

UN Capital Development Fund

# POWER Access and Agency Country Assessments Ethiopia



United Nations Capital Development Fund

13<sup>th</sup> November 2017



Unlocking Public and Private  
Finance for the Poor

# **Financial Services Access and Agency for Women and Girls**

## **Ethiopia Country Assessment Workshop**

**Beth Porter, Director Financial Inclusion**

**Radisson Blu Hotel, Addis Ababa**

**13 November 2017**

# Bangladesh Financial Services for Women & Girls Country Assessment Workshop



## Objective:

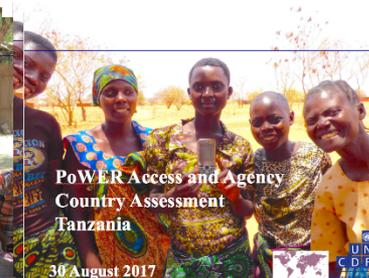
Share and validate Tan country assessment findings and insights on key constraints and enablers of women and girls' access, usage and control of finance across supply, demand and the enabling environment and the cross-cutting socio-cultural context.

## By the end of the workshop, participants will have:

- Been exposed to country assessment toolkit and how use for complementary insights to other studies and data and inform programme design and partnership strategies.
- Heard key findings from country assessment report.
- Validated findings and helped prioritized recommendations for action.

## Participants:

Representatives of multiple stakeholder groups including government (policymakers, line ministries, regulators), financial service providers (banks, digital financial service providers, microfinance organizations), private sector and business associations, civil society representatives, researchers, and bilateral and multilateral development agencies.



# Ethiopia Country Assessment Workshop Agenda



## Agenda 13 November 2017

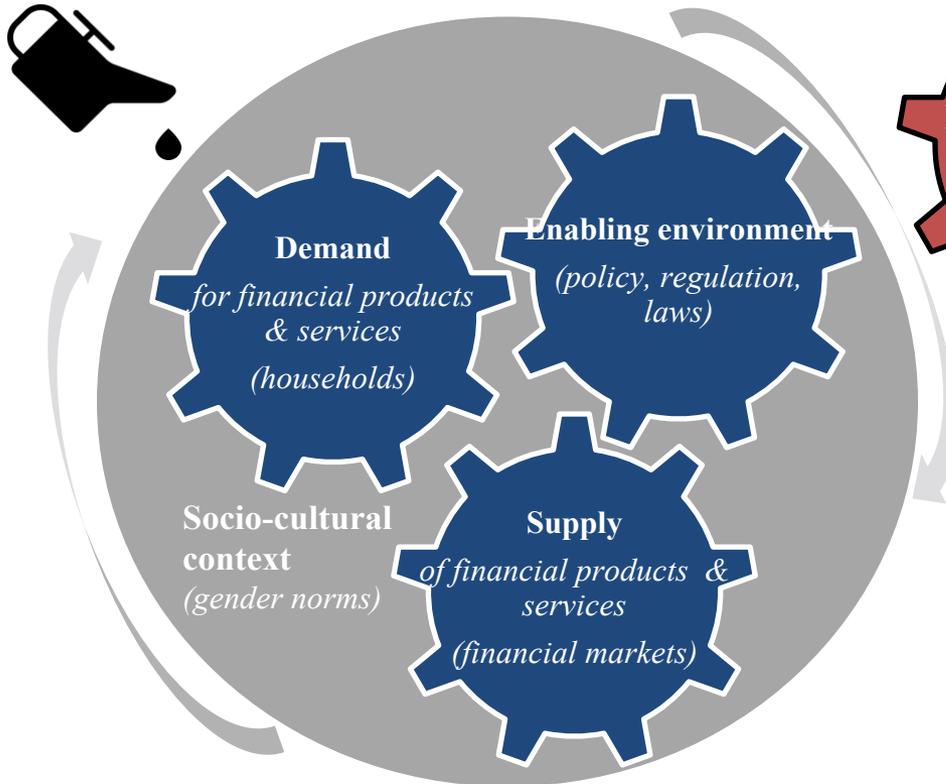
8:30	Registration
9:00	Welcome
9:05	Introduction to the UNCDF PoWER Strategy
9:20	Country Assessment Findings and Q&A
10:30	Coffee/tea break
10:45	Prioritization of constraints to women's and girls' financial inclusion
11:05	Discussions on prioritization of UNCDF recommendations to address each of the identified constraints
11:45	Plenary feedback on results of sub-group discussions on prioritization
12:15	Closing remarks
12:30	Lunch

# The PoWER Empowerment Framework



Inspiration drawn from: World Bank, M4P, Care, ICRW, Gates, DCED, Oxfam

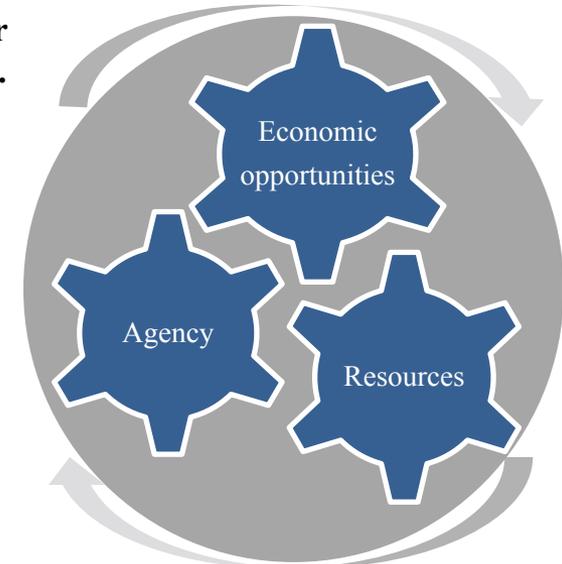
**1 Interventions across three spheres of influence, adapted to women's lifecycle needs and economic roles....**



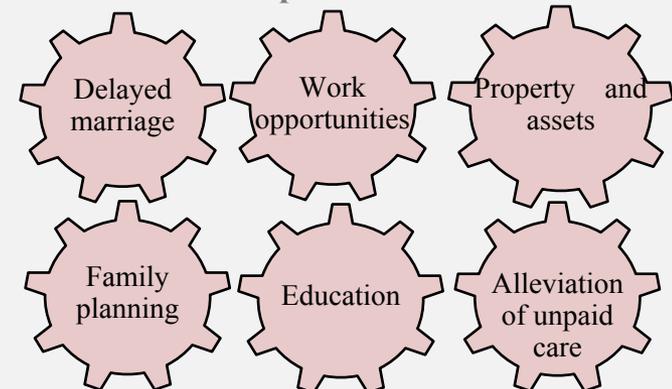
**2 ...Drive financial inclusion for individual women and girls....**



**3 ...Leading to their economic empowerment**

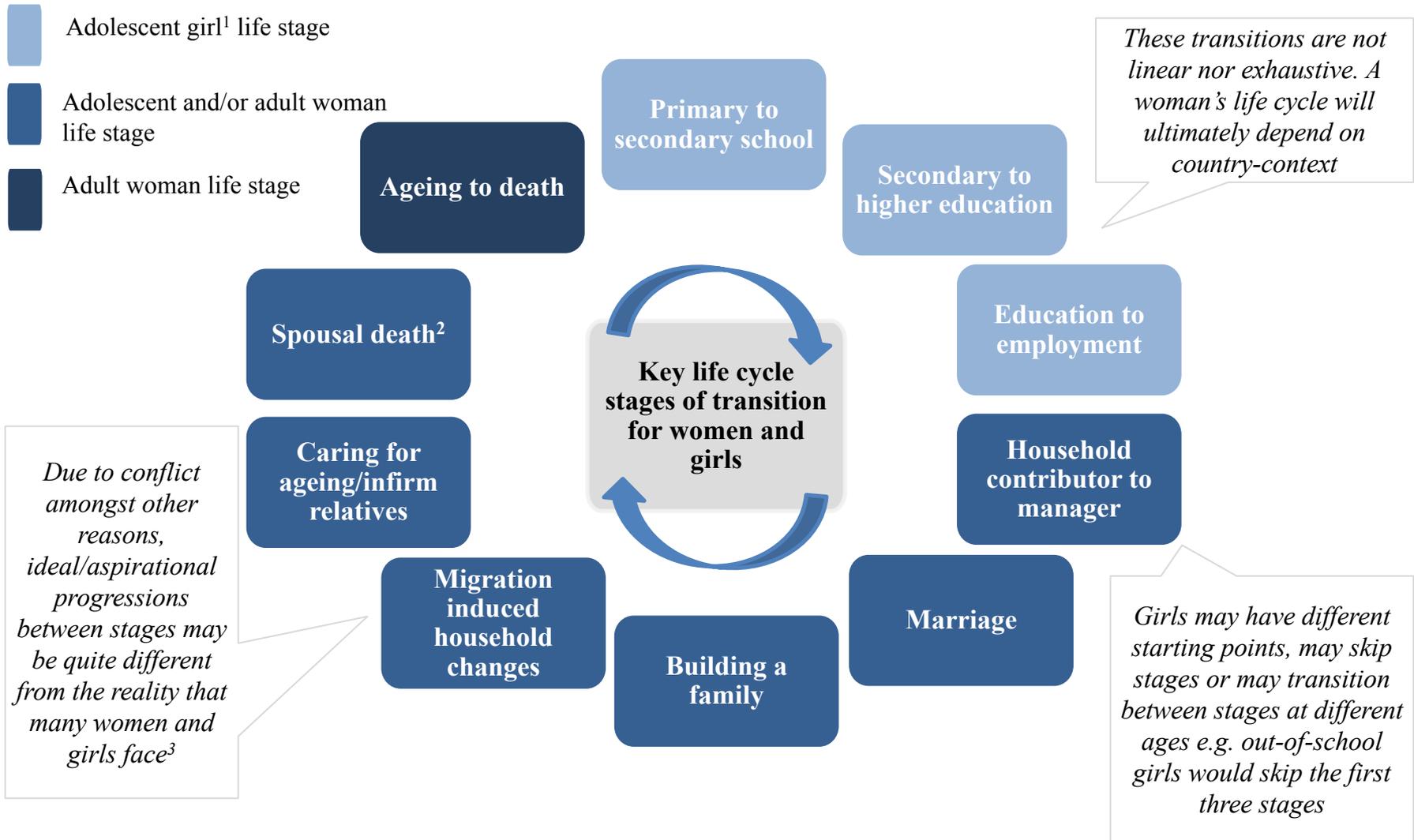


**Other drivers of women's economic empowerment<sup>2</sup>**



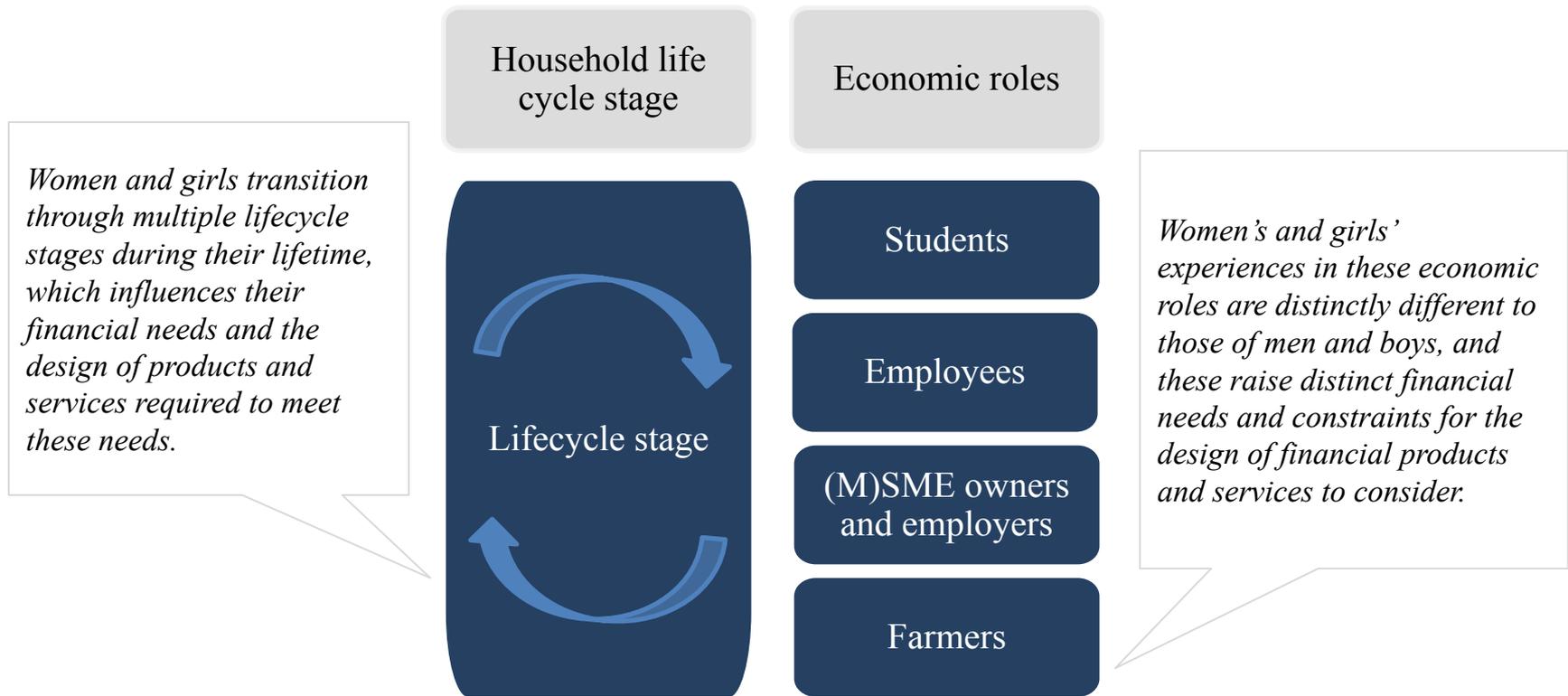
[1] The definition of agency in the financial inclusion context refers to controlling the benefits of financial product & service use. [2] A recent Gates Foundation study highlighted 6 other key drivers of WEE.

