous reach and given that it is still in the pilot stage there is an opportunity to utilize available data and shape the product to ensure that the crop insurance scheme is gender sensitive in how it's rolled out and the number of women that are reached.

[1] G4AW, Geodata for Innovative Agricultural Credit Insurance Schemes (GIACIS),

There are many gender initiatives which have commenced but efforts remain uncoordinated

Key government stakeholders		Description ¹
Regulatory Bodies	National Bank of Ethiopia	Central bank and principal regulatory body of financial sector. Currently working to finalize the national financial inclusion strategy. NBE licenses, supervises and regulates the operations of banks, insurance companies and other financial institutions. NBE has a number of initiatives underway to expand financial inclusion for women (eg. Initiative to institute tiered ID requirements, national ID etc.). Additionally NBE is a member of the Alliance for financial inclusion and has made a commitment in the Denarau action plan
	Federal Cooperative Agency (FCA)	Regulatory body for cooperatives with an aim to strengthen cooperatives, organize, and build capacity,
	National Council for Financial Inclusion	Established by the National Bank of Ethiopia (NBE) to centralize the financial inclusion services given by different bodies and acts as an advisory body for various stakeholders; conducts research and suggests solutions for increasing access to financial service
Government Departments/Ministries	Ministry of Women and Child's Affairs (MoWCYA)	Cross-cutting ministry, working to ensure women and youth benefit equally in political, economical and social spheres. At a federal level MoWCYA develops policies (eg. Heavy involvement in the development of the National Women Policy and the Women Development and Change Policy). At a regional level the ministry is involved with the implementation by leading a steering committee convening various ministries
	Ministry of Finance and Economic Development (MOFED)	Involved in a range of activities such as formulating development policies, preparing development plan and budget, and mobilizing and administering external resources, Includes a gender mainstreaming department in the ministry working to ensure that gender elements are incorporated in the ministries' budget line items
	Ministry of Education	Responsible for building the implementation capacity of the education sector at all levels, designing and regulating standards of efficiency, expanding standardized education throughout the country, as well as complementing and leveraging education sector development interventions. There are no specific gender policies in place
	Ministry of Agriculture	Responsible for agricultural development and food security. Recognition of women's role in rural economies but no specific gender policies with regard to agricultural finance. However it works closely with MoWCYA to ensure gender elements are integrated in agricultural development. The new agriculture strategy holds promise as it has a dual track focus on mainstreaming and dedicated programs focused on gender

[1] Non-exhaustive descriptions of all of these stakeholders' mandates and programs; highlights as they relate to financial inclusion are presented Further details on the enabling environment can be found in Annex..

Our stakeholder analysis has a number of implications for UNCDF in Ethiopia



NBE is finalizing the national financial inclusion strategy; there is space to ensure their design and roll out of the strategy is gender sensitive

NBE has a number of initiatives in the pipeline such as the national ID, tiered KYC, movable collateral registry system etc. This presents an opportunity for UNCDF to provide technical assistance to ensure initiatives are gender sensitive at both a policy level and during implementation

There are pockets of innovation among a select number of FSPs; sharing 'good' practise among FSPs provides an opportunity to rapidly scale outreach

Enat bank is leading by developing tailored products for women with CBE following suit. Ensuring that there is a platform to share 'good' practices and determining the value proposition for reaching women will encourage uptake this approach amongst other banks

Private sector has limited initiatives to foster women's and girls' economic empowerment; advocating to encourage their participation is beneficial

Private sector is small and innovations specifically to address women's empowerment are only occurring at a global scale (eg. Coca cola's initiative). The involvement of private sector can vary, and can also drive the use of banks through providing digital payments, especially in sectors with high female participation such as textiles or horticulture.

Multiple international organizations and CSOs are addressing social norms; there could be room for coordination and development of a national roadmap

Many organizations have independently identified social norms especially those related to property inheritance as a key constraint to women's agency, however efforts are currently fragmented, and methodologies vary widely. Convening these actors to share 'good' practises to address these norms, could help reduce duplication and maximize impact.

Table of Contents



Context, background and methodology

Introduction

Access

Usage, Control and Agency

Stakeholder

Recommendations

Annex

In the short to medium term, a number of opportunities emerge to address key constraints (1/2)

Our analysis has identified (i) **the supply of products and services tailored to women** and (ii) **promotion of the use of sex-disaggregated financial inclusion data as strategic focus areas**. Key sectors for strategic focus have been identified as women MSME and employees. Please note, many of these activity recommendations need to be collectively implemented to be effective. UNCDF can play a critical role in bridging silos and bringing stakeholders together.

		UNCDF key functions				
		D	CB	PA	IF	C
Supply-side	Access/Usage					
	1 Coordinate with LIFT to understand / share learnings on gender sensitivity in using land for collateral in Ethiopia. Additionally, pilot a lending program building on LIFT's results, providing technical assistance to raise awareness among both banks and women farmers		×	×		
	2 Build the business case for sex-disaggregated data collection around customer experience and analysis around FSPs access targets, and use as an advocacy tool, in conjunction with capacity building, to some of the larger and dynamic banks and MFIs (e.g. working via AEMFI for MFIs) to create products, services and marketing that are tailored to the needs of women. Identify and advocate to funders to support FSPs develop an electronic platform to collect the data.		×	×	×	
	3 In the short-term, compile 'good' practices about mobile money from more mature markets such as Tanzania and anchor around key lessons for uptake amongst women. In the medium to long-term, provide technical assistance and advocate to retail banks and mobile money operators (especially ones such as CBE and Awash) to expand agent and mobile banking as well as to incorporate gender sensitivity trainings, based on 'good' practices from other countries, as they roll-out agent banking and mobile banking.	×	×	×		
	4 Partner with WEDP and UN Women to expand the pilot program using psychometric data for credit assessments by building the business case for FSPs to expand the use of psychometric data for assessing credit worthiness, and reducing their reliance on collateral specifically for growth oriented entrepreneurs. Launch an innovation fund to incentivize FSPs to pilot alternative credit assessment using this data	×	×		×	
	5 Research women's primary insurance needs and launch an innovation fund to pilot women-focused insurance offerings around crop insurance and for farmers and health/life insurance for all women; co-design tailored products given surveyed women save mostly for emergencies	×	×		×	
	6 Advocate for increased gender diversity by promoting women's employment with FSPs, their value chains and in the ministry/ NBE, to support more gender sensitive policy making		×	×		
		Data and research	Capacity building	Policy and advocacy	Innovation funding	Convening

In the short to medium term, a number of opportunities emerge to address key constraints (2/2)



Recommendations		D	CB	PA	IF	C
Demand-side	Access/Usage					
	<ol style="list-style-type: none"> 1 Broker partnerships with organizations such as Care, PACT etc. who are working on promoting savings culture among women and FSPs promoting expansion of these services to integrate non-financial services, including expanding existing curricula to girls in addition to women and offer trainings on the benefits and use of mobile money and agent banking 2 Advocate to the ministry of education for the inclusion of financial literacy trainings in secondary schools and TVET institutions to start teaching girls about managing finances at a young age including skills such as developing an understanding of the purpose of FSPs and helping women/girls develop a habit of using these institutions 		×		×	
Enabling environment	Access/Usage					
	<ul style="list-style-type: none"> • Provide technical assistance and capacity building to NBE to ensure new financial regulations and infrastructure (e.g. tiered KYC for commercial banks, national ID, credit registry etc.) are gender sensitive and consider needs/barriers impacting various segments of women such as migrants/domestic workers • Create a platform for cross dialogue between the ministry of women, ministry of finance and the ministry of health to incorporate learnings from the success of 'the women's army¹' in the ministry of health which successfully mobilized women to provide health services. These learnings can help with providing sensitization of the new land law and with financial literacy training. • Advocate to key supply chain actors such as companies working in textile supply chains and their business associations starting with textiles industrial parks, and expanding to the horticulture industry, to facilitate partnerships between banks and employers to develop savings products for women and supporting women with account opening and other financial inclusion related constraints e.g. alternative ID to support employers to set up digital payment of wages into financially inclusive accounts <ol style="list-style-type: none"> 1 2 3 <ul style="list-style-type: none"> • Support the implementation of the national financial inclusion roadmap to ensure it is gender sensitive, by facilitating public private dialogue on the strategy implementation with gender expertise/ and women representatives of diverse stakeholder groups 		×	×		
Social norms	Control					
	<ol style="list-style-type: none"> 1 Convene development actors, donors and government to share 'good' practices from efforts to shift social norms, including 'transformative household' approaches, and build roadmap on way forward especially to address norms around inheritance practices 	×		×		×

[1] A fleet of young women trained to provide basic, largely preventive, primary health services to rural village

Furthermore, a number of key research questions remain unanswered



Demand

- What are the specific risks that women face and what kinds of insurance would be necessary to meet these needs?
- Building from FGDs, what characterizes women's and girls' financial needs and behavior across segments and what types of products and services could meet these needs? (partnering with SPRING to research the needs of girls can help answer some of these questions)

Supply

- What is the context specific business cases for FSPs in Ethiopia to serve different segments of women and girls?
- What 'good' practice is emerging from the corporate sector in other contexts e.g. Bangladesh in terms of women inclusive supply chains with regards to financial inclusion, and what is the context specific business case for doing so in Ethiopia among identified supply chains?

Enabling Environment

- What 'good' practices and enabling policies are required to ensure the development of a gender-sensitive ID system (with a focus on ensuring it is not a barrier for migrant women), credit bureau and tiered KYC?
- What is the evidence around effective interventions required to support uptake and usage of digital financial services by women, including digital literacy training and female agents and how should they be integrated?
- What is the level of women's participation in the financial sector, and what are the existing levels of institutional policies and practices to enhance gender diversity in the workforce and leadership of the financial sector providers and policy makers?

Table of Contents



Context, background and methodology

Introduction

Access

Usage, Control and Agency

Stakeholder analysis

Recommendations

Annex

Additional detail from PoWER Global Strategy

Our definition of WEE considers women's resources & skills, economic opportunities & their agency



Women's economic empowerment (WEE)

Women's economic empowerment is achieved when women and girls, first and foremost in Least Developed Countries, gain the **resources and skills** to **equally access economic opportunities** in the market, as well as the **agency** to use and control the benefits of participating in the market. This is determined by the **enabling** (policy & regulatory) **environment, equitable markets** and the **socio-economic context** that allow women and men to reach their potential.

Women's and girls' subjective understanding of their own empowerment will vary by context

We have converged on specific definitions of financial inclusion & women and girls



Financial inclusion

Financial inclusion is achieved when all individuals and businesses have access to and can effectively use a broad range of quality, adapted financial services that are provided responsibly, and at reasonable cost, by sustainable institutions in a well-regulated environment.

