

Ethiopian Business Development Services Network (EBDSN)

Loan Conditions of Commercial Banks and Micro Finance Institutions

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EBDSN



German Technical Cooperation



Loan Conditions of Commercial Banks and Micro Finance Institutions

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Table of Contents

Introduction.....	1
A. Commercial Banks	2
1. Address list of Commercial Banks.....	2
2. Loan conditions	4
2.1 Commercial Bank of Ethiopia	4
2.2 Development Bank of Ethiopia	11
2.3 Wegagen Bank	15
2.4 Awash International Bank.....	17
2.5 United Bank	19
2.6 Bank of Abyssinia	21
2.7 Dashen Bank	23
2.8 NIB International Bank	25
2.9 Construction and Business Bank.....	26
B. Micro Finance Institutions	27
1. Brief Account of the Micro Finance Industry in Ethiopia.....	27
2. Address list of Micro Finance Institutions	28
3. Loan conditions	31
3.1 Addis Credit and Savings Institution .	31
3.2 Amhara Credit and Savings Institution	35
3.3 Africa Village Financial Services	39
3.4 ASSEER Micro Finance	43
3.5 Benishangul-Gumuz Micro Finance	45
3.6 Busa Gonofa Micro Finance Institution	48
3.7 Dedebit Credit and Savings Institution	51
3.8 ESHET Micro Finance Institution	54
3.9 Gasha Micro Financing	57
3.10 Meket Micro Finance Institution	60
3.11 Meklit Micro Finance Institution	63
3.12 Metemamen Micro Financing Institution	68
3.13 Omo Micro Finance Institution	72
3.14 Oromiyaa Credit and Savings	75
3.15 Poverty Eradication / Community Empowerment (PEACE).....	77
3.16 Shashemene Iddirs Yelimat Agar Micro Finance Institution	80
3.17 SIDAMA Micro Finance Institution	83
3.18 Specialized Financial and Promotional Institution	85
3.19 Wasasa Micro Finance Institution	88
3.20 Wisdom Micro-financing Instituion	91

Introduction

Background

One of the most significant problems faced by micro and small enterprises in Ethiopia is lack of access to finance. Lack of finance hinders MSEs from investing on improved production facilities, infrastructure and supplies and deters them from taking actions that strengthen their marketing and promotional activities. In order to overcome the lack of information on the financing possibilities, the GTZ-Micro and Small Enterprises Development Program collected data on loan conditions of both commercial banks and micro finance institutions.

Methodology used in gathering the information

Two different questionnaires considered essential for obtaining the necessary information from micro finance institutions (MFIs) and commercial banks were developed.

The questionnaires, along with the letter of cooperation written by the GTZ-MSE Development Program, were forwarded to the concerned offices. Repeated personal visits to all banks as well as the majority of the MFIs were also made. The purpose of the visit was to clarify some of the points stated in the questionnaires and collect the completed ones. Intensive telephone calls were also made to ensure a continuous follow-up of the completion of the questionnaires. 20 MFIs and nine commercial banks were contacted.

Data update

Please note that, in the financing sector, data may change from one day to the other. That is why you should verify the information gathered if you decide to go into concrete contact with one of the financing institutions involved.

Data are always updated on our webpage www.bds-ethiopia.net/finance/

A. Commercial Banks

1. Address list of Commercial Banks

Government owned Banks:

Commercial Bank of Ethiopia

P.O. Box: 255 Addis Ababa, Ethiopia

Tel.: +251-1-515004/ 515000

Fax: +251-1-514522

E-mail: cbe-v/p.mkt&corptpeng@telecom.net.et

Construction and Business Bank

P.O. Box: 3480 Addis Ababa, Ethiopia

Tel.: +251-1-512300

Fax: +251-1-515103

E-mail: cbb@telecom.net.et

Development Bank of Ethiopia

P.O. Box: 1900 Addis Ababa, Ethiopia

Tel.: +251-1-511188/89

Fax: +251-1-511606

E-mail: dbe@telecom.net.et

Private Banks:

Awash International Bank

P.O. Box: 12638 Addis Ababa, Ethiopia

Tel.: +251-1-614482/ 83/84/85

Fax: +251-1-614477

E-mail: awash.bank@telecom.net.et

Dashen Bank

P.O. Box: 12752 Addis Ababa, Ethiopia

Tel.: +251-1-661380

Fax: +251-1-853037

E-mail: dashen.bank@telecom.net.et

Nib Bank

P.O. Box: 2439 Addis Ababa, Ethiopia

Tel.: +251-1-503288/ 502909/ 503304

Fax: +251-1-504349/527213

E-mail: nibbank@telecom.net.et

Hibret Bank

P.O. Box: 19963 Addis Ababa, Ethiopia

Tel.: +251-1-655222/ 40/42

Fax: +251-1-655243/45

E-mail: hibretbank@telecom.net.et

Wegagen Bank

P.O. Box: 1018 Addis Ababa, Ethiopia

Tel.: +251-1-523800

Fax: Wegagen@telecom.net.et

E-mail: +251-1-523520

Bank of Abyssinia

P.O. Box: 12947 Addis Ababa, Ethiopia

Tel.: +251-1-514130/ 530663

Fax: +251-1-511575/510409

E-mail: abyssinia@telecom.net.et

Website: www.bankofabyssinia.com

2. Loan Conditions of Commercial Banks

2.1 Commercial Bank of Ethiopia (CBE)

Year of establishment: 1943

Current operational area (s)

CBE is a bank with branch network that covers all cities and major towns of the country.

Future expansion plan

CBE strives to increase its outreach through out the country and provide financial services using modern and efficient service channels like Automated Teller Machine (ATM).

Total number of branches (networks) opened so far

CBE has 172 branch offices operating all over the country and one branch office aboard.

Currently, CBE extends the under listed credit facilities:

1. **Term loan:** it is a loan granted to customers to be repaid within a specified period of time.
 - **Short-term loan:** this is a loan with maturity period of one year from the date of signing the loan contract
 - Purpose of the loan is to finance the working capital needs and/or meet other short-term financial constraints.
 - Repayment period is quarterly and semi-annually based on the cash flow generating capacity of the business.
 - Collaterals are acceptable securities and entire asset of the project.
 - **Medium-term loan:** This is a loan which has a maturity period exceeding one year but less than or equal to five years from the date of signing the loan contract
 - **Long-term loan:** This is a loan that has a maturity period between five and fifteen years.
 - Purpose of the loan is to finance new projects and to meetworking capital needs.
 - Repayment period is quarterly, semi-annually and yearly.

- Collaterals are acceptable securities and the entire asset of the project.
- Grace period may be granted depending on the nature of the project.
- Criteria for new projects
 - o Project feasibility study;
 - o Lease agreement and license (only for construction of buildings);
 - o Work permit from government offices concerned;
 - o Land ownership certificate (for building);
 - o Memorandum and articles of association (for organizations);
 - o Pro forma (list of prices) collected within a period of not more than two months;
 - o Project equity contribution;
 - o Bill of quantity and specification (for building);
 - o Curriculum vitae of project administrators.
- Criteria for expansion/upgrading of existing projects:
 - o Project study;
 - o Financial statements (audited by external auditors);
 - o List of fixed assets with their book value and current market price;
 - o List of fixed assets to be purchased with their market value;
 - o Projected financial statements.

2. Overdraft loan: This is a credit facility by which a customer can withdraw in excess of the current account balance up to a limit approved by the bank.

- Purpose of the loan is to finance the day-to-day operational needs of a viable business.
- Repayment period: customers should pay the accrued interest regularly so that the facility is not overdrawn.
- Collateral: An overdraft facility can be approved against any collateral acceptable by the bank, except for motor vehicles and machinery.

3. Merchandise loan: This is a credit facility provided by the bank to overcome cash-flow problems when money is tied up with merchandise.

- Collateral: is the merchandise itself.
- Loan criteria for a one-time merchandise loan:
 - o written application for the loan;
 - o renewed trade/business license;

- for imported merchandizes, declaration of the custom's office for the amount of the merchandise to be held as collateral;
- the merchandize presented for collateral should be durable (not easily perishable) and easy to count and stock;
- the merchandise should be kept within a warehouse that meets the standard of the CBE. If it is borrower's warehouse, he/she should produce evidence of ownership and if rented, rental agreement concluded with the owner should be presented to the Bank;
- the borrower shall purchase insurance coverage for the full value of the merchandise in his/her name as well as the Bank;
- the borrower pays any expense that the Bank may incur in keeping the merchandise from damage.