# During a woman's life, she goes through multiple life cycle transition stages



<sup>1</sup> Adolescent girls are defined as those in the 10 to 24 year age group. <sup>2</sup> This could include other family members dying. <sup>3</sup> In Ethiopia for example, some girls may be forced to migrate for marriage.

# Women's financial needs are determined by their life cycle stage and economic roles



All women and girls will occupy a lifecycle stage alongside an economic role outside of the household

# Components of Access, Usage and Agency Country Assessment Toolkit



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

# Global PoWER Strategic Goal 2018-2022



By 2022, nearly **three million women and girls**, in **ten countries**, starting with the five LDCs of **Bangladesh, Ethiopia, Myanmar, Senegal, Tanzania**, will have improved awareness of, access to, use of and control over financial products and services responsibly provided by diverse and sustainable service providers in a well-regulated environment. In addition, the enabling environment and the socio-cultural context for greater access and agency for women and girls will be improved in these countries.

*The Global PoWER Strategy Theory of Change (TOC) assumes that this will contribute to **more inclusive financial markets that drive women's and girls' economic empowerment and participation***

# Global PoWER Strategic Objectives



1

**Promote gender sensitive financial products and services and supporting non-financial services** through innovation funding, advocacy, convening, capacity building and research to incentivize collection and use of sex-disaggregated data by FSPs; develop and raise awareness of the context-specific business cases; develop gender-sensitive financial products, services and delivery channels; and provide minimum critical non-financial services to address agency constraints.

2

**Advance a gender sensitive enabling legal, policy and regulatory environment for financial inclusion** through: advocacy, convening and capacity building to address barriers and facilitate reforms; and incentivise the collection and use of sex-disaggregated data by financial inclusion regulators and policy makers.

3

**Enhance women and girls' capabilities, voice and demand for finance and control over the benefits from use of financial services** through advocacy, convening, capacity building and research by fostering innovative new partnerships for non-financial service delivery to account for their lower capabilities and confidence; strengthening and partnering with women's organizations and civil society organizations to address women's agency issues relating to women's capabilities, asset ownership, time and mobility; and understanding the barriers women and girls currently face in accessing, using and having agency over financial products and services.

# Global PoWER Supporting Objectives & Interventions

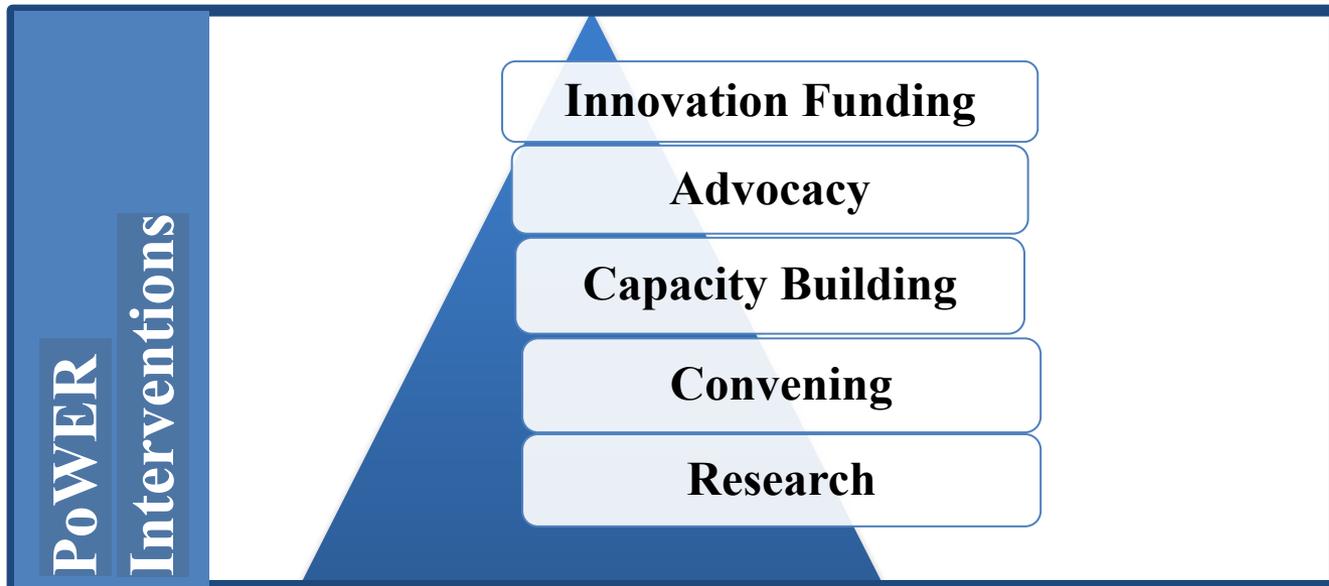


1

**Strengthen UNCDF's learning agenda on women's and girls' access and agency in financial inclusion** through contributing to hypothesis-driven primary research; and participating in regional and global forums to share research findings and advocate on the global gender agenda.

2

**Strengthen the gender-sensitivity of UNCDF programming and internal capacity** through conducting an internal review of current programming and incorporating a gender dimension in ongoing and all future programming; and additionally, advocating for and building internal capacity to more effectively incorporate a gender dimension throughout programming.



# Global Implementation – 3 Key Phases



**Diagnose:** Use the toolkit to run country-level diagnostics of the critical constraints to women and girls' financial inclusion for economic empowerment.

**Develop:** Develop recommendations for UNCDF actions at country level based on findings and analysis from country assessment; prioritize recommendations for action and relationship with existing programme activities; and identify specific partnerships required for these recommendations.

**Do:** Implement recommendations and partnerships through new country program activities or integration into existing program activities.

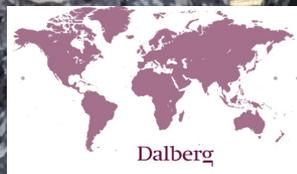
THANK YOU

Beth Porter

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UN Capital Development Fund

POWER Access and Agency Country  
Assessments  
Ethiopia



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Financial inclusion snapshot

Profile: Who is she?

Access points and mobility

Requirements for account opening and credit

Usage of financial products

Financial inclusion and agency

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## Financial inclusion snapshot

Profile: Who is she?

Access points and mobility

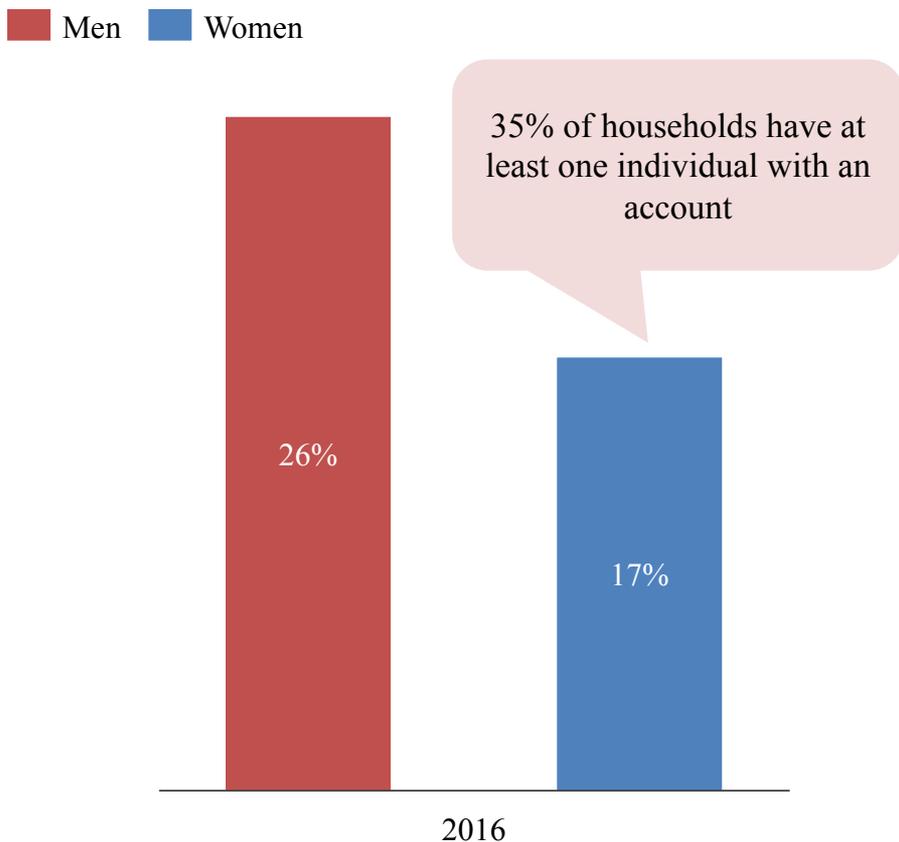
Requirements for account opening and credit