Three critical components to consider when measuring financial inclusion are **access, usage, control and agency**.¹

Women and Girls

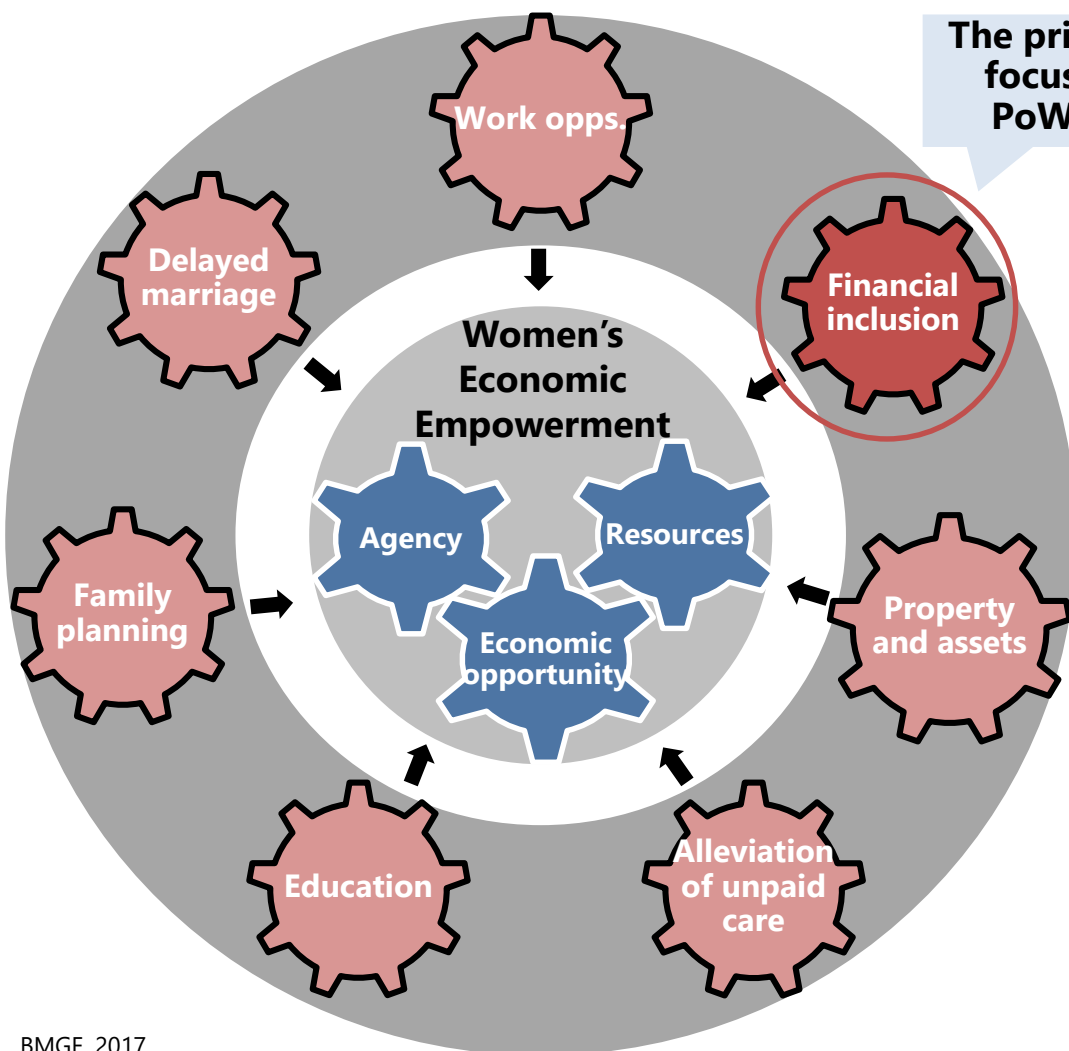
The gender identity to which a person holds, which is typically identified by their biological sex. The distinction between women and girls is age; girls fall between the age of 12 and 24.

Women and girls living in Least Developed Countries will be the focus of the PoWER Program.

[1] Principal focal areas for UNCDF

Financial inclusion is one critical enabler of women's economic empowerment and is the focus of PoWER

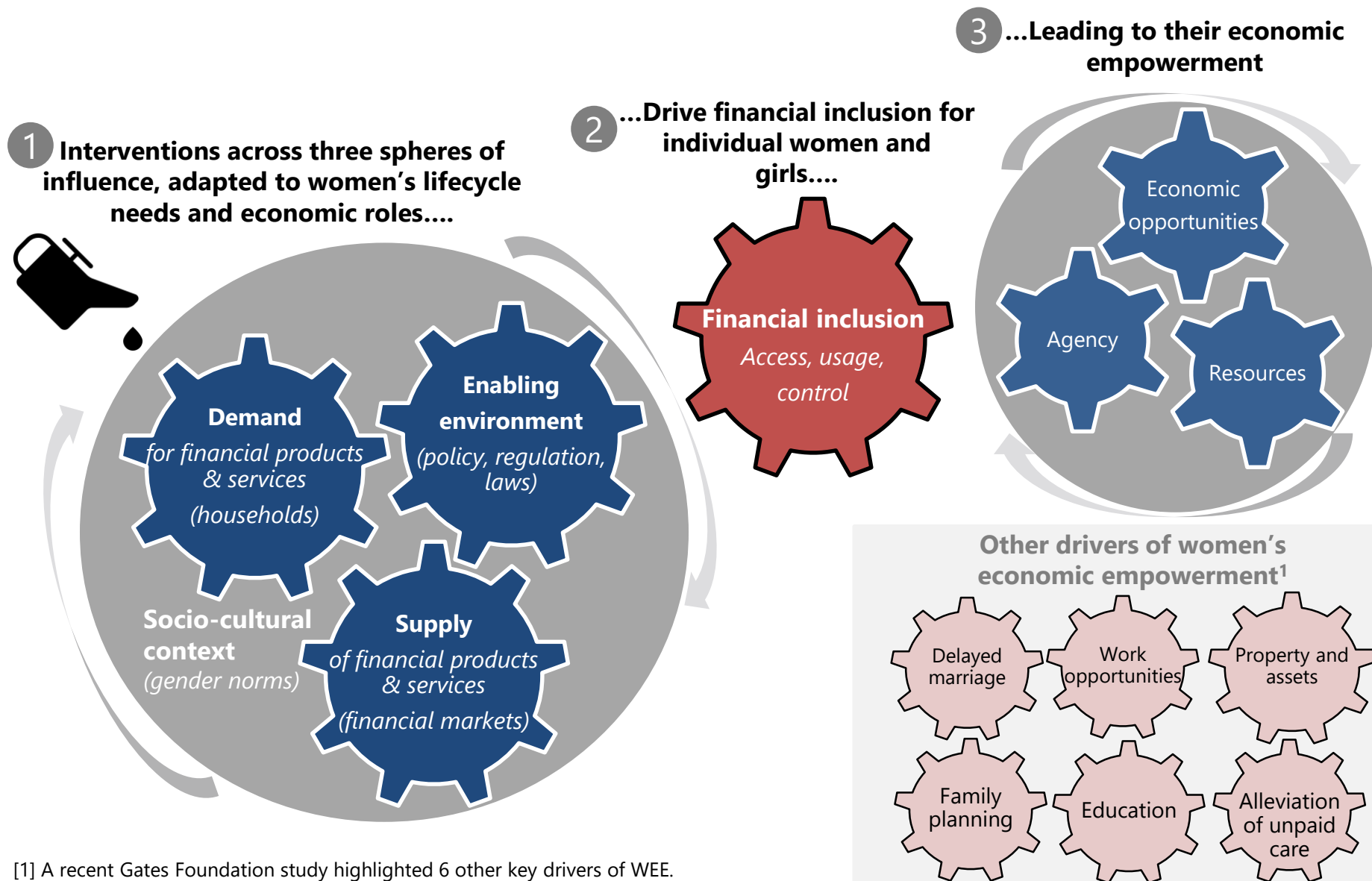
Transformation pathways to WEE: priority elements



A recent BMGF study highlights thirteen key enablers and conditions for WEE. Of these seven were prioritised as key levers to be focused on when driving WEE. Other drivers include:

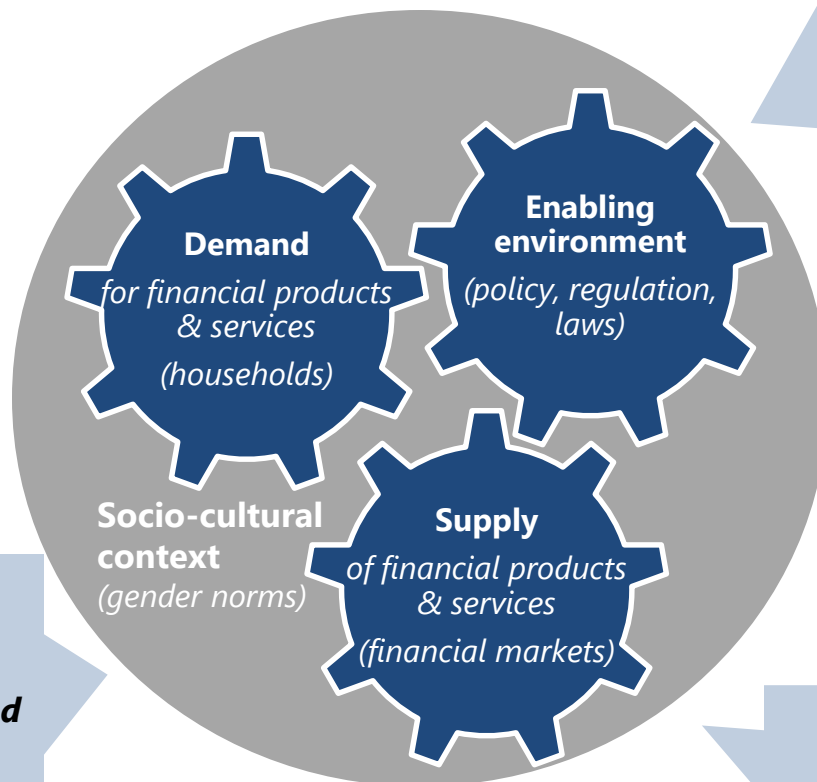
-  **Mobility and safety**
-  **Right to work**
-  **Workplace equality**
-  **Social programs**
-  **Vocational skills and programs**
-  **Digital inclusion**

The selected framework was adapted from 7 other frameworks & refined through stakeholder consultation