- Loan Criteria for revolving merchandise loans:

All criteria stated under (2) with the following additions:

- Merchandise held as collateral must be taken out of the warehouse on a 'first-in-first out' order;
- Merchandise held as collateral must fully taken out of the warehouse within 90 days.

4. Agricultural loan: This is the loan granted to customers who are engaged in agricultural production activities.

- Purpose of the loan is to finance the working capital needs of customers involved in the sector.
- Repayment period: the loan is repaid monthly, quarterly, semi-annually or annually.
- Collateral: the loan is approved against acceptable collateral.
- Loan Criteria:
 - Certificate of land holding/ownership;
 - Investment license;
 - Project study;
 - Equity contribution.

5. Import letter of credit: This is an instrument whereby payments in international trade are effected by banks through documents. It is issued by the bank at the request of a buyer (importer) to pay the seller (exporter) upon presentation of import documents specified in the document.

- Purpose: to finance the temporary working capital shortage of customers during importation of goods.
- Repayment period: the facility has to be renewed every six months or every year.

6. Export credit guarantee. There are 3 types: Pre-shipment export credit, revolving export credit and advance on export bills. The pre-shipment export credit is a loan granted to non-coffee exporters starting from the procurement of inputs until the date of shipment of goods against the Ethiopian National Bank guarantee. The revolving export credit facility is an advance extended to exporters with a limited margin before goods are loaded on board upon presentation of all relevant export documents to the bank except a bill of loading. Advance on export bills is a post-shipment export credit provided to exporters with a margin against presentation of all necessary export documents.

- Purpose of the loan is to finance shipment of goods until they reach their destination.

Type of loan	Time to get loan	Annual interest rate	Service charge	Remark
Short-term loan	2 – 5 days	7.5%	-	
One-time merchandize loan	2 – 5 days	“	-	
Revolving merchandise loan	2 – 5 days	“	-	
Project Finance	1 – 3 months	“	-	40% of the investment covered by the project
Agricultural loan	2 – 5 days	“	-	
Letter of credit	2 – 5 days	“	2.5%	
Advance on export bills	2 – 5 days	“	-	National Bank guarantee is required for 80% of the amount.
Overdraft	2 – 5 days	“	-	
Foreign bank Guarantee	2 – 5 days	“	-	
Local bank guarantee	2 – 5 days		0.5%	

Note on interest rate:

- The CBE may change the interest rate based on the directive of the National Bank of Ethiopia
- In addition, as per the new Credit Policy, the Bank's customers may be charged various interest rates based on their:
 - loan recovery history
 - business strength
 - collateral strength and
 - other similar factors.

That is, customers who meet the Bank's performance parameters are charged a lower interest rate, where as the Bank will impose an additional 3% penalty interest rate per annum on non-performing loans.

General documents required from customers during loan request:

- Written application that clearly indicates, among others, the amount and purpose of the loan requested
- License as appropriate
- Financial statements (audited as necessary)
- A business plan
- A project feasibility study (for new projects)
- An ownership certificate for assets or merchandise offered as collateral
- Memorandum and Articles of Association (for legally established companies)
- Negarit Gazette
- Power of Attorney (for agents)
- Management profile
- An official letter of consent from the board of management (where applicable)
- Authority to conclude loan contract (for companies not specified in their Articles of Association).

Basic contents of business plan to be presented for all loan types

Name and address of the borrower; purchase plan; production plan; projected income statement; projected balance sheet; projected cash flow statement.

Contents of application form

- § Name and address of the borrower and the business;
- § Year of establishment of the business;
- § Type of business; type of credit request;
- § Collateral offered; owners (major shareholders)

CBE accepts the following assets as collateral:

- Buildings/houses: Private, public and co-operatives, buildings/houses that are in use for residence, office, factory, stores, etc. and building under construction if at least 40% is completed;
- Motor vehicles: Trucks, tankers, tractors, combines, buses and automobiles;
- Deposit in banks: Savings deposits, demand deposits and time deposits;
- Negotiable instruments: Life insurance policy at surrender value, treasury bills, government bonds and share certificates;
- Merchandise: Merchandise shall be held as collateral only for merchandise loans;
- Local and foreign bank guarantee: A written undertaking issued by a local or a foreign bank as a guarantor of the borrower;
- Business mortgage: Leased and if 20% construction is complete.

Who is eligible?

Any person or enterprise engaged in the following sectors is eligible for the services: domestic trade, foreign trade, factories, services, transport, mining, construction, agriculture, hotel and tourism.

Some of the economic activities financed so far

Agriculture, manufacturing and industry; domestic trade, hotel and tourism; foreign trade construction and services.

Savings products

1. **Savings account**: It is an interest-bearing deposit account.
 - Can be opened with an initial deposit of Birr 50
 - Rate of interest on savings account is 3% per annum
 - Interest will not be paid on amounts below Birr 50
 - Interest is computed on the minimum outstanding balance of each month
 - Interest is paid half-yearly in June and December.
2. **Time deposit account**
 - A time-deposit account is a deposit account that bears interest based on the duration of the deposit.

Features:

- No restriction as to the initial deposit
- Minimum deposit period is 3 months
- Granted repayment of principal and interest at agreed date.

3. **Current account**: A non-interest bearing account that is operated by checks.

Features:

- A non-interest-bearing deposit account with a check book facility
- an initial deposit for opening a current account for individuals is Birr 500 and Birr 1,000 for government, private sector, public agencies, enterprise, cooperatives, international and other mass organizations.

4. Local transfer: It is a means of transferring funds through banks to individuals or organizations.

Features:

- Transfers are made between branches of CBE only
- Transfers are made between branches of different cities or towns
- Availability of telecommunication and local post offices enhance the smooth flow of transfers between branches.

Safe deposit locker: Provides maximum security and safe keeping of customers' valuables (goods and documents).

Features:

- Access by dual control
- Access permitted only to the leasee or his agent
- Locker accessible only during business hours
- Different sizes available (small, medium and large)
- Locker facilities available at Addis Ababa, Addis Ketema and Mahatma Gandhi branches.

5. Western Union money transfer service: Having entered into an agency agreement with the Western Union Money Transfer Services in 1994, CBE is a pioneer in providing incoming money transfer service from all over the World to its esteemed customers.

6. Service out-let: Services are delivered through the main and branch offices. For more information please contact CBE using the following addresses:

Address

P.O.Box: 255, Addis Ababa, Ethiopia
Telephone: +251-1-515004 or +251-1-515000
Fax: +251-1-514522
E-mail: cbemrk@telecom.net.et
Web site address: www.combanketh.com

2.2 Development Bank of Ethiopia (DBE)

Year of establishment: 1970

Current operational area(s)

The Development Bank of Ethiopia (DBE) operates almost all over the country. Some of the regions are Oromiyaa, Amhara, Southern Nations and Nationalities Peoples' Regional States and Addis Ababa City Administration.

Total number clients served so far: nearly 16,000

Total number of branches opened so far: 32 branches all over Ethiopia.

Future expansion plan

DBE shall continue operating in the above mentioned regions. It uses mobile banks whenever it is necessary to go to some remote areas in the country.

Short-term loan

Loan term: a loan to be paid back within a year.

Purpose of loan: for working capital, seasonal agricultural operations and marketing of crops, marketing and distribution of inputs like fertilizer, pesticides.

Medium-term loan

Loan term: a loan to be paid back within a period of one to five years.

Purpose of the loan: for construction works and purchase of machines, equipment, furniture, and vehicles.

Long-term loan

Loan term: a loan to be paid back within a period of five to fifteen years.

Purpose of the loan: for construction works and purchase of machinery, equipment, furniture, vehicles and for various project-related investments such as infrastructure.

Loans for export-oriented projects

The DBE provides financial service to projects, which are fully engaged in producing exportable commodities. With regard to this the economic sub-sectors for which the loanable financial resources will be availed are leather and leather products, textile and garment manufacturing industries, cotton farming, live animal export and meat processing industries as well as production of horticultural crops including flowers and high value vegetable crops and others exclusively targeted for foreign markets.