Usage of financial products

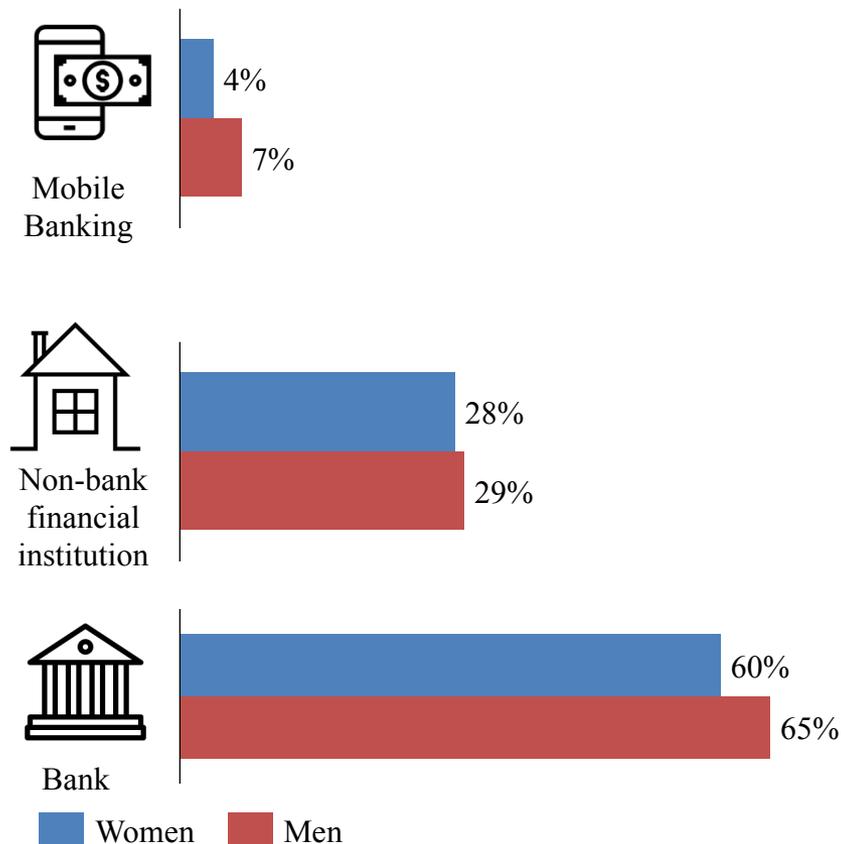
Financial inclusion and agency

# The gender financial gap in Ethiopia stands at 9% point difference, driven by the gap in bank use<sup>1</sup>

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



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



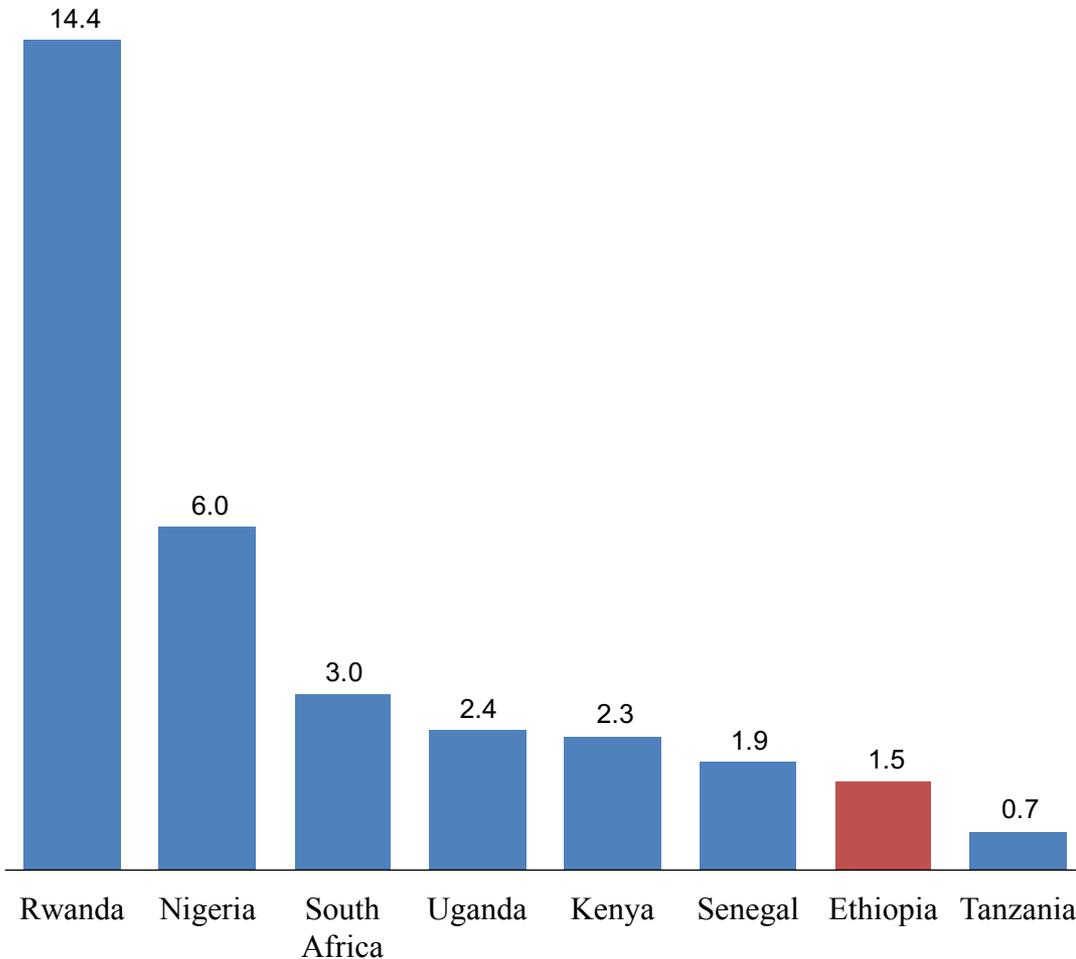
**Financial inclusion in Ethiopia is very low for both men and women, but it is important to ensure that the gender financial gap does not continue to widen**

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

# 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 2012<sup>1</sup>



- 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 100,000<sup>2</sup>
- While **branches and ATMs as well as FI are on a growth trajectory, they are starting from extremely low levels**

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Financial inclusion snapshot

**Profile: Who is she?**

Access points and mobility

Requirements for account opening and credit

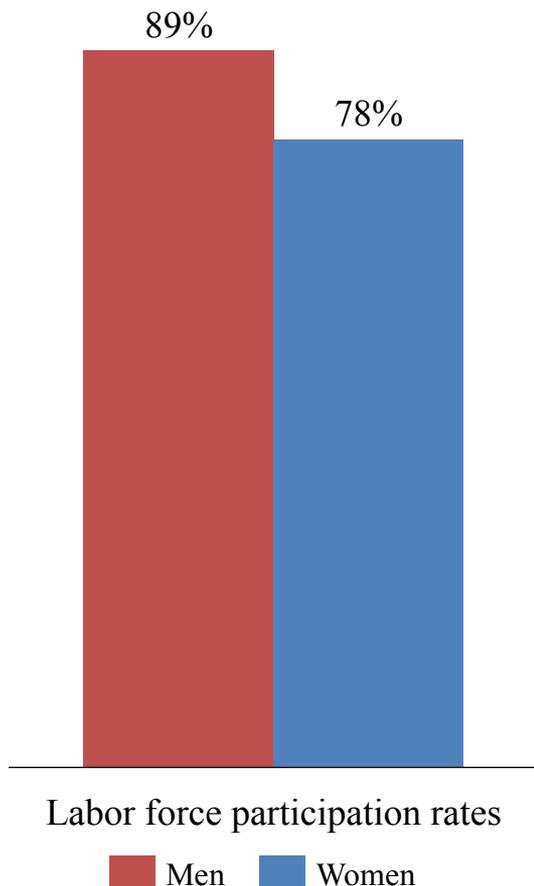
Usage of financial products

Financial inclusion and agency

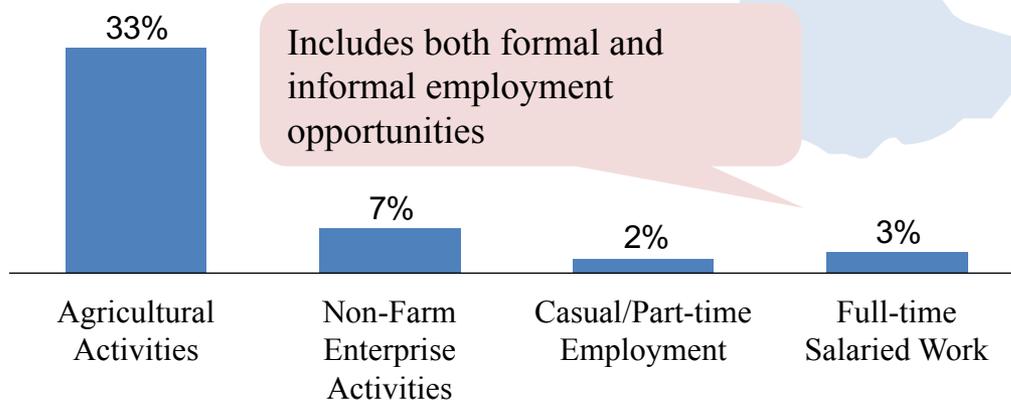
# 65% of women are engaged in agricultural activities; 3% of women get into formal employment



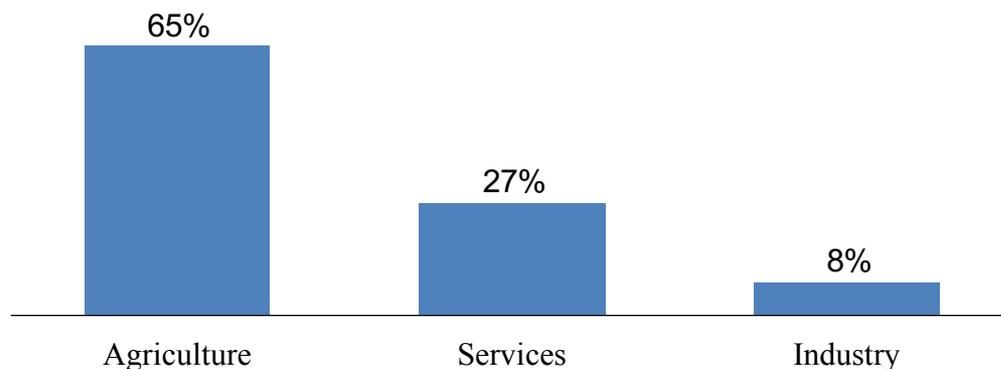
Labor force participation by gender (2015)<sup>1</sup>



Female labor force participation by type (n=4,954)<sup>2</sup>



Economic sectors by female employees (2013)<sup>3</sup>

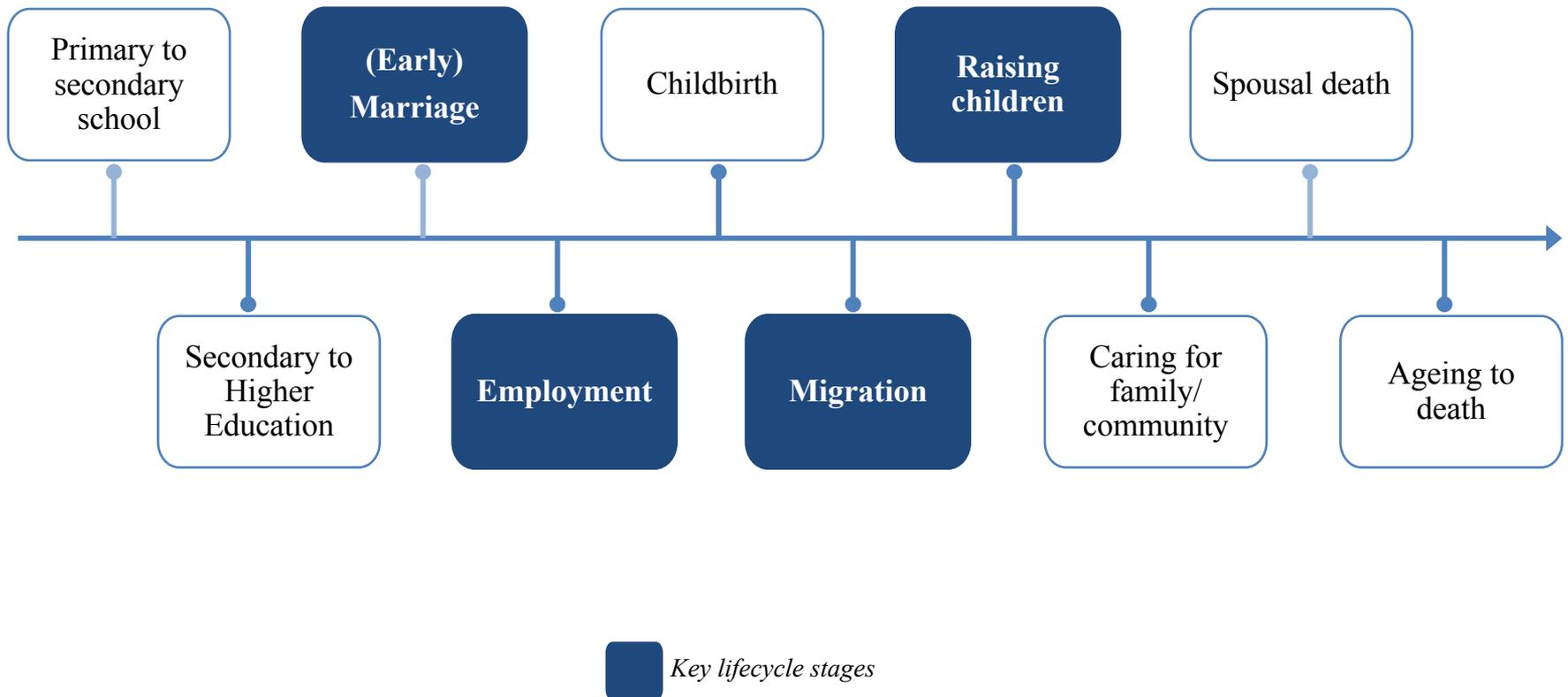


Sources: [4] ILO Labor Force Participation, 2015 [5] World BankWorld Bank, CSA, and NBE, LSMS—Integrated Surveys on Agriculture Ethiopia Socioeconomic Survey (ESS), 2017 [6] ILO, Key Indicators of the Labor Market Database, 2013

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



## Typical lifecycle stages and financial challenges for women



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



**In-school girls**



**Out-of-school girls**



**Employees**



**SME entrepreneurs**



**Farmers**

# Each segment can be characterized by persona highlights of their financial hardships<sup>1</sup>

**In-School Girls**



*“My mother doesn’t work, my father doesn’t want her to work outside of the house”*

**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.”*

**Employees (Cleaners)**



*“This country is not suited for employees, it’s only good for large corporations*

**Entrepreneurs**



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

**Rural farmers**



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

[1] Persona insights driven by Dalberg focus group discussions. For economic segment profiles in full, as photo credits, please see Annex.

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



Mainly formal products



Mix of formal products and informal coping mechanisms



Mainly informal coping mechanisms

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Financial inclusion snapshot

Profile: Who is she?