The adapted framework anchors around four spheres of influence, including the household

Women's and girls' demand for financial products and services is shaped by **intra-household decision-making, behaviour, division of labour and lifecycle needs**. e.g. time poverty that women face as a result of women's **unpaid care work**

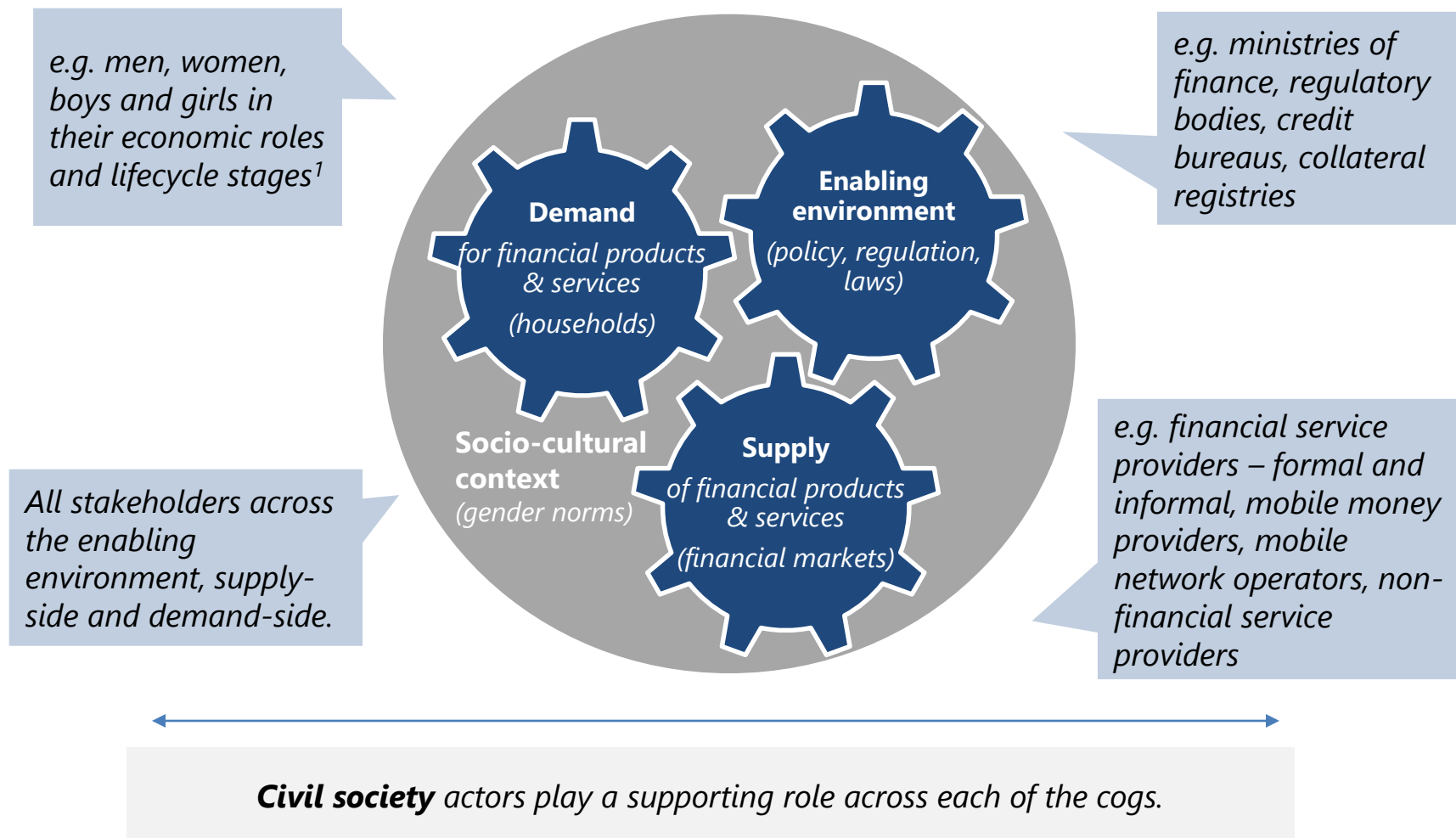


The existence and implementation of **laws, regulatory frameworks, and services** that the state provides, which are influenced by international regulations.¹ These in turn shape the **business environment** in which market actors operate. This sphere of influence covers elements of indirect relevance to FI e.g. inheritance law

Within socio-cultural contests, specific norms **shape social interactions, define gender roles and inform women's and girls' agency**. Norms are enforced by informal social sanctions. Such dynamics underpin biases across each of the other spheres and influence women's participation across each cog.

The **suppliers of financial products and services**, and supporting market actors. Markets can be influenced and shaped by policy, infrastructure and socio-cultural contexts.

There are a range of actors in each sphere of influence with whom PoWER could engage

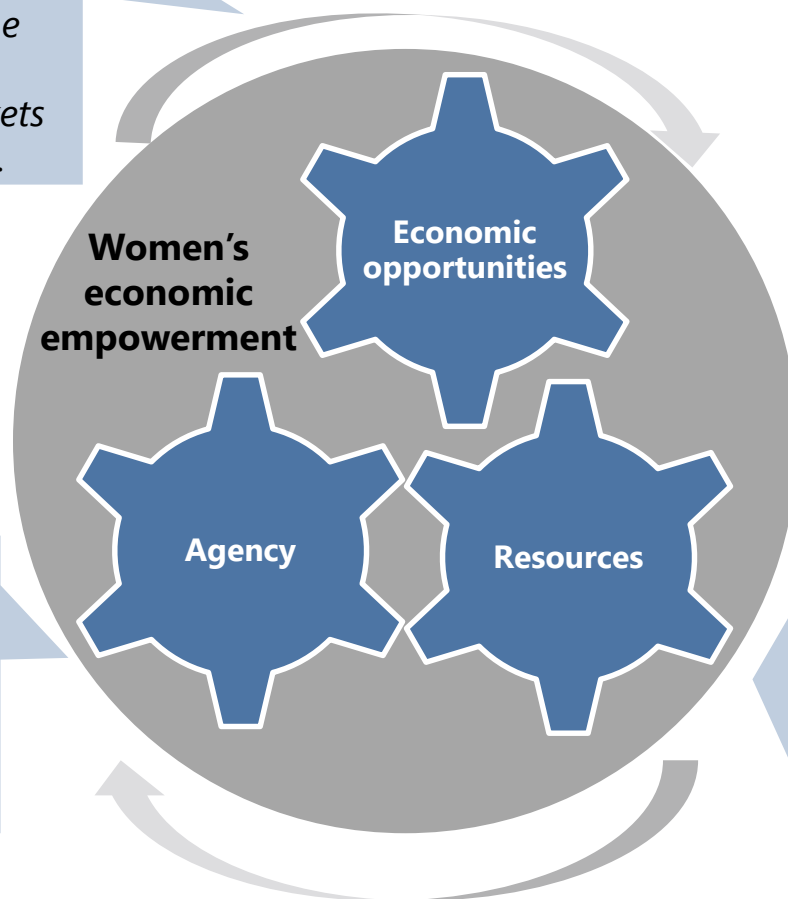


1. Within the household, certain family members have particular influence over women's economic decision-making e.g. husbands, parents-in-law etc.

Financial inclusion is an accelerator of WEE, defined as agency, resources & economic opportunities

Economic opportunities: a woman's opportunity to **earn income from work she wants to do** is determined by the intersection of norms, institutions, access to markets and individual resources.

Agency: A woman's ability to **pursue economic goals, express voice, and make decisions** free from negative consequence.

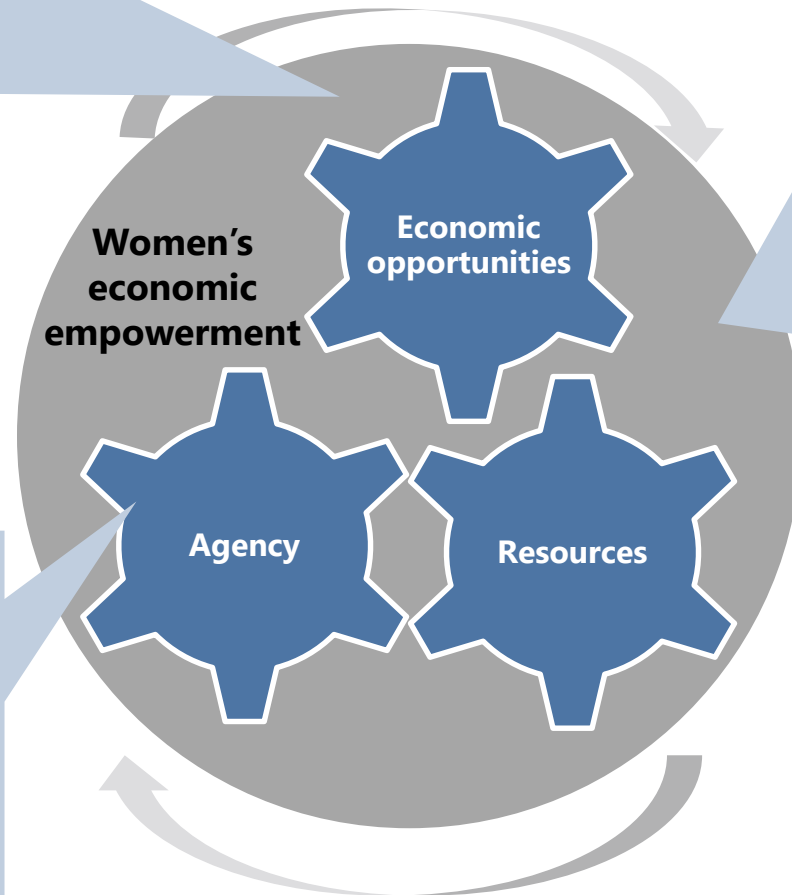


Resources: A woman's resources can be broken down into four components. **Health** – a woman's state of physical, mental and social wellbeing. **Education** – a woman's knowledge and skills. **Physical assets** – a woman's control or ownership over monetary or tangible assets **Time** – a woman's options for and control over allocation of time. **Social networks** – the networks that assist a woman interacting in the economy

Various enablers can be identified within each sub-component of women's economic empowerment¹

- Women are able to pursue entrepreneurship/employment unrestricted by mobility and unpaid care work
- Women are able to participate as employees in the public and private sector, including in the wider value chain of financial service providers

- Women participate in household financial decision making
- Women participate in policymaking
- Women participate in public-private dialogue



- Women have access to quality healthcare and education resources
- Women own and control tangible physical assets such as personal identification documents, assets for collateral, mobile phones
- Women have discretionary time benefit from their accumulated resources and economic opportunities
- Women have access to the social capital of networks and associations

1. Note: These 'enablers' are non-exhaustive.






Constraint scorecards and further constraints analysis

Across spheres, constraints can be prioritized based on country-level detail to produce scorecards





In the slides that follow, scorecards are constructed following country-level analysis of categories of constraints across enabling environment, supply and demand, listed below. Constraints are prioritized for severity based on a qualitative assessment of insights from the Dalberg/UNCDF Country Assessment Toolkit.