Loans to Micro Finance Institutions through Rural Financing Intermediation Program (RUFIP)

The DBE, being a specialized financial institution, which provides finance for agricultural, industrial and other development projects, has currently started implementing a Rural Financial Intermediation Program (RUFIP) which is believed to have great contribution for the reduction of rural poverty. The program is a national and sector wide investment, which addresses key institutional and policy issues critical for the development of a vibrant and sustainable rural financial system. The overall goal of the program is to alleviate rural poverty through the sustained increase in incomes and assets of poor households as a result of increased agricultural production and productivity, in addition to off-farm and non-farm income generating activities.

The program shall be undertaken in the next 7 years involving a total outlay of USD 88.7 million mobilized from internal sources (Government of Ethiopia, DBE, commercial banks) and external sources (African Development Bank, International Fund for Agricultural Development). The fund is to be utilized for credit, equity and various capacity building facilities to the participating agencies including Micro Finance Institutions (MFIs), Rural Savings and Credit Cooperatives (RUSACCOs), National Bank of Ethiopia, Association of Ethiopian Micro Finance Institutions (AEMFI) and DBE.

Economic sectors financed by the bank

The bank provides loans for financing the establishment and expansion of agriculture, agro-industry, transport, and communication, mining and energy, education, health, hotel, tourism and other sectors of the economy.

Equity (capital) contribution

In order to ensure commitment to the success of the project to be financed, the applicant shall be required to make a contribution to the project cost. The level of borrower's contribution shall in no case be less than 30% of total project cost.

Loan terms and conditions

(a) Interest rate

- Annual interest rate for regular loans is 9.75%.
- Annual interest rate for export-oriented loans is 7.5% with maximum grace period of three years.
- Service charge on regular loans is = 0.75%

(b) Loan term

- Minimum loan term = 12 months
- Maximum loan term = 15 years

(c) Loan size

- Minimum loan size is up to Birr 3 million
- Maximum loan size can be above Birr 3 million and the loan by the Bank shall, at no time, exceeds 15% of its total capital with out prior approval of the National Bank of Ethiopia.

(d) Collateral requirement

DBE requires that its loan be secured by a first-degree mortgage on fixed asset. This could be building, machinery and equipment or vehicle depending on the specific nature of the project.

In case of projects located in rural areas (out side the municipality), the Bank requires 100% collateral. However, for projects located in urban areas, 125% of the loan including fixed assets of the project is required.

(e) Insurance: all fixed assets of a project as well as collaterals have to be covered by an appropriate insurance policy with DBE as a co-beneficiary until the loan is fully paid.

(f) Repayment schedule: loan repayment period is determined taking into account the profitability and debt servicing capacity of the borrowing concern as well as the economic life of major investment items.

(g) Keeping financial records: the borrower is required to keep sound and acceptable financial records.

(h) Grace period: the Bank shall grant its clients a maximum grace period that involves the period up to the commencement of operation and the grace period shall not exceed three years.

(i) Documents required from a borrower to finance a new project

- Work permit from relevant Government body (depending on the nature of the project);
- Title deed certificate of the plot of land required for the project; construction permit and bill of quantity approved by an appropriate Government authority for projects located in urban areas;
- Investment certificate for projects with estimated capital of over Birr 250,000;
- Pro forma invoice for machines, equipment, furniture, vehicles and other fixed assets as well as consumables to be purchased;
- Certificate of the commercial register;

- Details of the project implementation program indicating major activities with corresponding periods of accomplishment.

Requirements for loans to legal entities

- Copy of Memorandum of Association and Articles of Association;
- Copy of Newspaper where the formation has been publicized;
- Legal personality certificate;

Steps involved in loan processing

- Borrowers must first contact the Clients' Guidance and Advisory Desk (CGAD) of the loan division;
- For detailed discussions on loan application, the project idea, background, equity contribution, etc, the borrower is forwarded to the loaning division;
- The Department may either accept or reject the application at prima facie consideration based on policy or technical grounds;
- Appraisal work is carried out by the loan division, checked by the General Manager, commented on by the loan committee and forwarded to the Board of Management for approval.

Business plan presentation

A standardized business plan should be presented by borrowers to get loans from the DBE.

Savings products

Type of Savings	Annual Deposit Rate
Time deposit	3-4.5%
Savings deposit	3%
Demand deposit	-
Managed Fund	2-3%

Service out-lets: through branch offices and cooperatives.

Frequency of revising loan policies

The Bank operates in pursuant to the overall economic policy and development strategy of the Federal Government.

Other services: Technical and Management Advisory Services.

Head office address

P.O.Box: 1900, Addis Ababa, Ethiopia
 Telephone: +251-1-511188/9
 Fax: +251-1-511606
 E-mail: db@telecom.net.et

2.3 Wegagen Bank

Year of establishment: 1997

Current operational area(s)

- Tigray (Mekele, Adigrat, Humera)
- Oromiyaa (Shashemene, Tullu Bollo, Agaro)
- Amhara (Bahir Dar, Konbolcha, Gondar)
- Southern Region (Awassa, Yirgachefe)
- Somali (Jijiga)
- Addis Ababa (Bole, Goffa, Meskel Sq., Merkato, Mesalemia, Teklehimanot, Gerji)

Total number clients served so far: 40,352

Total number of branches opened so far:22

Future expansion plan

The Bank shall continue operating in the above major towns of the city.

Loan type, loan term, lending rate and other payments

Type of Loan	Loan term (month)	Grace period (month)	Lending Rate (%)	Service charge (%)	Time needed to get loan
Agricultural loan	1 – 12	-	depends on loan term	-	1 month
Manufacturing loan	1 – 12	3 - 12	“	-	1 month
Construction loan	1 – 12	3 - 12	“	-	1 month
Transport loan	1 – 12	-	“	-	1 month
Whole sale and retail loan	1 – 12	-	“	-	1 month
Import & export loan	1 – 12	-	“	-	1 month

Maximum Loan-term various between 24 to 60 months.

Economic sectors financed by the bank

Agriculture, manufacturing, construction, transport, health services, whole sale & retail trade, /import and export trade

Additional services envisaged to be provided by the bank during the next 3 to 5 years:

Loan: Lease financing, credit card

Savings: ATMs

Loan eligibility criteria

- Profitability of the business;
- Liquidity of the business;
- Debt-Equity Ratio (Borrower's contribution);
- Managerial capacity;
- Goodwill of the business;
- Macroeconomic conditions related to the business;
- Borrower' s honesty, ability and general character

Collateral requirement

Building, vehicles, financial guarantee, personal guarantee based on the degree of risk assumed in the business.

Business plan presentation

The Bank requires Business Plan whose contents may vary according to the nature of the business. The following items, however, should be incorporated in all business plans:

- Mission, Goal and Objectives of the Business;
- Strategies and analysis of internal and external environment (Strength, Weakness, Threat and Opportunities/SWOT Analysis).

Financing micro and small enterprise sector operators

Any enterprise fulfilling the loan eligibility criteria can be financed.

Savings products

Type of Savings	Annual Deposit Rate
Checking account	No
'Now' savings	3.25%
Zero-balance account savings	3%
Savings deposit	3%
Time deposit	it depends on time and amount
Children's Trust Fund	3.5%

Other services

Local Money Transfer

Service out-let

The services of the Bank are accessible through its branch offices.

Address

P.O.Box: 1018 Addis Ababa, Ethiopia

Telephone: +251-1-523800

Fax: +251-1-523520

E-mail: Wegagen@telecom.net.et

2.4 Awash International Bank (AIB)

Year of establishment: 1995

Current operational area(s): Oromiyaa, Amhara, Southern Region, Diredawa, Addis Ababa and Somali Region.

Total number clients served so far: more than 163,000

Total number of branches opened so far: 29

Loan types:

• Short-term loan	• Letter of Credit
• Medium-term loan	• Letter of guarantee
• Overdraft loan	• Advance on export and import bills
• Merchandise loan	

Loan term:

Minimum = 12 months

Maximum = 24 months

Grace period: Up to six months

Lending rate: 10.5% with 0.5% service charge

Collateral requirement

- Business or residential buildings;
- Vehicles specially for short-term loans;
- Bank or insurance guarantee;
- Life insurance policy;
- Own bank deposit or savings by the third party;
- Merchandise guarantee;
- Personal guarantee (business person) with good paying capacity;
- Other properties that can be registered and have the capacity to be pledged as collateral.