**Access points and mobility**

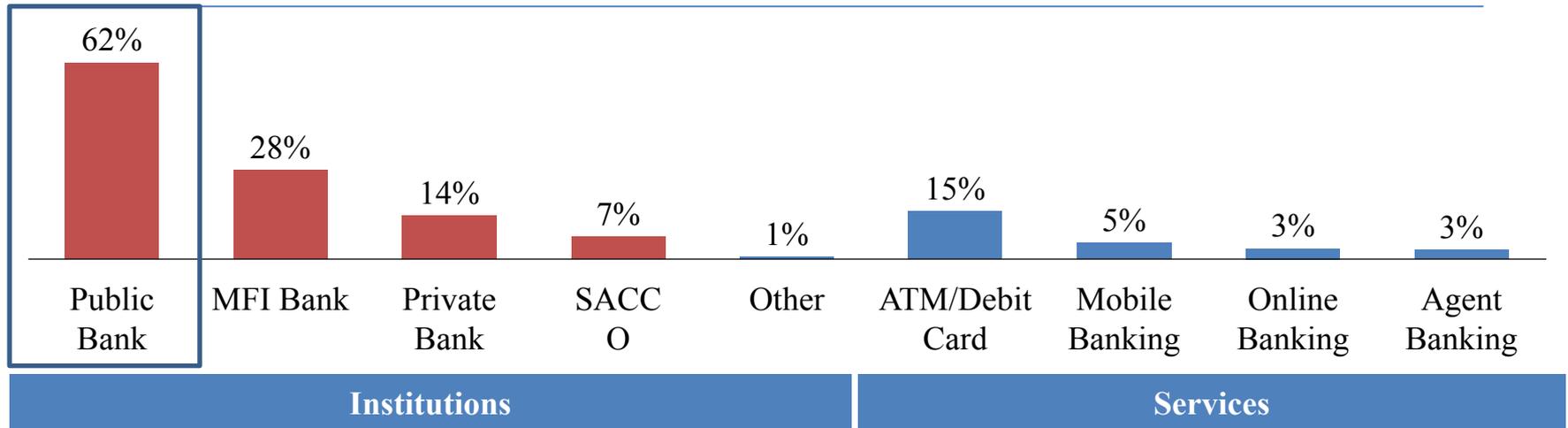
Requirements for account opening and credit

Usage of financial products

Financial inclusion and agency

## 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)<sup>1</sup>



- **Public banks are the main access points because they heavily promote their banks and have rapid expansion** throughout the country
- The digital financial service market is nascent and supply is limited
- Although there are around **18,000 SACCOs**, **use is low among both men and women;**<sup>2</sup> **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**

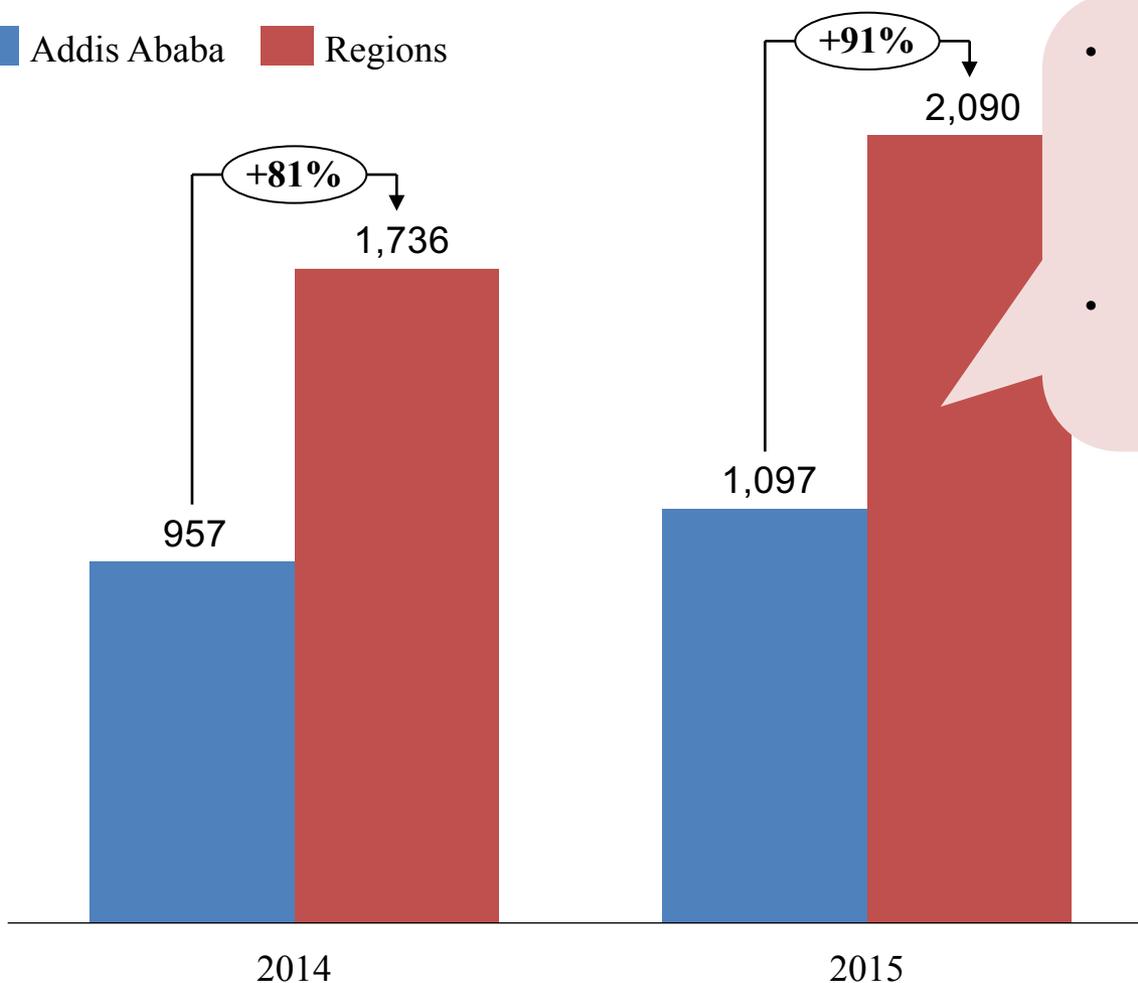
[1] World Bank, CSA, and NBE, LSMS—Integrated Surveys on Agriculture Ethiopia Socioeconomic Survey (ESS), 2017 [2] UNCDF/Dalberg Key Informant Interviews

# 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)<sup>1</sup>

■ Addis Ababa ■ Regions



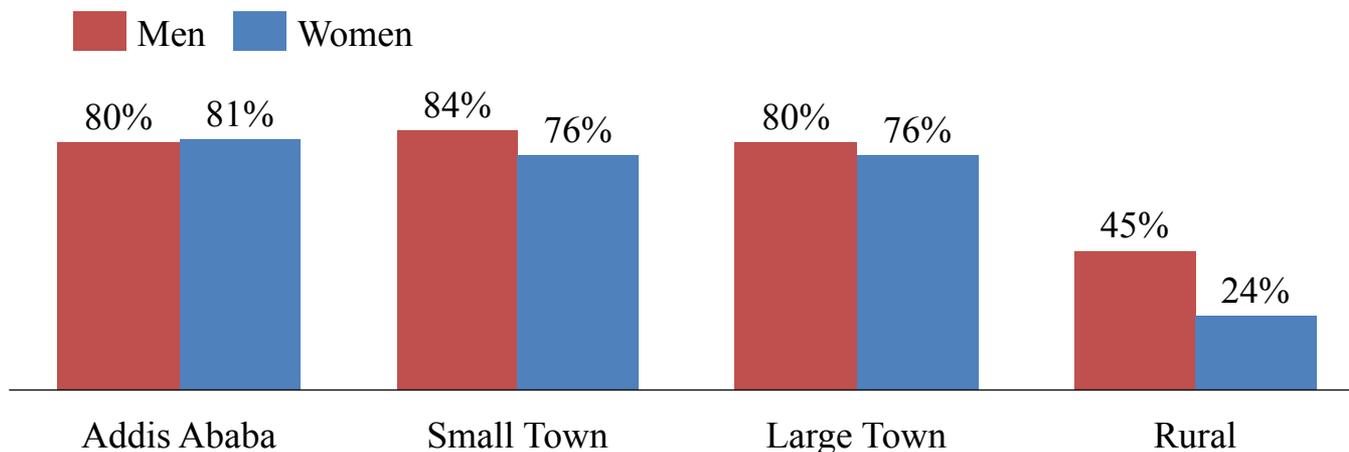
- There is a push to expand bank branches – NBE has specified that for every bank branch opened in urban areas, three have to be opened in rural areas
- There was a **20% point increase in bank branches in rural areas from 2014 to 2015**

[1] National Bank of Ethiopia, 2015/2016 Annual Report, 2016 [2] IMF, Financial Access Survey, 2016 [3] World Bank, CSA, and NBE, LSMS—Integrated Surveys on Agriculture Ethiopia Socioeconomic Survey (ESS), 2017 [4] UNCDF/Dalberg Key Informant Interview with NBE

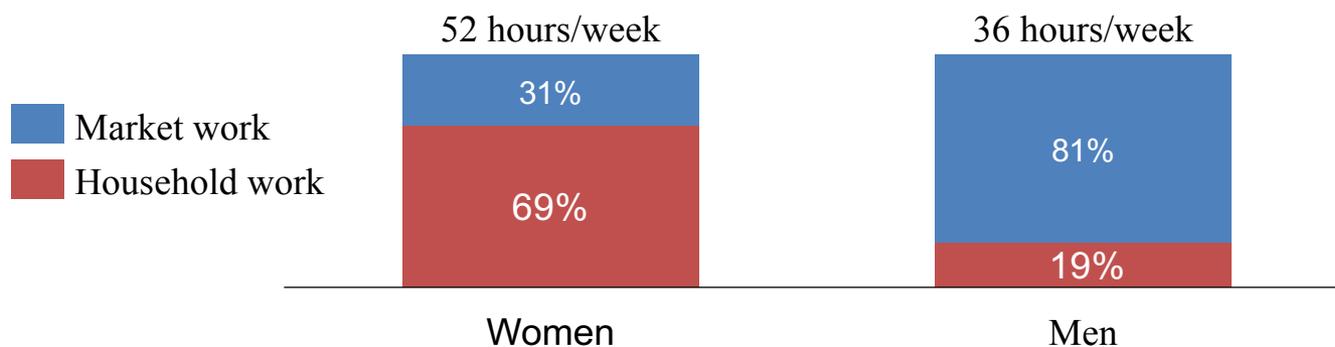
## The 9% point gender gap is most visible in rural regions, given pressures on women's time and mobility

% who opened accounts at public banks by region & gender

(n=4,954)<sup>1</sup>



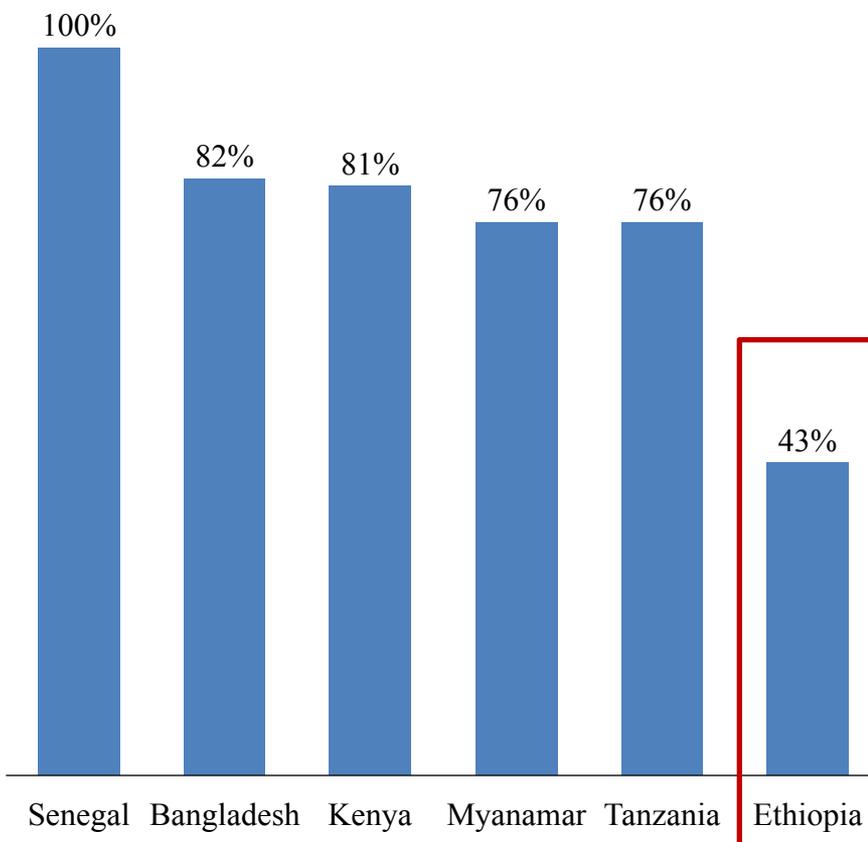
Time allocation spent on household vs. market work (n=24,861)<sup>2</sup>