Policy Commitment	There are no sex-disaggregated Government financial inclusion targets/objectives, or no gender-sensitive or women-targeted focus areas within the financial inclusion strategy if it exists	Sex-Disaggregated Data Availability and Use	FSPs are not aware or do not see the value in collecting or analysing sex- and age-disaggregated data	Financial Capabilities, Awareness and Confidence	Financial and digital literacy are limited
	There is no national gender strategy or the gender strategy does not mention financial inclusion and is not aligned with the national financial inclusion roadmap where it exists	Products Adapted to Women's Needs and Realities	Even when they are aware, they may not have the capacity or resources to effectively collect and analyse this data		Business management skills (including pitching skills) are limited
	Female representation in the central bank or policy-making bodies is weak overall and/or in the leadership positions		FSPs lack awareness of the 'women's market' which can feed into biased/prejudiced attitudes of FSP staff	Documentation, Ownership and Control over Assets and Income	Access to market information and vertical social networks are limited
Gender and Age-sensitive Financial Regulations		Gender-sensitive Delivery Mechanisms	FSPs may not know how to develop adapted products		Lack of confidence/risk aversion can inhibit use of financial products
	The central bank neither incentivize nor publishes the collection of sex disaggregated data		Products not delivered in tandem with non-financial services	Time and Mobility	Paid work is often poorly paid and precarious
	Consumer protection regulations are underdeveloped	Gender-sensitive Requirements to Open and Manage Accounts	Marketing is not targeted to women and girls		Household work is unpaid
	Product/delivery regulation constrains private sector innovation e.g. agent banking, mobile financial services, collateral requirements		Physical financial service access points and agent network are limited/inappropriate and do not cater to time and mobility constraints		Land ownership, and control/usage of land is limited
	KYC regulations place a heavy burden on opening and managing an account for women and girls	Membership of Self Help Groups	Credit scoring processes are not adapted to women's and girls' limited credit histories		Mobile phone ownership in own name is limited
	Financial infrastructure such as payment systems, credit bureaus and collateral registries do not exist or function effectively		KYC regimes are not adapted to women's and girls' identification documents		ID ownership to meet account opening requirements is limited - including ownership of multiple forms of ID
			Independent management of accounts may be limited by age or requirement for husband approval		Mobility is restricted to the home or to a limited geography for multiple factors including husbands' permission, security and household responsibilities
			There is a lack of coordinated effort to scale SHG networks effectively		Family responsibilities and lack of affordable childcare solutions contribute to time poverty







Prioritizing constraints: Enabling environment scorecard / heatmap (1/2)

	Constraint	Detail on constraints in Ethiopia	Constraint severity
Policy Commitment	There are no sex-disaggregated Government financial inclusion targets/objectives, or no gender-sensitive or women-targeted focus areas within the financial inclusion strategy if it exists	<ul style="list-style-type: none"> NBE is developing a national financial inclusion strategy. The strategy is currently in draft stage, and is in the process of being finalized. The financial inclusion strategy focuses primarily on increasing access for the general population. There is very limited focus on women/girls and no explicit targets for reaching women/girls. 	
	There is no national gender strategy or the gender strategy does not mention financial inclusion and is not aligned with the national financial inclusion roadmap where it exists	<ul style="list-style-type: none"> There is no gender strategy, however, the Constitution of Ethiopia, adopted in 1995, assures women equal rights with men in every sphere and emphasizes affirmative action to remedy the past inequalities suffered by women. It also reiterates the rights of women to own and administer property as well as to access reproductive health services. There is also a gender and agriculture strategy which has elements of increasing access to finance for women farmers. The main objective of the gender equality strategy for the agriculture sector is to provide a national framework on how to ensure gender equality as a means of transforming agriculture and its increasing role in Ethiopia's economic development. It also provides a mechanism for building gender-balanced technical and management leadership to address gender inequalities 	
	Female representation in the central bank or policy-making bodies is weak overall and/or in the leadership positions	<ul style="list-style-type: none"> There is affirmative action in the government but efforts to increase participation of women is low. As of 2016, 39% of parliament seats were held by women. The visibility of women in the public arena has been enhanced by the representation of women in parliament and the appointment of a number of women to high public places previously dominated by men¹ There is no data on women's participation in the central bank/ financial sector policy making. 	
Gender and Age-sensitive Financial Regulations	The central bank neither incentivize nor publishes the collection of sex disaggregated data	<ul style="list-style-type: none"> Currently NBE does not mandate the collection of sex-disaggregated data. However, there is a plan to develop an M&E system which will require all FSPs to report sex-disaggregated data. Given that it is still in the planning stage, there is no indication of what indicators will be included or how extensive it will be. 	
	Consumer protection regulations are underdeveloped	<ul style="list-style-type: none"> In 2010, the Trade Practice and Consumers' Protection Proclamation No. 685/2010 was developed. This proclamation focuses on protecting consumers' rights and benefits, especially as it relates to trade. 	

Prioritizing constraints: Enabling environment scorecard / heatmap (2/2)






	Constraints	Detail on constraints in Ethiopia	Constraint severity
Gender and Age-sensitive Financial Regulations	Product/ delivery regulation constrains private sector innovation e.g. agent banking, mobile financial services, collateral requirements	<ul style="list-style-type: none"> Mobile and agent banking in Ethiopia is very nascent. NBE is promoting use of agent and mobile banking especially to reach rural populations where branch infrastructure is limited and expensive to develop. However, despite the efforts to promote its use, banks are still at the stage of piloting these initiatives. Furthermore, banks are free to set their own collateral requirements, it is not mandated by NBE. 	
	KYC regulations place a heavy burden on opening and managing an account for women and girls	<ul style="list-style-type: none"> KYC requirements for opening an account are relatively flexible. NBE requires one government issued photo ID; 67% of women surveyed have at least one acceptable form of ID. However, ID restrictions may be a barrier for migrant women who often do not have a government ID and face additional barriers to obtaining one (90% of domestic workers in A.A are not registered). Furthermore, as NBE is focusing on developing a national ID system, it is unclear what type of impact it will have on women and girls. 	
	Financial infrastructure such as payment systems, credit bureaus and collateral registries do not exist or function effectively	<ul style="list-style-type: none"> Payment infrastructure in Ethiopia is lacking. There are no collateral registries (although one is currently being built) and the network connectivity prevents financial infrastructure from working efficiently, however, there are efforts underway to improve the infrastructure. For example the national payment system was launched in 2016, connecting all 17 banks in Ethiopia for the first time, allowing for interoperability between the banks. 	
Non-Discriminatory Laws	Laws hinder (married) women's ability to: travel outside the home, obtain a national ID card, sign a contract open a bank account or control marital property	<ul style="list-style-type: none"> At the national level, the legal environment is gender-sensitive, with many laws demanding for gender equality. One example is the Family Code reforms which prevent a husband from being able to stop his wife from working, increasing women's workforce participation. The 2016 gender and agriculture strategy is comprehensive, ambitious and transparent, providing 'good' practice examples for other countries. However, when it comes to implementation, ministries lack the capacity and the expertise to effectively implement the strategies. Additionally customary laws which allow for settlement of disputes by elder men discriminate against women. 	

Prioritizing constraints: Supply-side scorecard / heatmap (1/2)








	Constraints	Detail on constraints in Ethiopia	Constraint severity
Sex-disaggregated Data Availability and Use	Financial Service Providers are not aware or do not see the value in collecting or analysing sex-and age-disaggregated data	<ul style="list-style-type: none"> Although collection of sex-disaggregated data is not mandated, most FSPs do collect it for reporting demographic information. Collecting sex-disaggregated data is more common among MFIs who often have a gender target that they are required to meet, typically mandated by international investors and/or their board of directors. Banks see the value of collecting the data in that it helps them reach their profitability goals. 	
	Even when they are aware, they may not have the capacity or resources to effectively collect and analyse this data	<ul style="list-style-type: none"> Some FSPs, most common among MFIs highlighted resources as a constraint to analyzing and utilizing their data effectively. Resources are especially important when it comes to developing electronic systems. However, although banks have the capacity to collect and analyse data, they don't see women as essential customer segment unless there is a strong business case to do so. 	
Products Adapted to Women's Needs and Realities	FSPs lack awareness of the 'women's market' which can feed into biased/prejudiced attitudes of FSP staff	<ul style="list-style-type: none"> Awareness of the 'women-market' is mixed. Collectively MFIs understand and make efforts to target women. However, they are limited given that many (about 90%) of the loan officers are men, and can lead to biased/prejudiced attitudes. Mobility restrictions especially considering security concerns are barriers to increasing the number of female loan officers. Banks on the other hand, have a limited awareness of the 'women market'. 	
	FSPs may not know how to develop adapted products	<ul style="list-style-type: none"> Developing tailored products is emerging, more common among larger banks with more resources, with an effort to get creative with how they reach women 	
	Products not delivered in tandem with non-financial services	<ul style="list-style-type: none"> Most FSPs offering tailored products for women do bundle the products with training programs focusing on financial literacy and business development skills; however, this is limited to banks and MFIs who are focused on reaching women 	
Gender-sensitive Delivery Mechanisms	Marketing is not targeted to women and girls	<ul style="list-style-type: none"> Banks make an effort to use channels that will reach women such as community meetings and kebeles. However, given that most rural women are home-bound, marketing does not go far enough to reach and educate these women. 	