Loan eligibility criteria

- Renewed business license;
- Presentation of Simplified Business Plan;
- Presentation of financial statements: balance sheet, income and cash flow statements (externally audited, if possible);
- Completed loan application form.

The loan application form, among others, should include:

- Amount of loan requested;
- Loan-term; purpose of the loan;
- Source of funds to recover the loan;
- Type of collateral needed; etc.

Additional studies by the bank:

About personal character, past credit history, situation of business relationship with others.

Who is eligible for the services of the bank?

Individuals, Share Companies; Private Companies; Partnership organizations; Government and other development agencies; legally registered associations.

Financing micro and small enterprise sector operators

Any enterprise fulfilling the loan eligibility criteria can be financed.

Plan to avail loan fund to Micro Finance Institutions (MFIs)

The Bank has already financed one of the Micro Finance Institutions.

Financing new business start-ups: no

Savings products

- Demand and current A/C
- Savings deposit
- Time deposit

Other services:

Money Gram/transfer services from abroad to Ethiopia.

Address

P.O.Box: 12638 Addis Ababa, Ethiopia

Telephone: +251-1-614482-85

Fax: +251-1-614477

E-mail: awash.bank@telecom.net.et

2.5 United Bank S.C.

Year of establishment: 1998

Current operational area(s)

- Oromiyaa (Nazareth), Amhara (Gondar)
- Addis Ababa (Beklo Bet, Biramba branch, Mehal Arada branch, Misrak branch, Menahheria branch, Meerab Gebeya branch, Bole branch, Fasil branch, Tekle Himanot branch, Hilton Addis agency).

Total number of clients served so far: more than 20,000

Total number of branches opened so far:

14 branches including an agency office at the Hilton Hotel

Loan types:

§ Domestic trade loan	§ Transport loan
§ Export trade loan (Letter of Credit)	§ Building and construction loan
§ Import trade loan (Letter of Credit)	§ Personal Loan
	§ Manufacturing Loan.

Loan term: Minimum = 36 months and Maximum = 3 months

Grace period: 21 days for Export and Import Letter of Credits.

Lending rate

§ Domestic trade loan	= 7 – 8%
§ Export I (Letter of Credit)	= 7.5 – 8%
§ Import trade loan (Letter of Credit)	= 7.5 – 8%
§ Transport loan	= 8 – 8.5%
§ Building and construction loan	= 8 – 8.5%
§ Personal loan	= 8.5 – 9%
§ Manufacturing loan	= 7.5 – 8%

Collateral requirement

§ Domestic Trade loan	= Building
§ Export Trade Loan (Letter of Credit)	= Export LC Document
§ Import Trade Loan (Letter of Credit)	= Import LC Document
§ Transport Loan	= Not specified
§ Building and Construction Loan	= Building
§ Personal Loan	= Not specified
§ Manufacturing Loan	= Not specified

Loan eligibility criteria

- § Renewed business/trade license;
- § Presentation of business plan (Financial statements of the business);
- § Memorandum and Articles of Association (for legally registered organizations);

Business plan

- § Source of finance (supported by cash flow statement);
- § Name of the sector that the loan is required;
- § Purpose of the loan.

Who is eligible for the services of the bank?

- § Individuals
- § Share companies;
- § Private companies;
- § Partnership organizations;
- § Government and other development agencies;
- § Legally registered associations.

Financing micro and small enterprise sector operators

The Bank finances small and medium enterprises (building as a collateral).

Savings products

Type of Savings	Annual Deposit Rate	Remark
Demand/current A/C	0.5%	Interest is compounded monthly
Savings deposit	3.15%	"
Time deposit	Negotiable	"

Other services

- § Money transfer
- § Foreign banking service
- § Salary payments to management and employees of customers
- § On site deposit collection service for big customers
- § Advisory services on banking and finance

Service out-let

The services of the Bank are accessible through its branch offices.

Address

P.O.Box: 19963 Addis Ababa, Ethiopia
Telephone: +251-1-655222
Fax: +251-1-655243/45
E-mail: hibretbank@telecom.net.et

2.6 Bank of Abyssinia

Year of establishment: 1996

Current operational area(s)

§ Oromiyaa, Amhara, Addis Ababa, Diredawa, Southern Nations and Nationalities Peoples Regional State (SNNPRS), Tigray.

Total number clients served so far: More than 70,000, majority are urban.

Total number of branches opened so far: 13

Loan types:

§ Term loan, overdraft facilities, letter of credit facilities, merchandize loan, revolving credit, personal loan

Loan term:

§ Term loan: Min = 6months and Max. = 7years
§ Overdraft facilities: Min. = 2 months and Max. = 1 year
§ Letter of Creditfacilities: Min. = 3 months and Max. = 6 years
§ Merchandize loan: Min. = 3 months and Max. = 0.5 year
§ Revolving credit: Min. = 1 month and Max. = 0.5 year
§ Personal loan: Min. = 6 months and Max. = 2 years

Grace period

§ Sort-term loan = 3 months
§ Medium-term = 6 – 12 months
§ Real estate = 6 – 12 months

Lending rate

§ Term loan: 7 – 13%
§ Overdraft facilities: 7 – 10%
§ Letter of credit facilities: There is service charge
§ Merchandize loan: 7.5%
§ Revolving credit: 7.5%
§ Personal loan: 13%

Time need to get loan

§ Sort-term loan 10-15 days
§ Medium-term 15 days
§ Real estate 10 days

Collateral requirement

§ Sort-term loan Building, Cash deposit, Vehicles
§ Medium-term Building and equipment
§ Real estate Building.

Loan eligibility criteria

- § Renewed business/trade license;
- § Certified or acceptable financial condition
- § Past credit history
- § Marketability of the product/service
- § Profitability and viability of the business.

Business plan

- § Purpose of the loan
- § Specific objective of the business
- § Market of the business
- § Input and out-puts of the business
- § Financial projections of the business.

Financing micro and small enterprise sector operators

Extend loans to Micro and Small Entrepreneurs through one or more of the following arrangements:

- § Micro finance institutions that would channel loans to small borrowers;
- § The loan contract shall be made between Bank of Abyssinia and a financing organ designated by the Regional State Administration;

Provided that:

- § Local or international organizations or NGOs shall guarantee the repayment of the loan;
- § The loan shall be backed by acceptable collateral.

Other services

- § Youth-targeted financial service
- § Time deposit
- § Savings Account linked with Current Account (SALCA)
- § Current account
- § Tele-banking
- § Safe deposit box
- § Bureau de change
- § Guarantees

New products to be included during the coming 3 to 5 years:

Bridging loan; probate advance; bill collection, budget account.

Address

P.O.Box: 12947 Addis Ababa, Ethiopia
Tel. +251-1-514130, Fax +251-1-511575,
E-mail: abyssinia@telecom.net.et
Website: www.bankofabyssinia.com

2.7 Dashen Bank S.C.

Year of establishment: 1995

Current operational area(s)

- § Oromiyaa (Dukem, Jima, Nazareth)
- § Amhara (Bahir Dar, Dessie, Gondar, Kombolcha)
- § Addis Ababa (in 13 different parts of the city)
- § Diredawa
- § Southern Nations and Nationalities Peoples Regional State (Awassa, Dilla)
- § Tigray (Adigrat, Mekele)
- § Harari

Total number of branches opened so far

26 area Banks in 13 major towns of the country.

Total number of clients served so far:140,187

Loan types:

- § Term loan; overdraft; merchandize; advance against import bills; advance against export bills; letter of guarantee; manufacturing loan; domestic trade and services loan; building and construction loan; agro-industry loan; transport sector loan.

Lending rate

- § Term loan = 7.5 – 9.5%
- § Overdraft = 7.5%
- § Merchandize = 8.0%
- § Advance against import bills = 7.5%
- § Advance against export bills = 7.5%
- § Letter of guarantee = 0.125% -1% (Service Charge)

Loan term

- Term loan 12 months to 6 years
- Overdraft 6 months to 1 year
- Merchandize 3 months to 1 year

Collateral requirement

Project financing: building, chattels, cash collateral; financial guarantee

Other loans: business mortgage, personal guarantee and others.