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

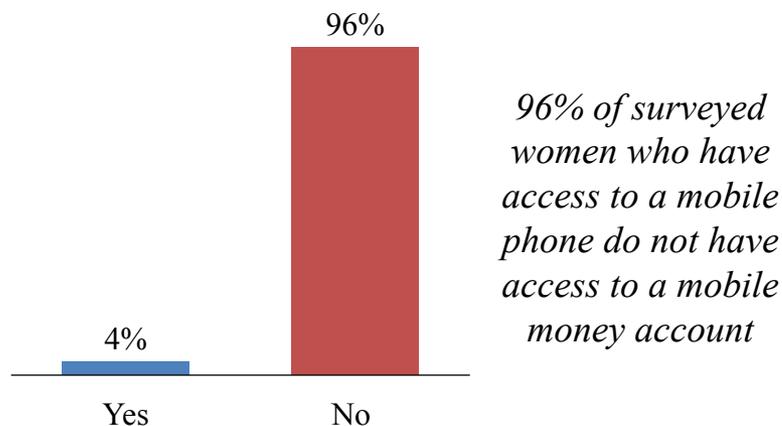
### Supply

#### Mobile phone market penetration rate (2015)<sup>2</sup>



### Demand (General)

#### Access to a mobile money account among female phone owners (n=220)<sup>1</sup>

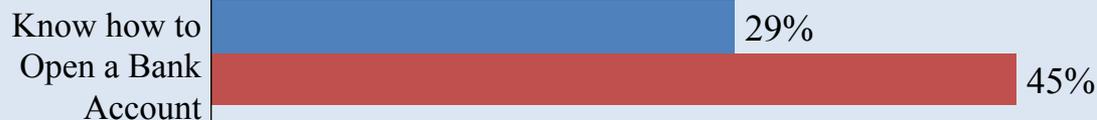


- 53% of rural women do not own a phone; **over 50% of surveyed women highlighted cost as the primary reasons for not owning a phone<sup>1</sup>**
- Additionally, even among those who have a phone, 80% of surveyed respondents do not know about mobile money accounts

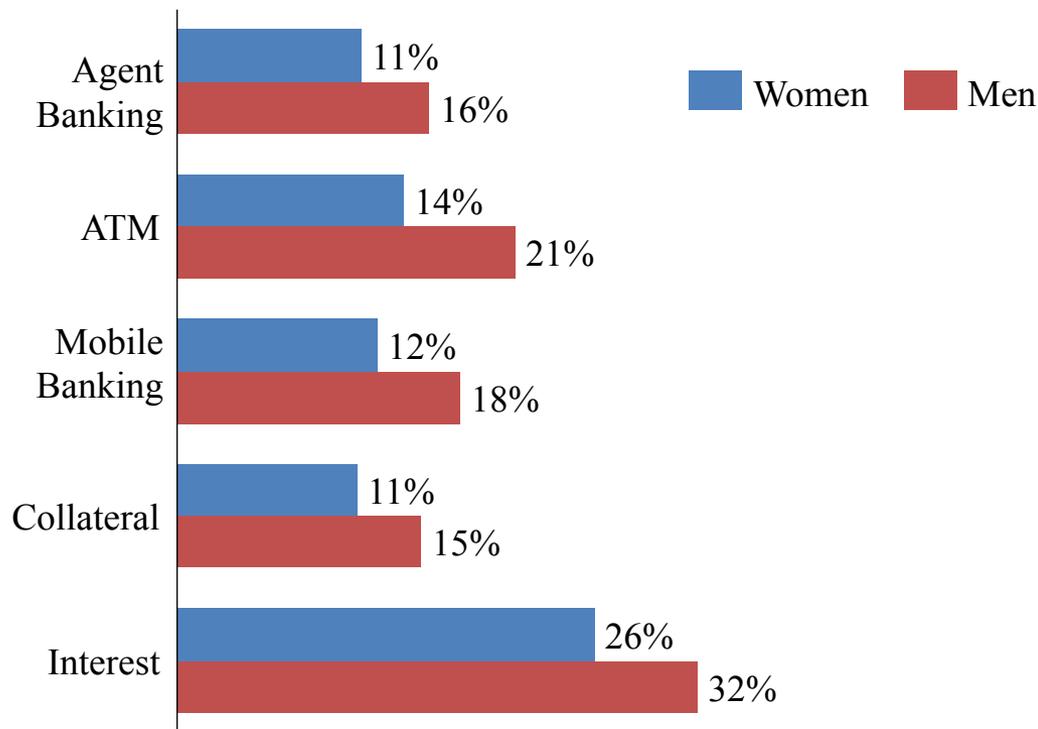
# Limited access points is compounded by lack of awareness; only 29% of women know how to open a bank account<sup>1</sup>



## General Financial Knowledge Among Women (% of Respondents n=4,954)<sup>1</sup>



## Are you aware of the following types of financial service terms?<sup>1</sup>



- **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 methods<sup>1</sup>
- 52% of women cited lack of understanding as the number one reason for not using formal insurance products<sup>1</sup>
- Often **women gather their information through their social networks and kebeles** (lowest administration level), where misinformation is common<sup>2</sup> Only 9% of surveyed women have ever received any form of financial literacy training<sup>3</sup>

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Financial inclusion snapshot

Profile: Who is she?

Access points and mobility

**Requirements for account opening and credit**

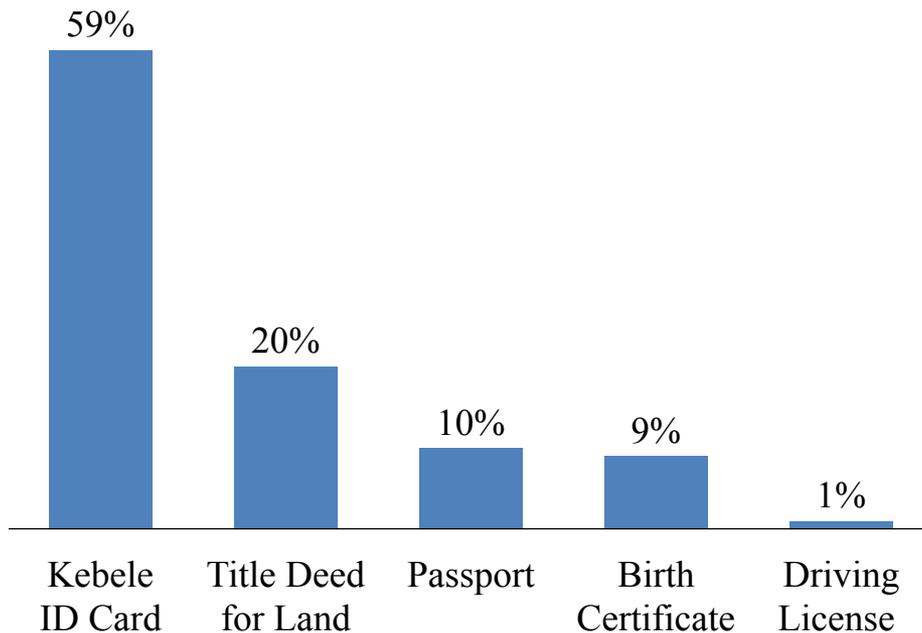
Usage of financial products

Financial inclusion and agency

# NBE requires photo I.D. to open an account, which when enforced, may be a constraint for migrant women



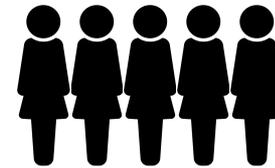
Women's ownership of ID documents<sup>1</sup> (n=400)



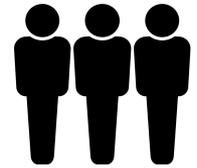
**Officially banks follow requirements outlined by NBE**  
ie. one government issued ID

**In practice, banks are less stringent with ID requirements for opening bank accounts**

Ethiopian migrants in 2013 (#migrants)<sup>4</sup>



6,721,492 women



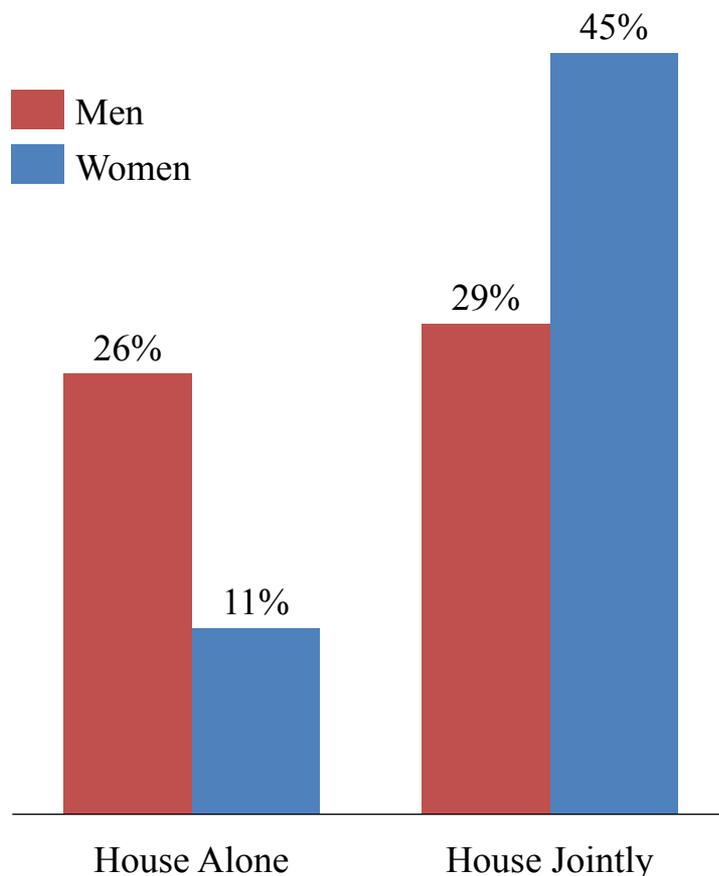
5,393,772 men

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 risk<sup>1</sup>

# Banks rely on up to 200% collateral in form of property; there is a 15% point gender gap in sole ownership<sup>1</sup>



## Ownership over property (% of Respondents n=15,683)<sup>1</sup>

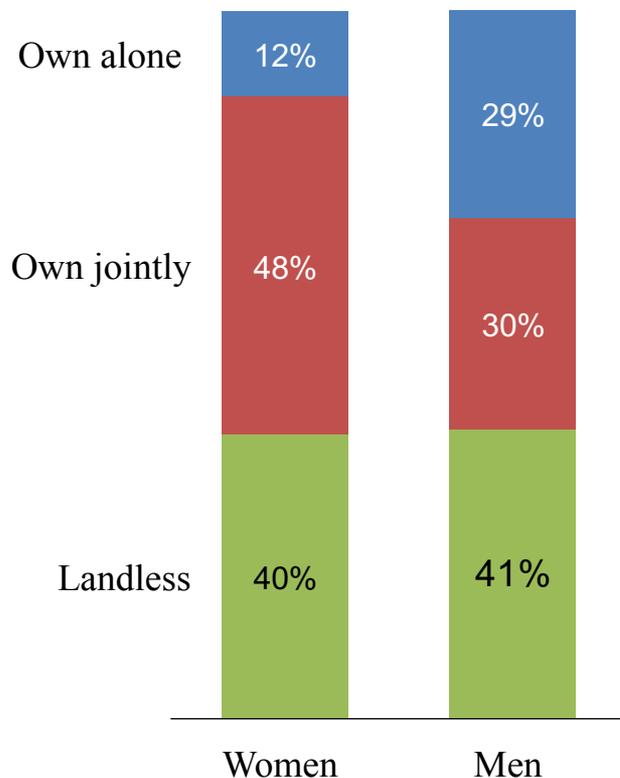


- Women have **less ownership over items that can be used for collateral** (eg. Property)<sup>2</sup>
- This often stems from an opportunity issue where **culturally male children are usually first to inherit property** and therefore have a greater chance to ‘get ahead’<sup>2</sup>
- Furthermore, even in cases where women have access to property, they **lack the confidence and the awareness to use their joint property for collateral**<sup>2</sup>
- When women do apply for loans they are more likely to borrow from rotating savings and credit associations (ROSCAs) and microfinance institutions<sup>1</sup>