Note: Scorecard/heatmap is based on qualitative assessment of desk research; Sources: UNCDF/Dalberg FGDs and Key Informant Interviews, UNCDF/Dalberg Country assessment survey (2017)

Prioritizing constraints: Supply-side scorecard / heatmap (2/2)





	Constraints	Detail on constraints in Ethiopia	Constraint severity
Gender-sensitive Delivery Mechanisms	Physical financial service access points and agent network are limited/inappropriate and do not cater to time and mobility constraints	<ul style="list-style-type: none"> Access is a constraint across Ethiopia, there are only 3 bank branches and 0.46 ATMs per 100,000 adults, compared to an average of 8 branches and 15 ATMs per 100,000 adults in Sub-Saharan Africa¹. The distance is a constraint for everyone, given the limited supply and uptake of mobile and agent banking. It is particularly difficult for women given pressures on their time. Women work 16 hours more than men, when taking into account household responsibilities. 	
Gender-sensitive Requirements to Open and Manage Accounts	Credit scoring processes are not adapted to women's and girls' limited credit histories	<ul style="list-style-type: none"> A credit information system does not exist in Ethiopia. Ethiopia is predominantly a cash-based society. Banks are forced to rely heavily on collateral for loan approvals. 	
	KYC regimes are not adapted to women's and girls' identification documents	<ul style="list-style-type: none"> Although women are required to provide one government issued photo ID, in practice, agents are less stringent on these requirements, given that they are required to open a set number of accounts each quarter. There are instances where banks accept a letter from the Kebele or a photo, taken on site, in lieu of an ID 	
	Independent management of accounts may be limited by age or requirement for husband approval	<ul style="list-style-type: none"> Independent management of accounts is not age restricted for saving accounts; those under the age of 18 are required to provide additional paperwork from the school or kebele as additional verification. For loans, it's restricted to 18 years old (requiring a kebele ID), furthermore, both spouses are required to sign the loan approval documents especially if collateral is joint property 	
Membership of Self Help Groups (SHGs)	There is a lack of coordinated effort to scale VSLA and SHG networks effectively	<ul style="list-style-type: none"> Informal VSLAs are understood as one of the primary savings methods, but there is limited effort at coordinating these groups. The draft financial inclusion strategy recognizes the role played by these VSLAs and focuses on strengthening cooperatives to effectively address these informal groups. 	

Prioritizing constraints: Demand side scorecard / heatmap (1/2)

	Constraints	Detail on constraints in Ethiopia	Constraint severity
Financial Capabilities, Awareness and Confidence	Financial and digital literacy are limited	Financial literacy of women is weaker than that of men across all levels. Beyond traditional financial literacy, general literacy is a key barrier, driven by limited education opportunities for women.	
	Business management skills (including pitching skills) are limited	Most women do not have the skills and capital required to scale their businesses. Furthermore, their awareness of financial products and services is lacking.	
	Access to market information and vertical social networks are limited	Women have limited mobility compared to men, and are time-poor due to household responsibilities. Therefore, women, have fewer networks and access to information to identify economic opportunities, compared to their male counterparts	
	Lack of confidence/risk aversion can inhibit use of financial products	Ethiopia has a strong patriarchal society where the man is perceived to be the breadwinner and is responsible for the financial resources of the home and family. However, there has been a recent shift with women taking more and more financial responsibility, but women fear loans and are perceived to be more risk averse compared to men.	
Documentation, Ownership and Control over Assets and Income	Paid work is often poorly paid and precarious	Most women employees are employed in informal businesses where work is poorly paid, and irregular. Many women chose to engage in multiple jobs and/or start their own businesses for supplementary income.	
	Household work is unpaid	Traditional, patriarchal divisions of labour typically lead women and girls to spend more time on unpaid household duties; women spend 69% of their total time a week on household work.	
	Land ownership, and control/usage of land is limited	Traditional inheritance practices favour men when it comes to passing on property/land. However, the recent joint land titling which started in 2006, requires that both spouses (husband and wife) have their names on the land certificate. Regardless, many women are either unaware of their rights and/or fail to use it.	

Note: Scorecard/heatmap is based on qualitative assessment of desk research; Sources: UNCDF/Dalberg FGDs and Key Informant Interviews, UNCDF/Dalberg Country assessment survey (2017) [1] World Bank: Findex, (2014)

Prioritizing constraints: Demand side scorecard / heatmap (2/2)

	Constraints	Detail on constraints in Ethiopia	Constraint severity
Documentation, Ownership and Control over Assets and Income	Mobile phone ownership in own name is limited	In general mobile phone penetration is low compared to the rest of Africa (43% in Ethiopia compared to 81% in Kenya). This is particularly more pronounced among the rural population. However, for those who do have phones, joint phone ownership is rare among both urban and rural women (6% of surveyed rural women and 2% of surveyed urban women share phones with their husbands)	
	ID ownership to meet account opening requirements is limited - including ownership of multiple forms of ID	68% of surveyed women have one form of accepted government ID. 59% of surveyed women have a kebele ID (most commonly accepted and utilized form of ID). ID ownership among domestic workers is substantially less, 90% of domestic workers are unregistered ¹	
Time and Mobility	Mobility is restricted to the home or to a limited geography for multiple factors including husbands' permission, security and household responsibilities	Women's mobility in Ethiopia is limited, mostly due to household responsibilities. Consequently, most women in rural areas are unable to travel long distances to banks (banks are located between 5-15km away for the majority of the population). Banks are also concentrated in urban areas and city centres.	
	Family responsibilities and lack of affordable childcare solutions contribute to time poverty	Social norms in Ethiopia require women to be the primary caregivers and responsible for household responsibilities like cleaning, cooking, fetching water and firewood, tasks which are quite time-consuming: estimates show women spend 69% of their day on these activities. The uptake of mobile money could help alleviate these challenges as it eliminates the need to travel, however, mobile money is still very new and has limited use throughout the country	

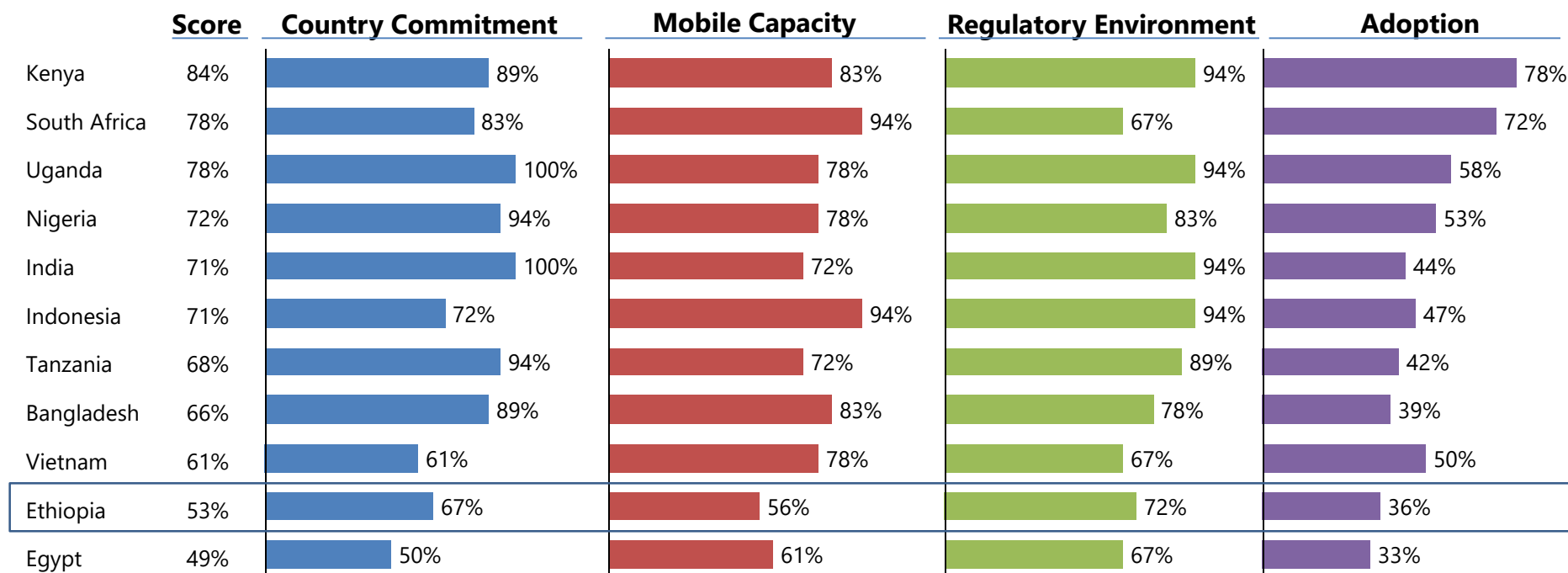
Note: Scorecard/heatmap is based on qualitative assessment of desk research; Sources: UNCDF/Dalberg FGDs and Key Informant Interviews, UNCDF/Dalberg Country assessment survey (2017) [1] DFID: Migrating out of Poverty, Poverty, Youth and Rural-Urban Migration (2014)

Desk Research Summary: Enabling Environment

Ethiopia is one of the lowest ranking countries with regards to financial inclusion regulation¹



Country rankings and scores based on metrics of financial inclusion



Financial Inclusion Status in Ethiopia

Country Commitment: Government is taking steps to improve financial inclusion including signing the Maya declaration of 2015 and developing a financial inclusion strategy (currently in draft form)

Mobile Capacity: Although there is a push for use of digital services, Ethiopia is lacking in digital infrastructure

Regulatory Environment: Several steps have been taken including approving a mobile and agent banking regulatory framework 2013, however mobile money can only be bank led, and has to be undertaken in local currency (Ethiopian birr)

Adoption: As of 2014 only about 22% of adults in Ethiopia had an account with a formal financial institution or mobile money provider

[1] The Brookings Institute: The 2016 Brookings Financial and Digital Inclusion Project Report (2016)

NBE recently developed a financial inclusion strategy which is currently being finalized



Financial inclusion strategy

Financial inclusion strategy is currently in a draft form, with hopes of being finalized by 2017. The primary vision is to achieve universal access to and use of a range of affordable and high-quality financial products and services by 2025. Development/implementation is being supported by the World Bank, IFC and a series of other development partners

Targets

- 80% of adults live within 5km from an access point by 2020
- 40% of adults to save at a regulated financial institution by 2020
- 40% of adults to have a loan at a regulated financial institution by 2020 (currently only 10% of adults have loans at financial institutions)
- Increase the proportion of agricultural loans to total bank credit to the private sector to 15% by 2020
- 5% of adults reporting having an insurance policy by 2020

In order to meet these demand side targets, NBE has also set a number of supply side targets mainly aimed at **increasing the number of total access points from 34 to 405 per 100,000 people by 2020.**

Key Concepts

As part of the strategy, the development of a national ID system, and movable collateral registry system were identified as elements which will be critical to the success of the strategy

Commitments

- Alliance for financial inclusion in line with the Denarau action plan
- Maya declaration to significantly improve access to finance
- Member of the Better than Cash Alliance (CTCA)

Strategy gender commitments

The ***financial inclusion strategy makes no explicit mentions of targeting women.*** In many instances women are only mentioned as a sub-category in addition to other sub-populations such as rural. Responsibility primarily falls on NBE to monitor the execution of the institution's roles and responsibilities