Grace period and time needed to process loans

Project financing: grace period up to 6 months, processing time 2 weeks.
For other loans the processing time is 2 weeks.

Loan eligibility criteria

- § Engagement in licensed business;
- § Credit worthiness as measured by the 6-Cs of credit: character, capacity, condition, collateral, capital and consultancy.

Contents of business plan to be presented for loans

- § Objective of the business;
- § Past performance;
- § Market viability and strategy;
- § Financial budget such as sales projection and fixed asset acquisition;
- § Financial projections such as cash flows and income statement.

Savings products

No.	Type of Savings	Annual Deposit Rate
1.	Demand Deposit	1%
2.	Savings Deposit	3%
3.	Fixed time Deposit	3.1% - 5% per three months

Other services

- § International banking services;
- § Fund transfers.

Service out-let

The services of the Bank are accessible through its branch offices.

Address

P.O.Box: 12752 Addis Ababa, Ethiopia
Telephone: +251-1-661380
Fax: +251-1-653037
E-mail: dashen.bank@telecom.net.et
Website: www.dashenbanksc.com

2.8 Nib International Bank S.C.

Year of establishment: 1999

Current operational area(s)

- § Oromiyaa (Nazareth)
- § Addis Ababa (in 11 different locations)

Total number clients served so far: about 30,000

Total number of branches opened so far: 10

Principal activities:

- § Accept all types of deposits i.e. savings, demand and time deposits [interest is computed and paid monthly];
- § Extend loans and advances and grant overdraft facilities to customers;
- § Draw, accept, discount, buy and sell bills of exchange, drafts and promissory notes payable in or outside Ethiopia;
- § Issue and accept cheques and travelers cheques acceptable in or outside Ethiopia;
- § Avail financial guarantees;
- § Carrying out international banking transactions and engage in inter-bank business;
- § Lease safes or components;

Service out-let

The services of the Bank are accessible through its branch offices.

Address

P.O.Box: 12947 Addis Ababa, Ethiopia
Telephone: +251-1-503288
Fax: +251-1-527213
E-mail: nibbank@telecom.net.et

2.9 Construction and Business Bank S.C. (CBB)

Year of establishment

Re-organized as 'Construction and Business Bank' in 1994. It was known as Mortgage Bank before that.

Current operational area(s)

§ Oromiyaa (Nazareth, Debrezeit, Jimma, Nekemt, Ziway, Wolliso, Goba Robe), Addis Ababa (in 5 different locations)

Total number of branches opened so far: 10

Principal activities:

- § Accept savings deposits and time deposits;
- § Provide checking (current) account services;
- § Extend loans for house and building construction as well as their renovation, upgrading and purchase of new ones;
- § Extend loans for other construction works, hotel and tourism services, Industrial and working capital;
- § Money Transfer services;
- § Foreign Banking Services;
- § Business loans such as short-term and medium term loans for domestic and foreign trade businesses;
- § Financial guarantee services such as bid bonds, performance bonds, advance guarantee bonds);

Service out-let

The services of the Bank are accessible through its branch offices.

Address

P.O.Box: 3480 Addis Ababa, Ethiopia
Telephone: +251-1-512300
Fax: +251-1-515103
E-mail: cbb@telecom.net.et

B. Micro Finance Institutions

1. Brief Account of the Micro Finance Industry in Ethiopia

In Ethiopia, the commercial banking system could not address the financial needs of poor households for the very fact that they are not their ultimate target clients. On top of that, the transaction costs and risks involved in serving poor households are perceived to be too high. In addition, even if there are few private banks that are interested in providing financial services to poor households, they have not developed yet a suitable credit methodology for micro lending activities and also they do not have trained personnel for that.

Non-Governmental Organizations (NGOs), with a strong welfare and relief orientation towards the poor population, entered into the micro credit sector to provide credit services to poor rural households and urban micro entrepreneurs under programs supported by donors and international NGOs. However, the outreach of the NGOs' schemes was limited in that it only reached a very small proportion of rural households. On account of the non-suitability of commercial banks and non-sustainability of NGOs' credit schemes, the Government of Ethiopia established a legal framework for the establishment and operation of Micro Finance Institutions (MFIs) to provide financial services to poor households.

Since Proclamation 40/1996 for licensing and supervision of MFIs came into effect in July 1996, 21 MFIs have been registered and licensed by the National Bank of Ethiopia (NBE). The majority of the regions now have their own MFIs. Concerning their performance, the study conducted by the International Fund for Agricultural Development (IFAD) in the year 2001, indicated that the industry, with a network of 500 branches, has recorded remarkable growth: a loan portfolio of about USD 33.5 million, net savings of about USD 16 million, outreach to nearly 500,000 rural households: and over 40% of clients are women. Some of them are region-based MFIs, with a specific objective of enhancing the living conditions of poor households in their respective regions.

Concerning their governance, MFIs in Ethiopia are required to have Board of Directors elected by the General Assembly of Shareholders. All MFIs are required to regularly report on their operational and financial situations as well as provide external audit reports to the NBE. There is also a legal provision for the establishment of Savings and Credit Cooperatives (SACCOs) to pursue financial intermediation to their members.

2. Address list of Micro Finance Institutions

Addis Credit & Savings Institution S.C.

P.O. Box: 1074 Addis Ababa, Ethiopia
Tel. +251-1-572720/123258/111512/117256
Fax: +251-1-513124
E-mail: adcsi@telecom.net.et

Africa Village Micro Financial Services (AVFS) S.C.

P.O. Box: 70099 Addis Ababa, Ethiopia
Tel. +251-1-204732, Mob. 09-206401
E-mail: kisama@telecom.net.et

Amhara Credit & Savings Institution (ACSI) S.C.

P.O. Box: 417 Bahir Dar, Ethiopia
Tel.+251-08- 201652, +251-08-202041/201651/52/204840/41/203603
Fax +251-08-201733
E-mail acsi@telecom.net.et

Asser Micro Finance Institution S.C.

P.O. Box: 5683 Addis Ababa, Ethiopia
Tel. +251-1-431134, Mob. 09-207120
Fax +251-1-431135,
E-mail wondim@telecom.net.et

Benishangul-Gumuz Micro Finance Institution (BGMFI) S.C.

P.O. Box: 191 Assosa, Ethiopia
Tel. +251-07-750666/750822/751188
Fax +251-07-750618
E-mail bgmf@telecom.net.et

Buusaa Gonofa Micro Finance Institution S.C.

P.O. Box: 24850 code 1000 Addis Ababa, Ethiopia
Tel. +251-1-653283/654155/56. Mob. 09-223679
Fax +251-1-654045
E-mail bgmfi@telecom.net.et

Dedebit Credit and Savings Institution (DECSI) S.C.

P.O. Box: 1074 Mekele, Ethiopia
Tel. +251-04-409306/404041/402243/403695/410251
Fax +251-04-406099
E-mail decsci@telecom.net.et

Diredawa Micro Finance Institution S.C.

Tel. (05) 119247/120246

E-mail: dire@telecom.net.et

Eshet Micro Finance Institution S.C.

P.O. Box: 23923 code 1000 Addis Ababa, Ethiopia

Tel. +251-1-661491/654652/661493. Mob. 09-230413

Fax +251-1-661492

E-mail: eshet@telecom.net.et

Gasha Micro Finance Institution S.C.

P.O. Box: 29249 Addis Ababa, Ethiopia

Tel. +251-1-771084/131891

Fax +251-1-756399

E-mail gmfi@telecom.net.et

Mekdela Micro Finance Institution

P.O. Box: 3155 Addis Ababa, Ethiopia

Tel. +251-1-400205/401097

Fax +251-1-533323

E-mail: mekdeal@telecom.net.et

Meket Micro Finance Institution S.C.

P.O. Box: 608 Bahir Dar, Ethiopia

Tel.: c/o +251-1-620067/ (09) 110764/67 ext. 37

Meklit Micro Finance Institution (MMFI) S.C.

P.O. Box: 27634/1000 Addis Ababa, Ethiopia

Tel. +251-1-533509/533729, +251-02-125864, Fax +251-1-504941

E-mail mmfi@telecom.net.et

Metemamen Micro Finance Institution S.C.