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

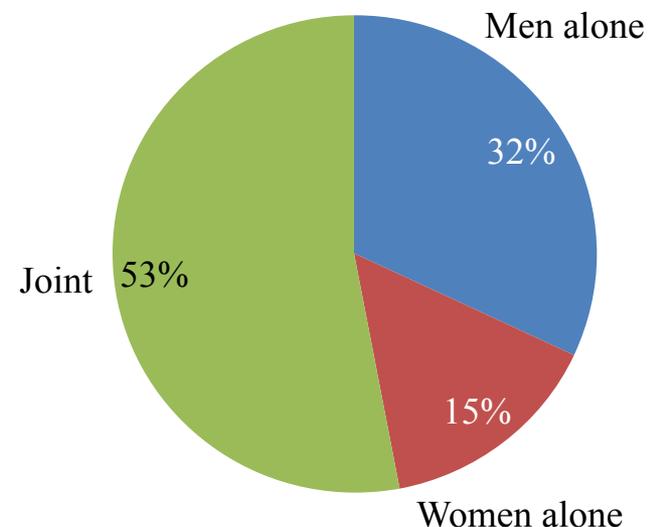


**Ownership over Land**  
(% of Respondents n=15,683)<sup>2</sup>



*Women with joint ownership are less aware of their rights and less likely to use it given their lack of confidence<sup>2</sup>*

**Ownership over Livestock (% of Respondents n=15,683)<sup>2</sup>**



*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*

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

## Group Lending

MFIs use group lending to reduce collateral constraints

## Zero-Balance Saving

CBE allows women to open an account with zero balance

## 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

## Alternative Collateral + non-financial services

Enat Bank has a number of loan products that address the collateral barrier faced by women

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

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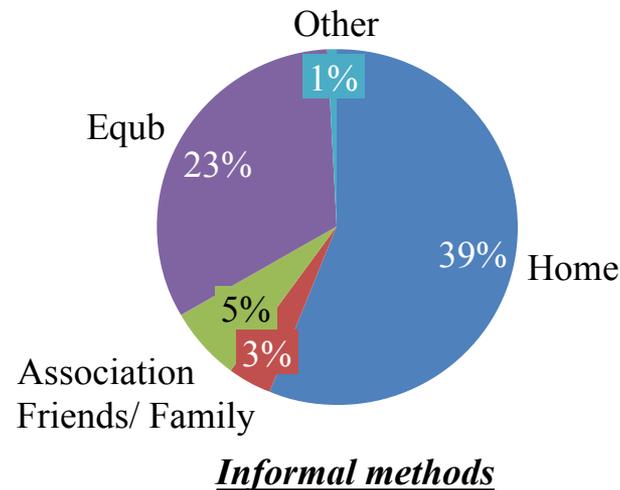
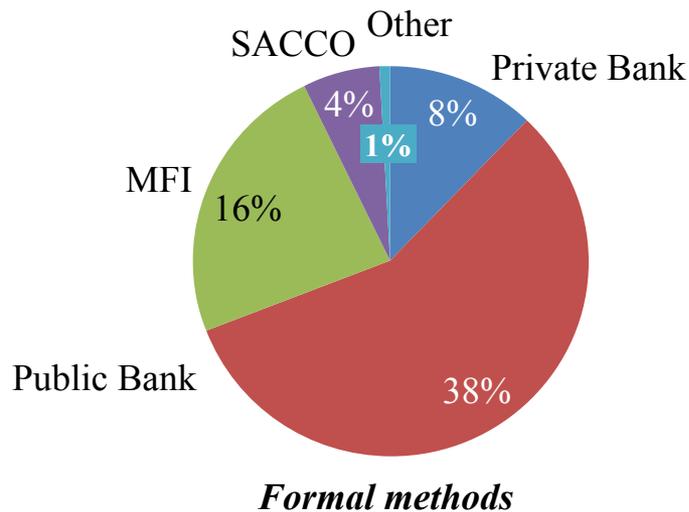
**Usage of financial products**

Financial inclusion and agency

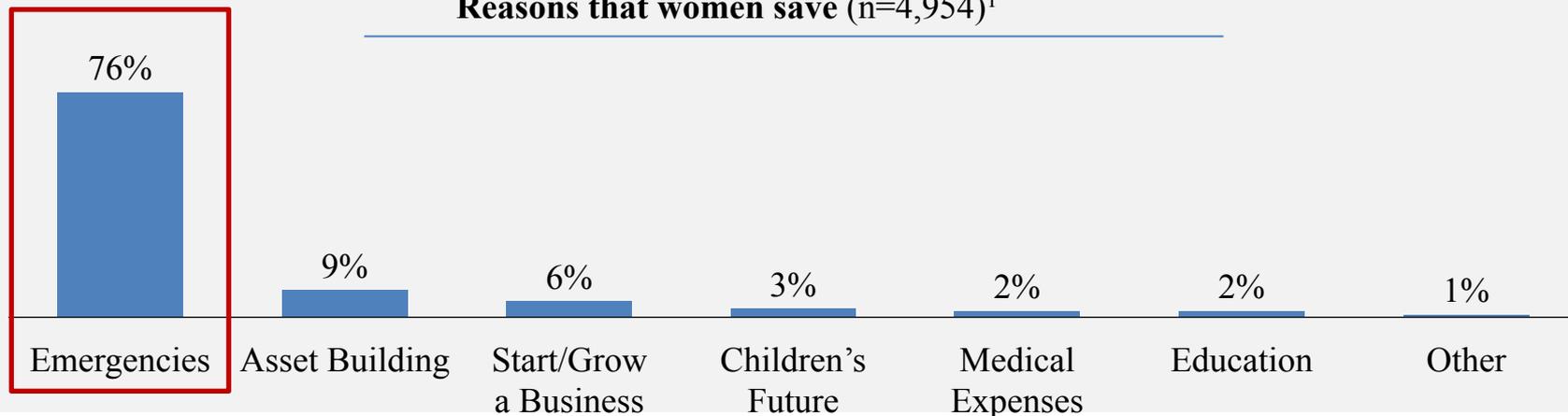
# All women who save do so informally and 14% formally,\* 76% of women save for consumption or emergencies



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



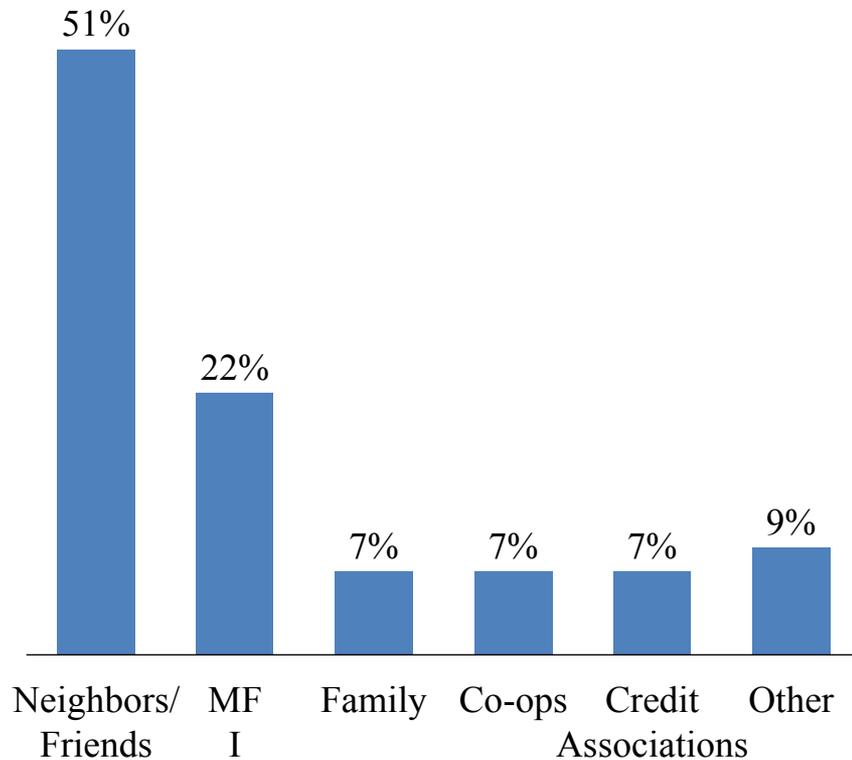
Reasons that women save (n=4,954)<sup>1</sup>



[1] World Bank, CSA, and NBE, LSMS—Integrated Surveys on Agriculture Ethiopia Socioeconomic Survey (ESS), 2017; [2] UNCDF/Dalberg Country Assessment Survey, May 2017 [3] UNCDF/Dalberg Focus Group Discussions [4] World Bank, Findex Data, 2014 \*considering women who saved in the last 12 months

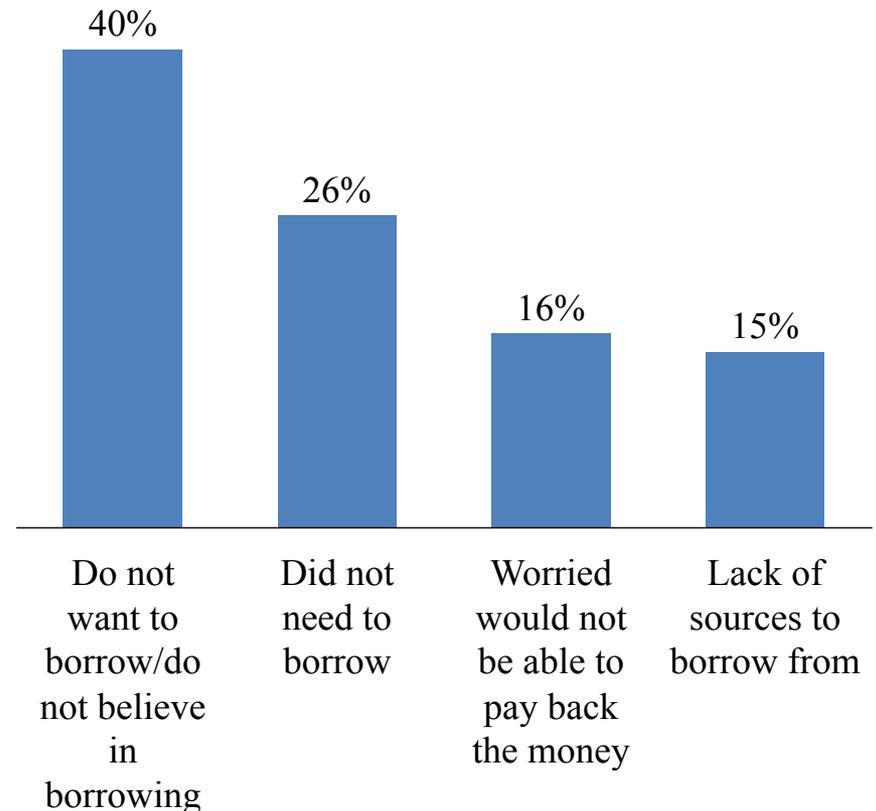
## Only 14%\* of surveyed women borrowed in the last 12 months; borrowing is mainly informal

Method of borrowing (n=55\* surveyed borrowers)<sup>1</sup>



**Only 14% of surveyed women borrowed in the last 12 months, 38% of surveyed borrowers were borrowing to cover living expenses**

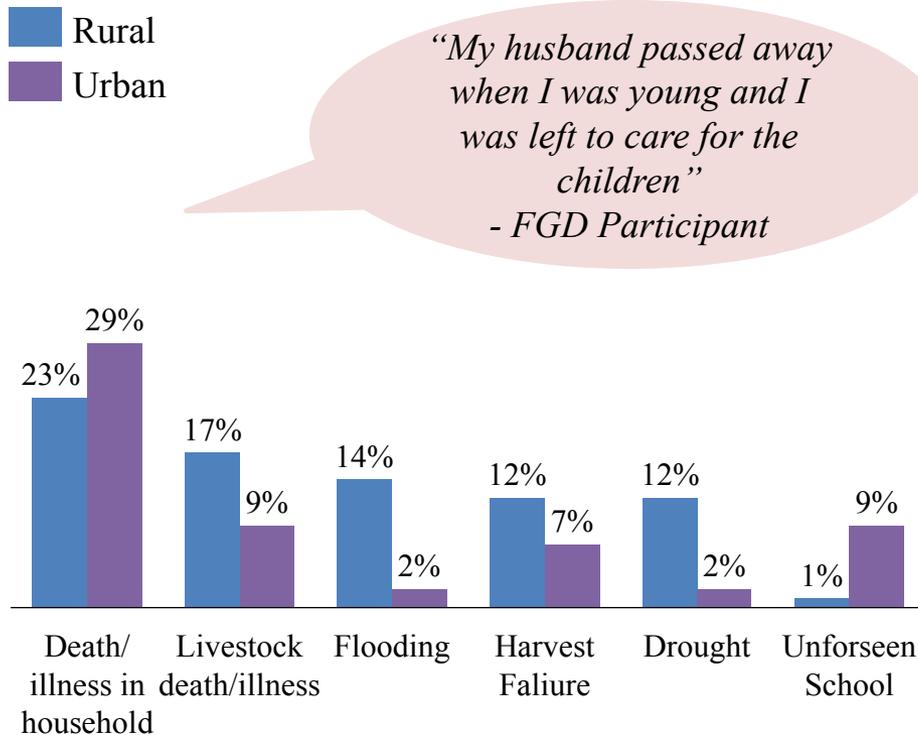
Reasons for not borrowing (n=345)<sup>1</sup>