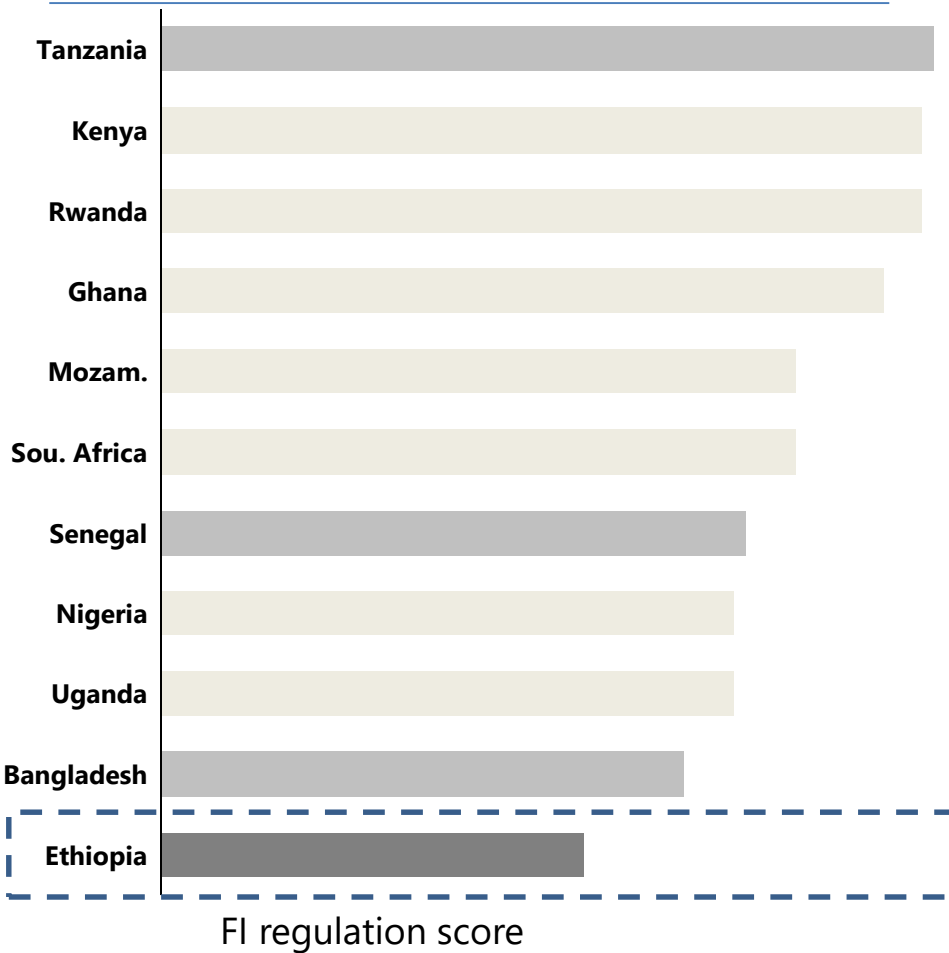
Implications for UNCDF

Given that the financial inclusion strategy has yet to be finalized, ***there is an opportunity to advocate for greater gender sensitivity and the integration of a women-targeted approach to be highlighted in the strategy.*** This can take the form of integrating gender targets and outlining activities that ensure that there are tailored approaches to reach women.

Ethiopia's overall FI regulations is underdeveloped, key enablers of women and girls FI are lacking



EIU Global Microscope 2016 FI regulation score



Source: Economist Intelligence Unit: Global Microscope (2016). This scores country's financial inclusion regulation across indicators covering: government support and capacity; regulation of products, services and delivery channels; mobile money and financial infrastructure.

Greyed out countries reflect PoWER focus countries. Data for Myanmar do not exist.

Within Ethiopia's regulatory framework, the effectiveness of key regulations influencing women and girls financial inclusion vary:

- *Consumer protection*
- *KYC (commercial banks)*
- *KYC (mobile money)*
- *Sex disaggregated data*
- *Agent banking (non-mobile money)*
- *Mobile financial services*
- *Microinsurance legislation*
- *Credit bureaus*
- *Collateral registries*
- *Payment systems*

Green: Area is appropriately* regulated and regulation is being implemented.

Orange: Area is appropriately regulated, but regulation not being effectively implemented or area is somewhat appropriately regulated and it is being implemented.

Red: Area is inappropriately regulated or unregulated

Appropriateness of regulation is based upon EIU standards and elaborated on in the slides below

The effectiveness of key regulations influencing women and girls financial inclusion vary (1/2)



Regulation	Description
Consumer protection	Consumer rights framework exists but no specialized capacity is in place. For internal complaints mechanisms, there are clear rules set by the regulator but compliance is low. No third party entity exists for dispute resolutions. For aggressive sales and unreasonable collection practice, the National Bank of Ethiopia has set clear rules but the compliance is low.
KYC (Commercial Banks)	For commercial banks, the requirements to open a bank account can be met by men and women. However, there are interest rate restrictions which discourage depositors from low-income population. In addition there is no deposit insurance in place for small depositors.
KYC (Mobile Money)	For mobile money, the requirements for opening an account are: (i) be 18 years old and above ; (ii) having a mobile phone number. There is no evidence of gender based discriminations. The requirements can easily be met by women and vulnerable populations
Sex disaggregated data	The National Bank of Ethiopia releases a very comprehensive yearly report (not limited to financial inclusion) that outlines consumer demand for various financial services. However, the report does not integrate sex disaggregated data. FSPs are not required to collect sex-disaggregated data
Agent banking (Non-Mobile Money)	There are some minors obstacles to opening a branch for banks, though none for microfinance institutions. Agents can perform a wide range of activities, including cash-in and cash-out transactions and account opening activities. One important limitation is that regulations do not allow customers to open a business bank account with an agent.
Mobile financial services	The NBE regulates the digital financial services. In 2012, it issued a policy document regarding mobile financial services. In addition, the regulator makes effort in promoting the use of digital financial services throughout the country. Hellocash provides an interoperability service between multiple platforms. However, the state monopoly telecom provider, Ethio Telecoms which doesn't provide mobile money services. Mobile money transactions can only be carried out within Ethiopia and have to be bank-led.

The effectiveness of key regulations influencing women and girls financial inclusion vary (2/2)



Regulation	Description
Insurance legislation	The NBE has issued the micro insurance directives. However, they are very general and have not been fully tested and implemented yet. An important weakness is the absence of monitoring of consumer protection by the regulator. In addition there is not dispute resolution mechanism
Credit reporting institutions	There is a public credit registry, but there are no credit bureaus. The credit registry is highly underutilized, only banks have access to it and are required to report information. MFIs are not required to report information and do not normally consult it, instead they rely on informal information sharing among other MFIs. The International Finance Corporation through its credit bureau program, is providing support to the NBE to build capacity and turn the Credit Reference Registry into a state-of-the-art facility.
Collateral registries	There is no evidence of the existence of collateral registries in Ethiopia. There are efforts by NBE to develop a movable collateral registry.
Payment systems	Incipient payment systems that are reliable are beginning to emerge and starting to address the considerable unmet needs of the country's low-income population. There is now inter-operability among the country's 17 banks. In addition, some MFIs have partnered since 2012 with the state telecommunications company and technology service providers to establish mobile banking for their customers: M-BIRR is the country's first mobile payment system.

Gendered legal environment is highly regulated but customary laws discriminate against women



CATEGORY	SUB-CATEGORY	Score	DESCRIPTION
Apply for ID	Apply for a passport	<div></div>	Equality in the law ²
	Apply for a national ID	<div></div>	National ID system not yet functioning
Mobility	Travel outside her home	<div></div>	A woman travel outside her home in the same way as a man, married or unmarried
Agency	Sign a contract	<div></div>	A woman sign a contract in the same way as a man, married or unmarried
	Register a business	<div></div>	A woman registers a business in the same way as a man, married or unmarried
	Open a bank account	<div></div>	A woman opens a bank account in the same way as a man, married or unmarried
Property	What is the default marital property regime?	<div></div>	Partial Community of property
	Who administers marital property?	<div></div>	Both must agree
	Female and male surviving spouses inheritance rights	<div></div>	Equal inheritance rights in Ethiopian law
	Sons and daughters inheritance rights	<div></div>	Equal inheritance rights in Ethiopian law
	Equal rights to property	<div></div>	Equal property rights in Ethiopian law

A number of customary laws trumps the legal environment

Top constraints include:

- Beliefs – women are excluded from activities such as ploughing which prevents them from being able to build up their asset base and enter into farming on an equal footing with their male counterparts
- Tradition of passing on land only to male children –if a woman's husband passes away, she can only temporarily control the land until her male children take over, if the widow does not have male children, family members will inhibit a woman's right to the land without a child
- Fear of stigma and social exclusion/ ostracism can also force women to renounce their already reduced inheritance, and to hand it over to a male member of the family

Gendered legal environment is mixed; targets or quotas supporting women's leadership are lacking



CATEGORY	SUB-CATEGORY	Score	DESCRIPTION
Discrimination	Constitution protects for gender equality		Specifically guaranteed ¹
Violence	Sexual harassment legislation covers employment		Legal provisions in place (criminal code art 625) ²
	Domestic violence is legislated against		Legal provisions in place (criminal code art 564) ²
	Marital rape is legally criminalized		Provision specifically exempting the husband from facing criminal penalties for marital rape ²
Work	Paid leave for mothers of infants		Paid leave guaranteed for children's health needs <14 days; Maternity leave guaranteed = 90 days ³
	Paid leave for fathers of infants		No paid leave for children's health needs, No paternity leave ³
	Legal limitations on women doing the same job as men		Legal limitations exist ²
	Legal protections x gender discrimination in hiring / pay		No applicable provision for hiring and pay ²
	Discrimination in access to credit		No protections ²
Family	Gender disparity in legal age of marriage		18 years old for both boys and girl. However, 15 yr old girls marry under religious/customary law ⁴
	Convey citizenship to a non-national spouse in the same way as a man		No distinction between men and women ²
Quotas supporting women's leadership	Women on corporate boards		There are no quotas or targets for women ²
	Women representatives in parliament		38.8% of representatives in parliaments ²
	Women representatives in local government		There are no quotas or targets for women ²

Desk Research Summary: Demand

Key comparative statistics on economic and social factors shaping WEE and financial inclusion (1/2)