P.O. Box: 21304 code 1000 Addis Ababa, Ethiopia

Tel. +251-1-623478/635801

Fax +251-1-611146

E-mail mmfisc@telecom.net.et

Omo Micro Finance Institution (OMFI) S.C.

P.O. Box: 353 Awassa, Ethiopia

Tel. +251-06-204947/201395/202051/52/53

Fax +251-06-204947

E-mail: omoi@telecom.net.et

Oromiya Credit and Savings Share Company (OCSSCO) S.C.

P.O. Box: 19853 Addis Ababa, Ethiopia
Tel. +251-1-534872/73/524644. Mob. 09-201956
Fax +251-1-534871,
E-mail: ocssco@telecom.net.et

Poverty Eradication and Community Empowerment MFI (PEACE) S.C.

P.O. Box: 5743 Addis Ababa, Ethiopia
Tel. +251-1-663280/81. Mob. 09-219506
Fax +251-1-654088
E-mail mpeace@telecom.net.et

Shashemene Iddirs Yelimat Agar Micro Finance Institution

P.O. Box: 451 Shashemene, Ethiopia
Tel. +251-06-103881/105952/105263
Fax +251-06-10205,
E-mail acordsha@telecom.net.et

Sidama Micro Finance Institution (SMFI) S.C.

P.O. Box: 565 Awassa, Ethiopia
Tel. +251-06-200850/204704
Fax +251-06-204704
E-mail sd10@telecom.net.et

Specialized Financial & Promotional Institution (SFPI) S.C.

P.O. Box: 10689 Addis Ababa, Ethiopia
Tel. +251-1-622780/81. Mob. 09-209628
Fax +251-1-614804
E-mail sfpi@telecom.net.et

Wassasa Micro Finance Institution S.C.

P.O. Box: 13283 Addis Ababa, Ethiopia
Tel. +251-1-669978/79/668518
Fax +251-1-661348
E-mail wbekele@telecom.net.et

Wisdom Micro Finance Institution S.C.

P.O. Box: 31487 Addis Ababa, Ethiopia
Tel. +251-1-293368/627744
Fax +251-1-293346
E-mail worku_tsega@wvi.org or wisdom@telecom.net.et

3. Loan Conditions of Micro Finance Institutions

3.1 Addis Credit and Savings S.C.

Year of establishment: January 2000

Legal status

Addis Credit and Savings Institution S.C. was legally registered by the National Bank of Ethiopia, according to Proclamation No. 40/1996.

Current operational area(s)

All sub-cities of the Addis Ababa City Administration

Future expansion plan

Addis Credit and Savings S.C. is a region-based micro finance institution established to serve people residing in the City of Addis Ababa.

Total number of sub-cities covered so far: all sub-cities

Total number of branches opened so far: 10 branches

Total number of clients served so far: about 30,000 (all urban)

Gender sensitivity: Male clients = 18%, Female Clients = 82%

Loan services/products

§ Term-loan

§ Installment loan

Term and installment loans can be micro enterprise loan, group loan, individual loan, cooperative loan, loan to community-based organizations and business loan

Annual lending rate

12% with an additional annual service charge of 3% for term loans

10% with an additional annual service charge of 3% for installment loans

Loan size for micro enterprise loan

Cycle	Amount (Birr)
1 st Cycle	Up to 2,000
2 nd Cycle	3,000
3 rd Cycle	4,000
4 th Cycle	5,000
5 th Cycle	5,000

Loan size for business loan

Cycle	Amount (Birr)
1 st Cycle	5,000
2 nd Cycle	6,000
3 rd Cycle	7,000
4 th Cycle	9,000
5 th Cycle	10,000

Loan term

Maximum loan term = 36 months

Minimum loan term = 7 months

Loan eligibility criteria

Potential clients are expected to meet the following criteria:

- § Permanent residence in the City of Addis Ababa
- § Should engage in micro and small enterprise activities
- § Unemployed youth and women with strong commitment and potential for self-employment
- § Willingness and full commitment to engaged in income generating activities
- § Willingness to be organized into credit group and take loans through group collateral
- § He/she should be above 18 years of age (working age).

Type of collateral needed: Group collateral and personal guarantee

Some of the economic activities financed so far:

Buying and selling activities such as:

- § Grain and cereal selling
- § Street vending
- § Dairy product selling
- § Poultry products selling
- § Selling of ready made and cultural cloth, shoes, plastic sheets, household utensil
- § traditional food and drinks, Newspapers, books and lottery vending
- § Firewood selling
- § Spice selling
- § Selling of electronic equipment
- § And many others

Services

- § Hair dressing/beauty saloons and barbers
- § Tailoring
- § Small restaurants

- § Plumbing and maintenance of electronic equipment and shoes, cloth washing
- § Mechanics, cart transport

Handicraft and production activities

- § Embroidery
- § Wood and metal works
- § Weaving
- § Leather and Bamboo craft
- § Gold and silversmithing
- § Paper bag production
- § Candle production
- § Stove making

Grace period

There is a 30-day grace period for any one loan.

Time needed to process and get loan:

15 days for group loan and a maximum of 7 days for individual loans

Business plan presentation

Addis Credit and Savings S.C. requests borrowers to fill out application forms that can also serve as a business plan.

Loan application forms

The borrower is expected to fill out an application form (Form-a- 003) with the following contents:

- § Name of the borrower;
- § Address of the borrower (Woreda, Kebele, Ho. No.);
- § Name of business that the borrower wants to engage himself/herself;
- § Amount of loan requested by the borrower;
- § List and cost of items to be purchased by the borrower with the loan fund he/she requested;
- § Average monthly profit expected to be generated from the business the loan is asked for;
- § List of problems that the borrower expects to face while running his/her business;
- § Official signature of the applicant and date of signature;
- § Amount of loan approved by the group members;
- § Group members' comments and approval of the chairperson;
- § Comment and decision by the Credit and Savings Committee of the Kebele Administration;
- § Amount of loan approved by the branch manager/ credit officer of the Woreda concerned.

Target clients for loans

- § Micro and small enterprise owners and unemployed youth and women with strong commitment towards self-employment.
- § Legally registered Cooperatives;
- § Community-based organizations such as 'Iddirs'. The Iddir selects the poorest among its members;
- § New business start-ups such as graduates of high schools, colleges or even universities shall receive the services provided that they can engage themselves in income generating activities and want to take the loan on the basis of group collateral. Such borrowers shall be recruited or selected by the credit and savings committee of their respective local administration (Kebele).

Willingness to lend to new business start-ups such as high school dropouts, college graduates and similar groups:

The unemployed and new business start-ups can also access the service, provided that they have the necessary entrepreneurial commitment.

Savings products

Type of Savings	Annual Deposit Rate	Remark
borrower's compulsory savings	4%	10% of loan amount at the time of taking the loan is deducted followed by fewer amounts of regular savings thereon.
Individual borrower's voluntary savings	4%	The amount depends on the capacity and willingness of the depositor
Time deposit	5-6%	
Group Savings	4%	
Center Savings	4%	

Other services

Business Management Training is provided to clients provided that external fund is secured for the purpose.

Service out-let

Service is accessed by clients through the extension agents of Kebele Administrations as well as loan officers.

Address

P.O.Box: 5667, Addis Ababa, Ethiopia
Telephone: +251-1-572720/111512/117256
E-mail: adcsi@telecom.net.et
Fax: +251-1-573124

3.2 Amhara Credit and Savings Institution S.Co.

Year of establishment: 1996

Legal status

Amhara Credit and Savings Institution (ACSI) S.Co. was legally registered by the National Bank of Ethiopia, according to Proclamation No.40/1996.

Current operational area(s)

Amhara Regional State

Future expansion plan

Operation will remain in Amhara region, but increasing outreach by 50% by expanding to more villages/peasant associations.

Total number of woredas covered so far

104 Woredas (total no. of woredas in the region is 105)

Total number of branches opened so far

10 branches and 163 sub branches

Total number of clients served so far

Total served credit clients are 476,357 and over 80,000 voluntary savings clients

Gender sensitivity: 70% Male and 30% Female

Loan services/products

- § Installment loan
- § End-term loan
- § Package loan
- § Input loan.