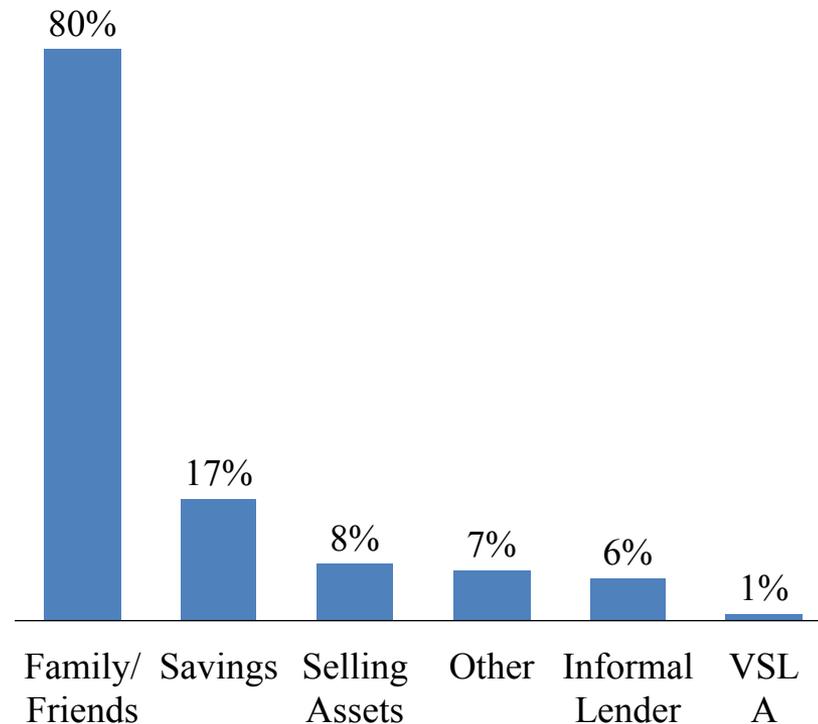
[1] UNCDF/Dalberg Country Assessment Survey, May 2017; [2] Dalberg/UNCDF Focus Group Discussions \*Data was triangulated with the LSMS dataset which showed that 22% of households borrowed

# 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)<sup>1</sup>



Sources of emergency funds (n=104 women)<sup>1\*</sup>

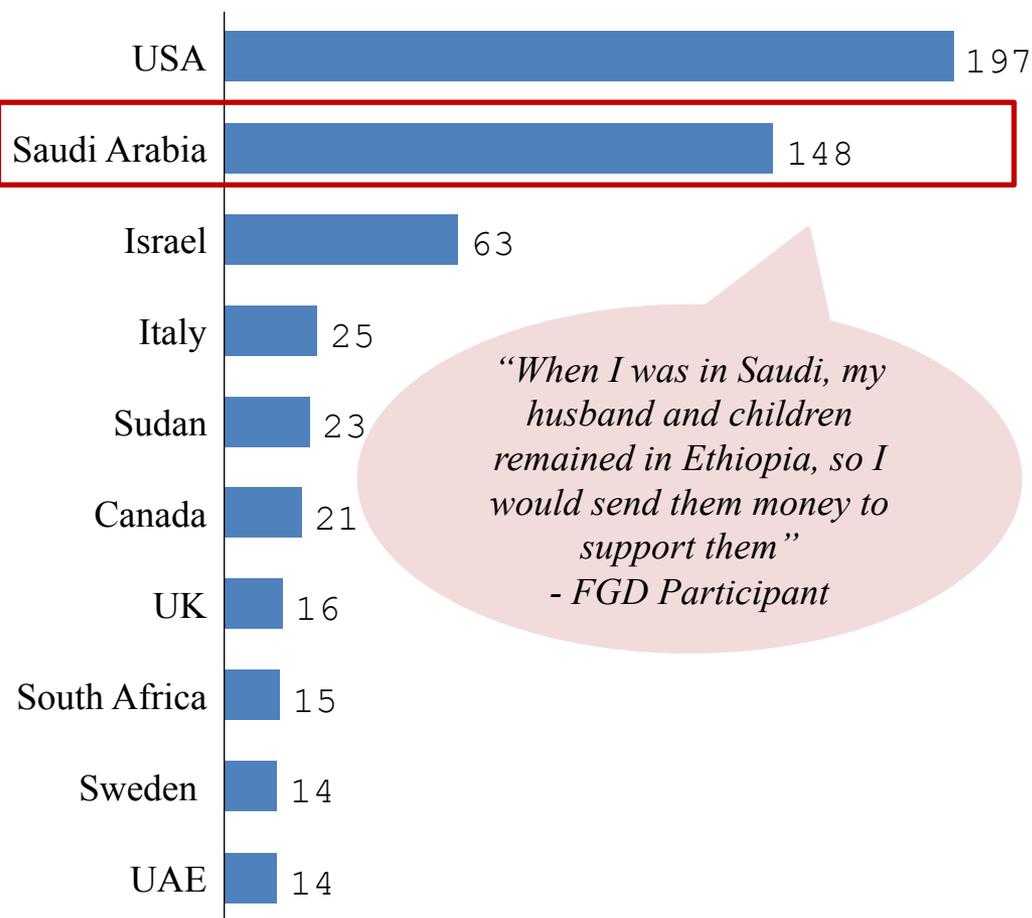


**All women face medical shocks** (illness and death in the household), but additionally, rural women face significant livelihood (i.e. agriculture) based shocks. The **financial needs created by these emergencies are overwhelmingly met by friends and family as opposed to financial products.**  
**Only 1% of the population use an insurance product<sup>2</sup>.**

[1] UNCDF/Dalberg Country Assessment Survey, May 2017 \*Only includes women who do not have access to formal insurance [2] [1 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%<sup>2</sup>

Inflow of remittances to Ethiopia by country in 2015 (millions USD)<sup>1</sup>



- In 2015, Ethiopia had inflow of 624 million USD in remittances<sup>1</sup> as reported through formal channels, but when considering informal channels the estimate can be as high as 3 billion USD<sup>2</sup>
- 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.<sup>3</sup> About 47% of surveyed respondents who had not sent or received remittances highlighted a lack of money as the primary reason<sup>4</sup>

[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

# Table of Contents



Financial inclusion snapshot

Profile: Who is she?

Access points and mobility

Requirements for account opening and credit

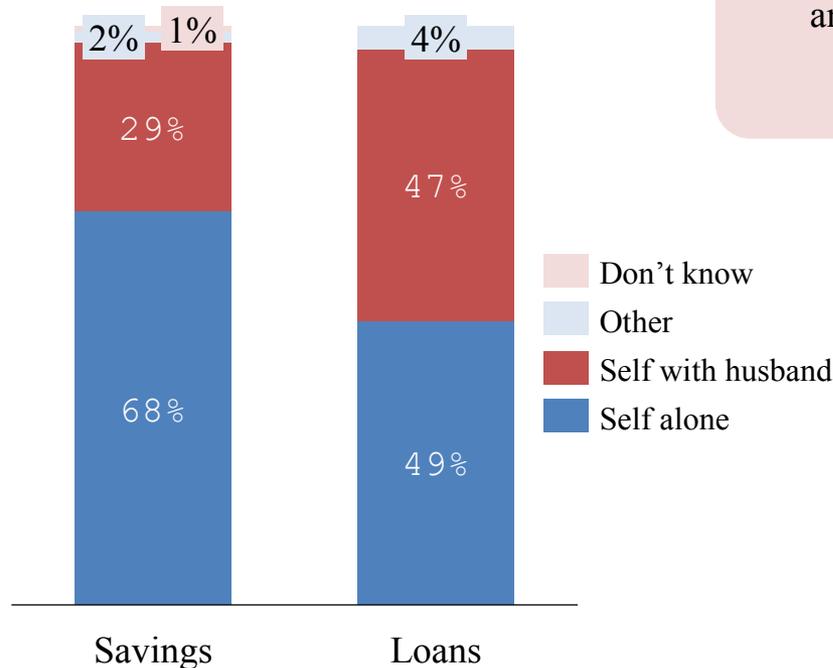
Usage of financial products

**Financial inclusion and agency**

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

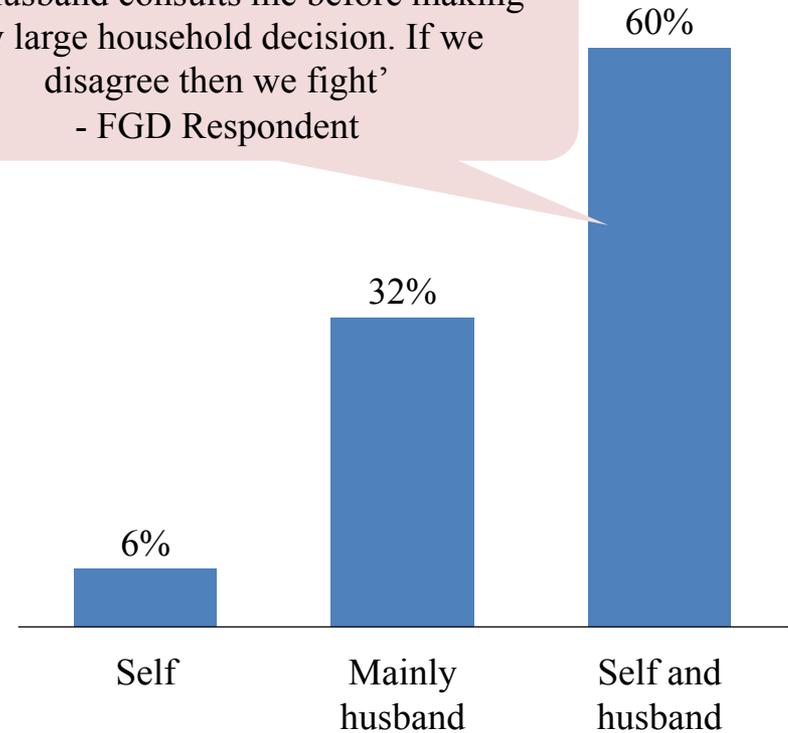
## Who controls decisions on usage of financial products<sup>1</sup>

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



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

‘My husband consults me before making any large household decision. If we disagree then we fight’  
- FGD Respondent



**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**

# Savings results in improvements in women's self confidence and decision-making

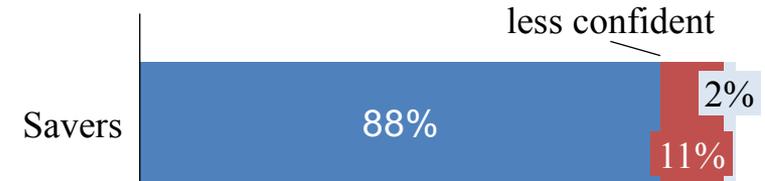
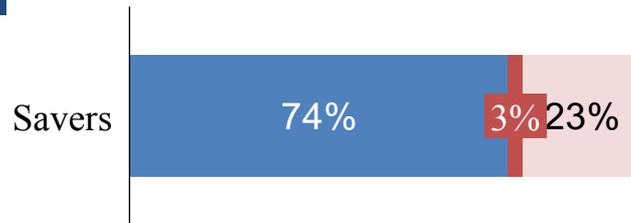