Key dynamics shaping women's empowerment and financial inclusion	Data
Ethiopia's overall development performance	
Ranking in the Human Development Index (UNDP) ¹	174
% of population living below the income poverty line (ppp \$1.25) ²	36.8%
% of population living in multi-dimensional poverty ²	6.7%
% GDP contribution of key sectors to the economic growth of the country	Agriculture: 85% Industry: 5% Services: 10%
Global Gender Gap Data for Ethiopia ³	Rank: 118 Score: 0.62
Urban population:	19.5% of total population
Rate of urbanization:	4.89% annual rate of change
Median age at first birth	19.6 years
Participation in the economy and society	
Literacy rate (broken down by males/ females) (UNESCO) ⁴	Overall: 49.03% Male: 57.28% Female: 40.97%
Unemployment rate ⁴	Overall: 7.3% Male: 5% Female: 9.6%
Labour force participation rate	Overall: 84% Male: 89% Female: 78%

[1] Census Info (2012) [2] UNDP (2015) [3] WEF (2016) [4] CIA (2015) [5] World Bank Data, modeled around ILO (2014)

Key comparative statistics on economic and social factors shaping WEE and financial inclusion (2/3)



Key dynamics shaping women's empowerment and financial inclusion	Data
Employment by type of occupation and gender¹	
Professional/technical/managerial	Male – 4.2% Female – 3.1%
Clerical	Male – 1.3% Female – 2.2%
Sales and Services	Male – 10.2% Female – 33%
Skilled Manual	Male – 7% Female – 12.7%
Unskilled Manual	Male – 1.6% Female – 1.7%
Agriculture	Male – 5% Female – 73.5%
Challenges faced by women employees²	

Although the majority of women are engaged in agriculture work, they are more likely to get paid when employed in the nonagricultural sector which resulted in 56 percent of women engaged in agricultural work unpaid workers in 2011. Furthermore, a large number of employed women were not able to receive their wages, as compared to men. Only 36 percent of the women said they have decision-making power over the use of their own cash earnings while 55 percent jointly decide with their spouses over the use of their income. For 8 percent of the women, the decision is being made by solely by their husbands

[1] FMOH: Demographic Health Survey (2011) [2] USAID: Ethiopia Gender Profile (2017)

Key comparative statistics on economic and social factors shaping WEE and financial inclusion (3/3)



Key dynamics shaping women's empowerment and financial inclusion	Ethiopia	SSA
Representation in firm leadership and ownership¹		
Percent of firms with female participation in ownership	36.2%	32.7%
Percent of firms with majority female ownership	6.5%	12.9%
Percent of firms with a female top manager	4.5%	15.9%
Male-owned businesses in Ethiopia are 2.7 times larger than female-owned enterprises in terms of number of employees and have average monthly sales that are 4 times higher		
Composition of women by size of enterprise²		
Micro-enterprises	65%	N/A
Small enterprises	26%	N/A
Medium enterprises	<10%	N/A

Challenges facing women high growth SMEs in Ethiopia^{1,3}

Access to finance and access to land were expressed as the main business constraints by both male and female entrepreneurs, signifying that this is an Ethiopia-wide problem. Access to finance, especially in the current climate includes access to forex and foreign capital, where individuals may have to wait for an average of 8 months to access forex. Secondary problems for females in Ethiopia, cited as major or severe constraints, are tax administration, transportation and tax rates. Ethiopian female entrepreneurs seem to face the same challenges in terms of tax rates, but struggle more with tax administration than both Ethiopian male and other African female entrepreneurs. This is also the case for transportation.

[1] World Bank: Enterprise Survey Data (2013) [2] Ministry of Women Children and Youth: Trade and Gender in the Services Sector of Ethiopia, (2016) [3] Girl Hub: Girls and Income Growth in Ethiopia (2013)

Desk Research Summary: Supply

The supply side landscape reveals pockets of interest among select FSPs customers

Key supply-side providers		Product offerings for women	Delivery mechanisms	Financial capability training
Retail FSPs	CBE (largest bank in Ethiopia)	Have youth and women saving products but no loan products targeting women	NBE directive is requiring that banks offer agent banking services - agent banking is still in a pilot phase for most banks. CBO is working with HelloCash. CBE is set to begin in mid 2017	N/A
	Dashen Bank (largest private bank)	Child saving account geared towards saving for education – no loan products targeting women		
	Awash Bank			
	Cooperative Bank of Oromia (CBO)	No products geared towards women		
	Enat Bank (only women-focused bank)	Offers a series of products aimed at women eg. Collateral saving account	No agent banking, or online banking services	Works with EDC to provide business trainings for loan applicants
Microfinance	ACSI	Various products evolved to match women's needs and preferences	MFI branches even in rural, remote areas but loan officers are mainly men – PEACE recently introduced mobile banking technology	Financial literacy and often bundled with products to help women understand product features
	DEXI			
	VisonFund			
	PEACE			
MM Providers	M-birr	No products geared towards women – still operating at primarily at a pilot phase	Large network of agents from local community; agents are male dominated	Provide basic trainings on using mobile money platforms – not specifically geared towards women
	Kifiya			
	HelloCash			
Insurance	Nyala Insurance	Primarily offer crop weather insurance products through their micro-insurance product – no products are aimed at women	Fragmented delivery by a large number of providers, limited reach especially in rural areas	Limited efforts to build customer understanding of insurance – primarily target wealthier clients
	Global Insurance	Life and non-life insurance products – no products aimed at women		

[1] Non-exhaustive list of financial service providers. Shortlist based on combination of size and/or interest in women's finance.

There are 19 retail banks in Ethiopia, CBE dominates the market by far (36% market share)

Type of bank	Bank	2014/15		2015/16	
		No. of Branches	Percentage Market Share	No. of Branches	Percentage Market Share
Public	Commercial Bank of Ethiopia (CBE)	977	36.3%	1,150	36.1%
Public	Construction and Business Bank	120	4.5%	n/a	n/a
Public	Development Bank of Ethiopia	32	1.2%	110	3.5%
Private	Awash International Bank	207	0.077	245	0.077
Private	Abay Bank	89	3.30%	116	3.60%
Private	Abyssinia Bank	136	5.10%	176	5.50%
Private	Addis International Bank	32	1.20%	43	1.30%
Private	Berhan International Bank	71	2.60%	88	2.80%
Private	Buna International Bank	82	3.00%	105	3.30%
Private	Cooperative Bank of Oromiya	141	5.20%	184	5.80%
Private	Dashen Bank	164	6.10%	118	3.70%
Private	Debab Global Bank	22	0.80%	28	0.90%
Private	Enat Bank	11	0.40%	20	0.60%
Private	Lion International Bank	88	3.30%	121	3.80%
Private	Nib International Bank	115	4.30%	155	4.90%
Private	Oromia International Bank	152	5.60%	210	6.60%
Private	United Bank	128	4.80%	144	4.50%
Private	Wegagen Bank	119	4.40%	161	5.10%
Private	Zemen Bank	7	0.30%	13	0.40%
	Total	2,693	100%	3,187	100%

There are a total of 30 MFIs throughout the country, lending to over 2 million borrowers (44% women)^{1,2}

MFI	Number of Borrowers ¹	Amount of Loans in ETB (USD) ¹
Amhara Credit and Savings (ACSI)	694,933	1,940,827,401 (\$83,384,000)
Dedebit Credit and Savings (DECSI)	396,648	1,849,942,011 (\$80,432,000)
Oromia Credit and Savings (OCSSCO)	503,000	1,280,000,000 (\$55,652,000)
OMO Microfinance	327,888	585,102,740 (\$25,439,000)
Addis Credit and Savings (ADCSI)	156,148	566,826,000 (\$24,644,000)
Wasasa Microfiannce	53,981	113,970,892 (\$4,955,000)
Wisdom Microfinance	45,331	101,205,955 (\$4,440,000)
Buusaa Gonofaa Microfinance	48,908	76,548,872 (\$3,328,000)
Benishangul Gumuz Microfinance	28,874	51,762,087 (\$2,250,000)
Specialized Financial and Promotional Inst (SFPI)	33,342	50,807,161 (\$2,209,000)
PEACE Microfiance	17,206	45,507,171 (\$1,978,000)
Eshet Microfinance	24,116	40,588,029 (\$1,764,000)
Sidama Microfiance	47,810	28,334,552 (\$1,231,000)
Harbu Microfinance	17,984	23,029,053 (\$1,001,000)
Meklit Microfinance	14,224	23,029,053 (\$1,001,000)
Aggar Microfinance	5,854	19,130,224 (\$831,700)
Diredawa Microfinance	5,923	16,285,631 (\$708,000)
Africa Village Financial Services (AVFS)	17,359	14,974,452 (\$651,000)
Gasha Microfiance	6,991	14,736,312 (\$640,000)
Shashimene Eddir Yelimat Agar (SEYAMFI)	4,144	10,959,365 (\$476,000)
Total (includes all MFIs)	2,470,641	6,883,135,916

About 44% of borrowers across MFIs are women²

[1] NBE: Annual Report (2011) [2] Ministry of Women Children and Youth: The role of Micro finance Institutions in alleviating Women and Youth economic problems (2011)

Key themes from Key Informant Interviews¹

[1] Please refer to full notes of key informant interviews for further details.

Summary: High-level insights from Dalberg's 22 key informant interviews in Ethiopia (1/2)

Enabling environment	Supply-side
<ul style="list-style-type: none"> • Gender is a priority for the government and is one of the pillars of GTP2, however, although policies are gender friendly, there are gaps that emerge during implementation • NBE does not mandate the collection of sex dis-aggregated data. Although many FSPs do collect disaggregated data, CBE (largest bank) does not • NBE released a directive to push digital finance. However, since mobile banking is required to be bank led it limits supply • Every ministry is required to have a gender department and ministry activities have to have budget line items that benefit women. However, there is no specific measure or target to determine how it benefits women 	<ul style="list-style-type: none"> • Traditional banks and MFIs are not 'women-friendly', agents are mainly men and usually aggressive • There are little to no products targeted at women; banks are profit driven and don't see the need to target women unless it has a positive impact on their bottom line • MFIs lack the technical expertise to manage individual loans. MFIs in Ethiopia manage group loans and even force women to band into groups to allow for better loan management

"In Ethiopia we're good at establishing institutions but not good at implementation. We have many organizations with fancy names, but when it comes to implementation they don't do much."

- CSO

"Women's empowerment will not be achieved by just providing financial access, it needs to be backed by capacity building"

-FSP

Please refer to full notes of key informant interviews for further details.