Annual lending rate for each loan type

Type of Loan	Lending Rate	Service charge	Other fees and payments
Installment loan	15%	-	-
End-term loan	18%	-	-
Package loan	18%	-	-
Input loan	15%	-	-

Loan size

Pursuant to the National Bank's directives for micro finance institutions in Ethiopia, the loan ceiling was set at a maximum of Birr 5,000. Very recently, however, this has been relaxed following the new Federal Rural Development Strategy. Therefore, ACSI is planning to pilot-test the relaxed directive to lift-up the loan size above Birr 5,000.

Based on current policy, a client who moves from the first cycle to the second can expect 100% addition to the first loan. Like wise, unless in very special circumstances, he can expect a maximum addition to preceding loan of 75% in 3rd cycle, 50% in 4th cycle, 25% in 5th and subsequent cycles.

The maximum first-time loan a poor client is entitled to, so far, is Br. 750, but revisions are being made to accommodate some loan types like package loan. The following table provides a typical loan progression.

Type of Loan	Loan Size per Loan Cycle (Birr)				
	1 st cycle	2 nd cyc.	3 rd cyc.	4 th cyc.	5 th cyc.
Installment loan	750	1500	2625	3937	4921
End-term loan	"	"	"	"	"
Package loan	"	"	"	"	"
Input loan	"	"	"	"	"

Loan term

While revisions are being made to accommodate some loan types, current practice reflects the following loan terms.

Type of Loan	Loan Term	
	Maximum	Minimum
Installment loan	1 year	3 months
End-term loan	1 year	3 months
Package loan	1 year	3 months
Input loan	1 year	3 months

Loan eligibility criteria

- § Potential clients need to be between 18 to 59 years of age and economically active;
- § Potential clients must be in the category of the poorest of the poor, owning not more than an ox or an asset of its equivalent;
- § He/she need to be credit worthy, with good reputation among the community that can be confirmed by the local credit and savings committee as well as the staff of ACSI;
- § He/she should present a business plan that also confirms the availability of market for the product/service loan is requested for;

- § Willingness to be a member of credit group and abide by the bylaws of the group;
- § He/she must be willing to save some part of his/her business income at ACSI.

Type of collateral needed

Type of Loan	Type of Collateral Needed
Installment loan	Group collateral
End-term loan	“
Package loan	“
Input loan	“

Some of the economic activities financed so far

Agriculture, Fattening, Bee keeping, petty trade, embroidery, weaving, blacksmithing, handicrafts, pottery, wool making, tannery, maintenance of electronic equipment.

Grace period: 30 days

Installment loan, end-term loan, package loan, input loan

Time needed to process and get loan: 14 days

Installment loan, end-term loan, package loan, input loan

Business plan presentation

- § Loanee's name, sex, age, address
- § Loan duration
- § Type of activity to be financed
- § Expected expenses by Item
- § Expected income
- § Expected net income
- § Total requested loan amount
- § Approved loan amount

Loan application format

- § Borrower's identification No.
- § Borrower's name
- § Borrower's sex
- § Group No.
- § Type of activity
- § Loan duration, loan cycle
- § Loan amount
- § borrower's signature
- § Signature of the borrower's husband/wives
- § Group members' signature (on a separate format)

Target clients for loans: Mainly rural households

Willingness to lend to new business start-ups such as high school dropouts, college graduates and similar groups

ACSI's credit services are open for all potential clients who are in the poorest category and with clear business plans. The strategy to diversify -- product diversification, methodological diversification (group/village/individual), client-base diversification, loan terms/conditions, etc...-- we hope would further open the door widely for those who really have the vision to escape poverty through individual efforts.

Frequency of revising institutional policies

No fixed frequency

Savings products

Type of Savings	Annual Deposit Rate	Remark
Pass Book Savings	6%	Under revision, following the New NBEs directive.
Time Deposit	6-7%	Depending on the volume of money, and the duration of the savings in ACSI 's accounts.

Other services (such as training, money transfer)

Money transfer, pension payments.

Service out-let

Branch/sub branch office: 10 Branches, 163 S/Branches

Peasant Associations: 1,520 Peasant Associations

104 Woredas and 1,990 Kebeles

New products to be introduced during the coming 3-5 years

Housing loan

Address

P.O.Box: 417 Bahir Dar, Ethiopia

Telephone: +251-08-202041/201651/52/204840/41/203603

Fax: +251-08-201733

E-mail: acsi@telecom.net.et

3.3 Africa Village Financial Services S.C.

Year of establishment: 1998

Legal status

Africa Village Financial Services S.C. was registered legally by the National Bank of Ethiopia, according to Proclamation No.40/1996.

Current operational area(s)

Addis Ababa City Administration and Oromiyaa Regional State

Future expansion plan

Increase outreach in Addis Ababa and the Oromiyaa Regional State.

Total number of sub-cities covered so far

Five Kifle Ketemas in Addis Ababa and four Woredas in Oromiyaa

Total number of branches opened so far:

Three branches and two sub-branches

Total number of clients served so far

3,037 out which 1,745 and 1,292 are urban and rural clients respectively.

Gender sensitivity

Male clients = 40%, Female clients = 60%

Loan services/products

Agricultural loan, manufacturing loan, trade loan, service loan, construction loan, consumption individual loan is also provided

Annual lending rate, service charge and other fees

Charges different rates of interest and service charge based on the type of loan product. The annual interest for each type of loan products stated above could be 13 or 16% based on the level of the business of the clients. The annual service charge varies between 3 and 4%. Charges a one-time additional fee of Birr 5 for registration and passbook, which is the same for all types of loan products.

Loan Size per Loan Cycle (Birr)				
1 st cycle	2 nd cycle	3 rd cycle	4 th cycle	5 th cycle
up to 1,500	up to 3,000	up to 5,000	5,000	5,000
up to 1,500	up to 3,000	up to 5,000	5,000	5,000
up to 1,500	up to 3,000	up to 5,000	5,000	5,000
up to 1,500	up to 3,000	up to 5,000	5,000	5,000

Loan term

Maximum loan term: 12 months for all loan types

Minimum loan term: 6 months for all loan types

Loan eligibility criteria

- § Belong to either an 'Iddir' or group formed at Kebele level. He/she should get the approval of the management committee of the Iddir or that of the Kebele committee he/she belongs to;
- § make a deposit of 10% of the loan requested towards the Loan Insurance Fund over a period of five weeks before loan is disbursed;
- § his/her age must be in the range 18 to 65 years;
- § operate in viable micro and small enterprise activity;
- § loans must be taken for productive investment and consumption use ;
- § agree his/her business be evaluated by loan officer as well as the group and center members he/she belongs to;
- § agree to pay the interest and any other fees to be paid to access a loan;
- § agree to make loan repayments (including the interest) on weekly, bi-weekly or monthly basis, as per the loan schedule agreed upon;
- § agree to pay loans defaulted by his/her group member from the LIF;
- § agree to pay interest and other fees in case of grace period;
- § get the approval and signature of the spouse on the loan agreement;
- § agree to and respect center bylaws.

Type of collateral needed

Group collateral/guarantee and also guarantee from workplace.

Some of the economic activities financed so far

Petty trade; agriculture; service and manufacturing, transport, construction and consumption.

Grace period:

No Grace period for all loan types.

Time needed to process and get loan

1st cycle takes five weeks with 2 hrs meeting for orientation and training every week. The 2nd and the subsequent cycle loans take 5 to 10 days.

Business plan presentation

- § Current volume of sales and expenses;
- § future (short-run) expected volume of sales and expenditure;
- § withdrawal from the business net income/loss;
- § Retained earning;
- § Loan utilization plan.

Loan application format

- § Name, age, sex, ID number, residence and work addresses, level of education, number of family members, marital status;
- § Business experience;
- § Type of activity that the loan is requested for
- § Purpose of loan and amount of loan requested;
- § Number of unpaid family members assisting the owner of the business;
- § Number of regular employees engaged in the business;
- § Amount of expenditure for utilities.

Target clients for loans

Urban and Rural households.

Target clients for savings: Urban and rural households.

Willingness to lend to new business start-ups

Concerning new business start-up Iddir members they can access financial services of the Institution provided that their spouse or parents are willing to sign for the loan. In addition, such borrowers should meet the rest of the criteria set by the Institution.

Frequency of Revising Institutional Policies: on yearly basis.