## Effect of product usage on everyday decision-making<sup>1</sup>

## Effect of product usage on self-confidence<sup>1</sup>

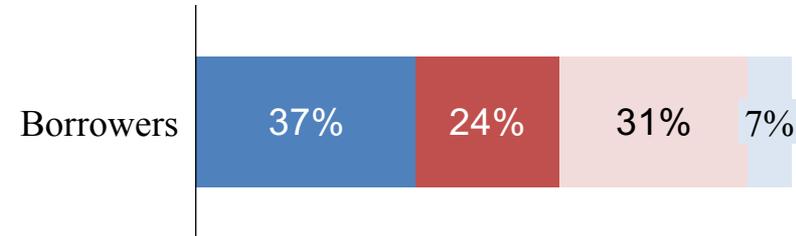
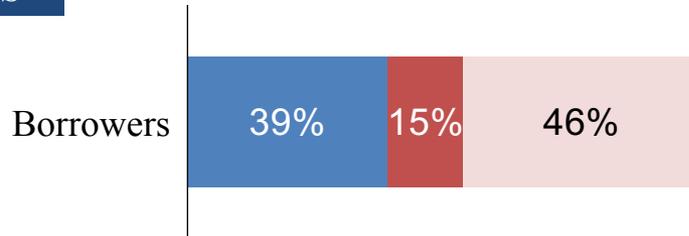
### SAVINGS

% of responses from 112 women



### LOANS

% of responses from 55 women

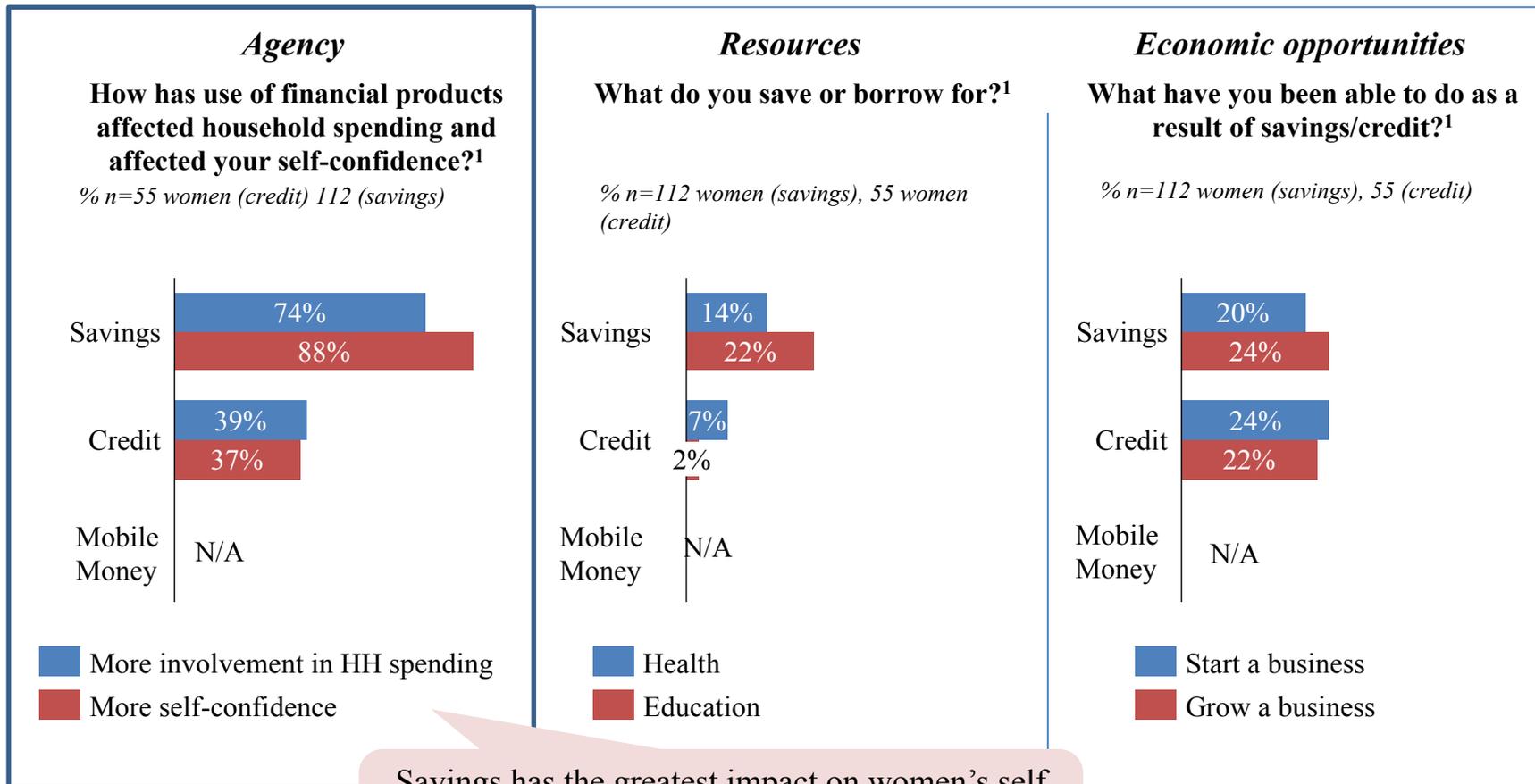


Increased Decreased No Change

# 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

\* Women's economic empowerment as defined in the POWER analytical framework Source: [1]. UNCDF/Dalberg Country Assessment Survey Data 2017

## 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.

Weak gov't commitment	There are no Government financial inclusion targets, or no <b>financial inclusion strategy</b>	Limited sex-disaggregated data available	FSPs <b>are not aware or do not see the value</b> in collecting or analysing sex- and age-disaggregated data	Limited financial capabilities, awareness and confidence	Financial and digital literacy are limited
	There is no <b>gender strategy</b> or the gender strategy does not mention financial inclusion		Even when they are aware, they may not have the <b>capacity or resources</b> to effectively collect and analyse		<b>Business management skills</b> (including pitching skills) are limited
	<b>Female representation</b> in the central bank or policy-making bodies is weak	Products ill adapted to women's needs and realities	FSPs lack awareness of the 'women's market' which can feed into <b>biased/prejudiced attitudes</b> of FSP staff		<b>Access to market information and vertical social networks</b> are limited
The central bank does not incentivize nor publish the collection of <b>sex disaggregated data</b>	FSPs may not know how to develop <b>adapted products</b>		<b>Lack of confidence/risk aversion</b> can inhibit use of financial products		
Weak financial regs	<b>Consumer protection</b> regulations are underdeveloped	Inappropriate delivery mechanisms	Products not delivered in tandem with <b>non-financial services</b>	Limited documentation, ownership and control over assets and income	Paid work is often <b>poorly paid and precarious</b>
	<b>Product/ delivery regulation</b> constrains private sector innovation e.g. agent banking, mobile financial services, collateral requirements		<b>Marketing</b> is not targeted to women and girls		Household work is <b>unpaid</b>
	<b>KYC regulations</b> place a heavy burden on opening and managing an account for women and girls	Ill-adapted requirements to open and manage accounts	Physical <b>financial service access points</b> and agent network are limited/inappropriate and do not cater to time and mobility constraints		<b>Land ownership, and control/usage of land</b> is limited even in societies that have matrilineal systems
	<b>Financial infrastructure</b> such as payment systems, credit bureaus and collateral registries do not exist or function effectively		<b>Credit scoring processes</b> are not adapted to women and girls' limited credit histories		<b>Mobile phone ownership</b> in own name is limited
Discriminatory laws	<b>Laws hinder (married) women's ability</b> to: travel outside the home, obtain a national ID card, sign a contract open a bank account or control marital property	Limited membership of VSLAs	<b>KYC regimes</b> are not adapted to women and girls' identification documents	Limited time and mobility	<b>ID ownership</b> to meet account opening requirements is limited
			<b>Independent management</b> of accounts may be limited by age or requirement for husband approval		<b>Mobility</b> is restricted to the home or to a limited geography
			There is a lack of coordinated effort to scale <b>VSLA and SHG networks</b> effectively		Family responsibilities and lack of affordable childcare solutions contribute to <b>time poverty</b>

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



	Constraint	Detail on constraints in Ethiopia	Constraint severity
Weak gov't commitment	There are no Government financial inclusion targets, or no <b>financial inclusion strategy</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	
	There is no <b>gender strategy</b> or the gender strategy does not mention financial inclusion	<ul style="list-style-type: none"> <li>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</li> </ul>	
	<b>Female representation</b> in the central bank or policy-making bodies is weak	<ul style="list-style-type: none"> <li>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 men<sup>1</sup> There is no data on women's participation in the central bank/ financial sector policy making.</li> </ul>	
Weak financial regs	The central bank does not incentivize nor publish the collection of <b>sex disaggregated data</b>	<ul style="list-style-type: none"> <li>Currently NBE does not mandate the collection of sex-disaggregated data. However, there is a plan to develop an M&amp;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.</li> </ul>	
	<b>Consumer protection</b> regulations are underdeveloped	<ul style="list-style-type: none"> <li>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.</li> </ul>	

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



	Constraints	Detail on constraints in Ethiopia	Constraint severity
Weak financial regs	<b>Product/ delivery regulation</b> constrains private sector innovation e.g. agent banking, mobile financial services, collateral requirements	<ul style="list-style-type: none"> <li>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.</li> </ul>	
	<b>KYC regulations</b> place a heavy burden on opening and managing an account for women and girls	<ul style="list-style-type: none"> <li>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.</li> </ul>	
	<b>Financial infrastructure</b> such as payment systems, credit bureaus and collateral registries do not exist or function effectively	<ul style="list-style-type: none"> <li>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.</li> </ul>	
Discriminatory laws	<b>Laws hinder (married) women's ability</b> 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"> <li>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.</li> </ul>	

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



	Constraints	Detail on constraints in Ethiopia	Constraint severity
Limited sex-disaggregated data available	Financial Service Providers <b>are not aware or do not see the value</b> in collecting or analysing sex-and age-disaggregated data	<ul style="list-style-type: none"> <li>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.</li> </ul>	
	Even when they are aware, they may not have the <b>capacity or resources</b> to effectively collect and analyse	<ul style="list-style-type: none"> <li>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.</li> </ul>	
Products ill adapted to women's needs and realities	FSPs lack awareness of the 'women's market' which can feed into <b>biased/prejudiced attitudes</b> of FSP staff	<ul style="list-style-type: none"> <li>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'.</li> </ul>	
	FSPs may not know how to develop <b>adapted products</b>	<ul style="list-style-type: none"> <li>Developing tailored products is emerging, more common among larger banks with more resources, with an effort to get creative with how they reach women</li> </ul>	
	Products not delivered in tandem with <b>non-financial services</b>	<ul style="list-style-type: none"> <li>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</li> </ul>	
Inappropriate delivery mechanisms	<b>Marketing</b> is not targeted to women and girls	<ul style="list-style-type: none"> <li>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.</li> </ul>	

# Prioritizing constraints: Supply-side scorecard / heatmap

## (2/2)



	Constraints	Detail on constraints in Ethiopia	Constraint severity
<b>Inappropriate delivery mechanisms</b>	Physical <b>financial service access points</b> and agent network are limited/inappropriate and do not cater to time and mobility constraints	<ul style="list-style-type: none"> <li>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 Africa<sup>1</sup>. 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.</li> </ul>	
<b>Ill-adapted requirements to open and manage accounts</b>	<b>Credit scoring processes</b> are not adapted to women and girls' limited credit histories	<ul style="list-style-type: none"> <li>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.</li> </ul>	
	<b>KYC regimes</b> are not adapted to women and girls' identification documents	<ul style="list-style-type: none"> <li>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</li> </ul>	
	<b>Independent management</b> of accounts may be limited by age or requirement for husband approval	<ul style="list-style-type: none"> <li>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</li> </ul>	
<b>Limited membership of VSLAs</b>	There is a lack of coordinated effort to scale <b>VSLA and SHG networks</b> effectively	<ul style="list-style-type: none"> <li>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.</li> </ul>	

# Prioritizing constraints: Demand side scorecard / heatmap

## (1/2)



	Constraints	Detail on constraints in Ethiopia	Constraint severity
<b>Limited financial capabilities, awareness and confidence</b>	<b>Financial and digital literacy</b> 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.	
	<b>Business management skills</b> (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.	
	<b>Access to market information and vertical social networks</b> 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	
	<b>Lack of confidence/risk aversion</b> 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.	
<b>Limited documentation, ownership and control over assets and income</b>	Paid work is often <b>poorly paid and precarious</b>	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 <b>unpaid</b>	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.	
	<b>Land ownership, and control/usage of land</b> is limited even in societies that have matrilineal systems	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.	

# Prioritizing constraints: Demand side scorecard / heatmap

## (2/2)



	Constraints	Detail on constraints in Ethiopia	Constraint severity
Limited documentation, ownership and control over assets and income	<b>Mobile phone ownership</b> 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)	
	<b>ID ownership</b> to meet account opening requirements is limited	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 <sup>1</sup>	
Limited time and mobility	<b>Mobility</b> is restricted to the home or to a limited geography	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 <b>time poverty</b>	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	