Summary: High-level insights from Dalberg's 22 key informant interviews in Ethiopia (2/2)

Demand-side	Social norms/cross-cutting
<ul style="list-style-type: none"> • Women know about saving and know that they can save in banks, but those who do save have difficulty expressing what they're saving for and those who do not save think their income isn't enough to allow them to save • Literacy and financial management are some of the biggest challenges preventing women from participating in savings groups. Once women overcome this hurdle, their participation substantially increases • Women face an opportunity barrier. Men get ahead because they have opportunities (eg. Education and inheritance) starting from childhood 	<ul style="list-style-type: none"> • Institutional social norms prevent the recruitment of women. Recruiting focuses on experience and education which in itself is inherently biased against women • Involving men is critical to promoting women's empowerment. Men typically have greater agency than women; when husbands are supportive, it's a lot easier for their wives to get ahead • There's been a substantial improvement in women's self-confidence. Over time there's been a move towards better collaboration. This may be attributed to the vast number of programs addressing issues of agency among women

"Women need to understand that before borrowing they have to first save. Poverty doesn't mean that they can't save."

- CSO

"Some men transfer property to their family before they get married to prevent their wives from accessing it."

- FSP

Please refer to full notes of key informant interviews for further details.

Focus Group Discussions: Key themes and further detail per segment

Summary: High-level insights from Dalberg's five focus group discussions in Ethiopia (1/2)



In-school girls	Out-of-school girls	Employees (Cleaners)
<ul style="list-style-type: none"> • All the girls were in 11th grade, which is a critical juncture given that they were preparing to take qualifying examinations to determine whether they would be able to pursue a college education • Although all the girls had dreams of becoming doctors, lawyers, etc. they were very dependent on their families/parents. Financing their future education was not top-of-mind • Girls had very little aptitude/awareness of financial management. Some of the girls had opened bank accounts during CBE's promotional events in-school but they had not used it 	<ul style="list-style-type: none"> • Many of the girls dropped out of school because their families were unable able to support their continued education, for many girls this coincided with the death of a family member who held responsibility for providing that financial support • As an alternative to pursuing education, many of the girls got married and started working on agricultural activities such as working with dairy and cow fattening • Saving in an informal group was common among the girls, however, girls were heavily dependent on their families/husbands to provide the money for them to be able to save 	<ul style="list-style-type: none"> • Migration was very common amongst employees. Many had migrated to Gulf countries (and returned) in search of better pay and opportunities • Rent/housing costs are some of their biggest concerns. All the women dream to own a house in the near future, but have limited financing options and no means to purchase a house • Although, women are working in some of the top hotels in the city, wages are very low. Some women cited working 6 days a week (3 hours a day) and getting paid 300ETB (\$13) per month • Given the low wages most of the women had dreams to become an entrepreneurs with the perception that entrepreneurship will give them greater control over their incomes

Summary: High-level insights from Dalberg's five focus group discussions in Ethiopia (2/2)



SME entrepreneurs	Rural farmers
<ul style="list-style-type: none"> Many of the women were married and had children at a young age (~18 years old). Entering entrepreneurship was a coping mechanism because of the limited employment/education opportunities SMEs were by far the most empowered group of women, given that they had direct control over their incomes. Financial management with spouses was mixed – while some had joint accounts and shared information with their husband, others kept it very separate. Regardless, empowerment was tied to having their own income and not necessarily tied to whether information was/wasn't shared with a spouse Despite being able to manage their businesses, awareness of the financial sector was limited, and many opted to go to an MFI for a loan, with the perception that banks had stringent requirements and wouldn't be able to meet their needs. 	<ul style="list-style-type: none"> In addition to farming activities, many of the women had 'side jobs' where they would sell local beer or injera to make a supplementary income Many of the women were married when they were young, and many of them had husbands who passed away soon after marriage; husbands were often significantly older than their wives Dreams of farming vegetables were common among the women because vegetables are profitable and easier to farm Informal savings groups were very popular among the women. CRS had provided trainings to community members and the groups were continuing to function even without support from CRS

Adolescent in-school-girls face a key financial hurdle after 10th grade where the costs increase



Key financial needs

- **Financial literacy** trainings to ensure that girls have early exposure to understanding the importance of money management
- **Savings to meet education expenses** or smooth shocks on parents' incomes to ensure continuity of own and siblings' education
- **Cheaper school transport**, or **more accessible schools** would allow more savings to be put aside

Financial products and strategies used:

- **Relying on family** (ie. Parents, siblings extended family etc.) for their financial needs whether it is planning for future education costs or for transportation
- Saving **informally (for about half the girls) putting the money in a box at home** (a minority mentioned that the box is provided by CBE which is deposited into a bank once it is full)
- A select few have **opened bank accounts themselves when it was being advertised in school**, however deposits are rare and small amounts because they are depending on their families to provide the funds

Constraints

- Perception that **managing finances and financial literacy should begin only once they start earning their own income**
- **Lack of contingency planning** for the possibility that they may not be able to go to university (in Ethiopia University is free but if a student is unable to get accepted, private colleges are available at a cost)

Adolescent out-of-school are highly vulnerable due to early marriage and childbirth



Key financial needs

- **Small capital injections** to purchase goats, sheep and chickens
- **Business management trainings** focusing on starting, maintaining and growing a business
- **Education loan products** to help finance higher education needs
- Trainings on availability of insurance
- **Secure savings channels** – different needs require different types. Short term, highly accessible channels are important for dealing with emergencies. Longer term oriented savings that have some commitment mechanism are valuable for bigger ticket items

Financial products and strategies used:

- **Rely on family** (ie. Husbands and parents.) to provide financial support, even for savings needs
- **Save, although small amounts** as part of their kebele VSLAs
- **Take small loans** from the informal savings groups
- **Invest in goats and chickens** which are used to sell the eggs and/or the milk as supplementary income

Constraints

- **Early marriage, and early child bearing** increases in-house responsibilities and prevents girls from being able to pursue other income generating activities
- **Lack of financial resources** stops girls from continuing their educations
- **Lack of awareness of financial products and services** available for their needs, compounded by the perception that banks are far from their reach given that they have limited ability to save

Employees are in low-paying jobs with limited opportunities to transition to higher income positions

Key financial needs

- **Small capital injections** to start businesses
- **Cheaper money transfer** facilities to send to and receive support from family members (especially relevant for migrant women sending money back to their families)
- **Flexible housing loans** to finance the purchase of apartments/houses
- **Education commitment saving products** to plan and save for future children's education needs

Financial products and strategies used:

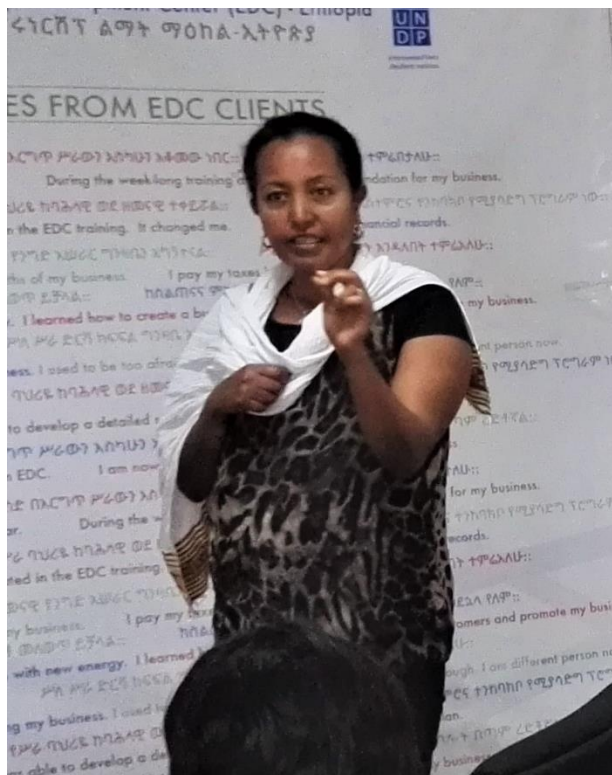
- **Bank accounts** are opened mostly to receive wages for formal employment, but have minimal use outside wage deposits/withdrawals
- **Many migrated to Gulf countries** to increase their income potential especially as living costs continued to increase
- **Saving is prioritised**, but many have been using their savings to help finance their living costs
- A select few **took on multiple contracting cleaning jobs** in hopes of earning higher wages

Constraints

- **Low salaries** make it difficult for women employees to meet immediate financial responsibilities and put money away to save and often had to use their savings to finance living costs
- **Overall low standard of pay in the country, limits** earning potential as an employee
- **Lack of awareness/information and fear of loan options** available through MFIs to help finance businesses



Entrepreneurs struggle to grow their businesses are there is a lack of financing options for the 'middle layer'



Key financial needs

- **Loans with flexible terms** (eg. Repayment) to account for inconsistencies in business climate
- Medium to big ticket **loans for enterprise finance to grow business**
- **Education commitment saving products** to plan and save for future children's education needs
- **Loans which accept alternative forms of collateral**
- **Financial literacy and business trainings** focusing on loan management

Financial products and strategies used:

- **Loans from MFIs** to finance capital needs
- **Personal bank accounts** are also common to save for children's education needs and/or housing (accounts are often separate from spouses and from business accounts)
- **Mixed use of edirs** (informal savings rotating groups specific to saving for funerals)

Constraints

- **Lack of awareness/information and fear of loan options** available through MFIs to help finance businesses
- Lack of loan options to meet **financial needs of the 'middle layer'** (ie. SMEs who have 'graduated' from an MFI but don't meet stringent bank requirements)
- **Lack of assets** to use as collateral
- **Low flexibility of loans** especially from formal FSPs on repayment terms

Farmers have limited links to formal financial institutions and rely on informal methods



Key financial needs

- **Funds to buy agri-inputs** e.g. fertilizer, seeds and pesticides
- **Flexible agricultural loans** to match irregularity of incomes due to planting/harvesting cycles
- **Access to crop insurance** to protect from crop failure
- **Household-related expenses** e.g. food, medical expenses, school fees, etc

Financial products and strategies used:

- **Take up multiple jobs:** Farming is typically part time, with most smallholder farmers doing some additional economic activity(eg. Selling tela or renting out a portion of the land for extra income)
- **Borrow from friends and family:** this was by far the most common coping strategy
- **Save small amounts** at home, with informal savings groups
- **Take small loans** from the informal savings groups

Constraints

- **Limited supply and awareness of crop insurance** to insure against drought
- **Lack of access to collateral** to take loans – land and/or livestock cannot be used as collateral
- **Lack of consistency with crop yield** especially during periods of drought
- **Early marriage, and early child bearing** increases in-house responsibilities

Reference List

Reference list (1/2)

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ILO	Key Indicators of the Labor Market	2013
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USAID	Ethiopia Gender Profile	2017
USAID	Financing Women-Owned SMEs: A case study in Ethiopia	2013

Reference list (1/2)

Source	Title	Year
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