Savings products

Type of Savings	Annual Deposit Rate	Remark
Loan Insurance Fund (LIF)	3%	10% of loan requested to be deposited before loan issuance.
Individual Borrower's Voluntary Savings	3%	amount depends on the depositor.
Individual borrower's compulsory savings	3%	Birr 1 per week should be deposited
Individual non-borrower's voluntary savings	4%	amount depends on the depositor.

Other non-financial services

Entrepreneurship and leadership training to micro and small enterprise owners provided in collaboration with "Center for Enterprise and Entrepreneurship Development (CEED)".

New products to be introduced during the coming 3-5 years

Individual Loan, non-client savings

Target clients for loans

Urban and rural households.

Service out-let

Services are provided at the doorsteps of the client.

Address

P.O. Box: 70099 Addis Ababa, Ethiopia

Tel. +251-1-204732, Mob. 09-206401

E-mail: kisama@telecom.net.et

3.4 ASSEER Micro Finance S.C.

Year of establishment: March 1999

Legal status: legally registered by the National Bank of Ethiopia, according to Proclamation No.40/1996.

Current operational area(s) Addis Ababa and Southern Nations and Nationalities Peoples' Regional State (SNNPRS) – Enemor.

Future expansion plan

Intends to increase its outreach in the two regions indicated above.

Total number of woredas covered so far

Three Woredas in Addis Ababa City Administration and one in SNNPRS

Total number of branches opened so far: Four

Total number of clients served so far

4234, with urban clients of 1,215 and 3,019 rural.

Gender sensitivity: Male clients = 5%, Female Clients = 95%

Loan services/products

Petty trade loan; service loan, animal husbandry loan.

Annual lending rate: 12% with 4% service charge.

Loan size: Maximum loan size for all types of loans is Birr 1,000.

Maximum loan term: 12 months

Loan eligibility criteria

- § Poor but active persons engaged in income generating activities;
- § organize themselves into groups and abide by group regulations;
- § must be physically capable;
- § must have good attitude, behavior and free of unethical undertakings;

Type of collateral needed: Group guarantee.

Some of the economic activities financed so far

Different types of trade activities; animal husbandry; different types of service activities.

Grace period: No grace period.

Time needed to process and get loan: 15 to 20 days.

Business plan presentation

- § Proposed area of investment;
- § Amount of money needed for the selected activity;
- § Repayment schedule.

Loan application format

Name and address of the client; proposed area of investment; loan amount; repayment date; signature.

Target clients for loans Urban and rural households

Savings products

Type of Savings	Annual Deposit Rate	Remark
Individual Borrower's Compulsory Savings	3%	10% of loan should be deposited by a client ahead of loan disbursement.
Individual voluntary savings	3%	

Other services: Awareness creation training is provided to clients.

Service out-let: Services of the Institution can be accessed through Farmers' Association and branch/sub-branch offices in rural areas and through Woreda, Kebele and Branch/sub-branch offices in urban areas.

New products to be introduced during the coming 3-5 years

Loan	Savings	Other Related Services
Handicraft and processing	Institutional savings	Awareness creation training
Agricultural Crop production		
Construction loan		
Continue village banking		

Address

P.O. Box: 5683 Addis Ababa, Ethiopia
Tel. +251-1-431134, Mob. 09-207120
Fax +251-1-431135,
E-mail wondimu@telecom.net.et

3.5 Benishangul-Gumuz Micro Finance Institution S.Co.

Year of establishment: January 2001

Legal status

Benishangul-Gumuz Micro Finance Institution S.Co. is a legally registered micro finance institution according to Proclamation No.40/1996 of the National Bank of Ethiopia.

Current operational area(s): Benishangul-Gumuz National Regional State

Zones: Assosa, Metekel, Kamashi

Woredas: Assosa, Bambashi, Pawe; Mandura, Dangur, Debatie, Bullen, Wombera, Sherkole, Kamashi..

Future expansion plan

The Institution has a plan to serve more clients in the Benishangul Gumuz Regional State. It has a plan to increase the number of clients to about 9,449 in the year 2004. The institution has projected this number to increase to 35,000 within the next five years.

Total number of woredas covered so far: Ten Woredas

Total number of branches opened so far: Three

Total number of clients served so far: 5,000clients.

Loan services/products

- § Agricultural loan (crop production, animal husbandry) and asset loan
- § Petty trade; handicraft and processing;
- § Construction; Service.

Annual lending rate:

12.5% with 2.5% additional service charge (declining rate)

Loan size and loan term

Type of Loan	Loan Size (Birr)	
	Minimum	Maximum
Agricultural Loan	500	5,000
Petty Trade Loan	500	5,000
Construction Loan	500	5,000
Service Loan	500	5,000
Asset Building Loan	750	3,000

Loan term

Type of Loan	Loan Term (Months)	
	Maximum	Minimum
Agricultural loan	3	12
Petty Trade Loan	1	12
Construction Loan		
Service Loan	1	12
Asset Building Loan	2	12

Loan eligibility criteria

- § Potential clients should be able to make pre-loan compulsory savings while taking a seven-day training
- § Permanent residence of the concerned Kebele
- § He/she should be active poor
- § His/her age should be between the range of 18 to 64 years
- § He/she should be free of any debt
- § Priority for women and for those who participate in community development.

Type of collateral needed

Group Guarantee is the only collateral needed for all loan types.

Some of the economic activities financed so far

Agriculture, service, trade and handicraft.

Grace period

A grace period of two months is provided to clients with agricultural loan and one month for petty traders

Time needed to process and get loan Four days.

Business plan presentation

At this stage, no business plan is required of clients to access loan.

Loan application format

The loan application format has the following contents:

- § Biographic data of the clients, type of activity the loan is required for, profit ability of the business, availability of market for product/service of the borrower.

Savings products

Type of Savings	Annual Deposit Rate	Remark
Regular (compulsory) Savings by the borrower	4%	5% of the loan required should be deposited before accessing the loan.
Passbook savings	4%	
Minors' Account	4%	
Joint Account	4%	
Time Deposit		

Service out-let

- § In rural areas, the services of the Institution are given at the doorsteps of the clients;
- § In urban areas services can be accessed through branch/sub-branch offices of the Institution.

Frequency of revising institutional policies

Amendments to existing policies would be considered every two-years.

Address

P.O. Box: 191 Assosa, Ethiopia

Tel. +251-07-750666/751379/751188

Fax +251-07-750094

E-mail bgmf@telecom.net.et

3.6 BUUSAA GONOFA Micro Finance Institution S.Co.

Year of establishment: May 1999

Legal status

Buusaa Gonofaa Micro Finance S.Co. was legally registered by the National Bank of Ethiopia, according to Proclamation No.40/1996.

Current operational area(s)

Oromiyaa Regional State

Future expansion plan

Buusaa Gonofaa has a plan to operate in more zones in the Oromiyaa Regional State in the next three to five years.

Total number of woredas covered so far

Four Woredas of Oromiyaa

Total number of branches opened so far: Four

Total number of clients served so far

6,148 clients out of which 1,967 are urban and 4,181 rural.

Gender sensitivity

Male clients = 21%, Female Clients = 79%

Loan services/products

General purpose group loan, Employee loan.

Annual lending rate

24% with Birr 2 service charge and Birr 3 as other fees.

Type of Loan	Loan Size per Loan Cycle (Birr)				
	1 st cycle	2 nd cyc.	3 rd cyc.	4 th cyc.	5 th cyc.
General purpose Group Loan	500	750	1,000	1,250	1,750+ increases by 250
Employee Loan	1/3 of employee's monthly salary				

Loan term

4 to 12 months

Loan eligibility criteria

- § Economically active poor aged between 18-55 years;
- § permanent residence in the village or Kebele;
- § willingness to join a self-selected group of 15-25 members;
- § ability and willingness to repay loans in regular intervals (weekly, bi-weekly or monthly);
- § ability and willingness to make regular savings deposit (weekly, bi-weekly or monthly) or fixed amount that will be determined voluntarily;
- § willingness to respect bylaws of the group including meeting attendance, jointly liable for loans of fellow group members and other responsibilities that the group may assigns;

Type of collateral needed

Type of Loan	Type of Collateral Needed
General-purpose loan, urban groups	Joint liability group
General-purpose loan, rural clients	Joint liability group
Employee loan	Compulsory savings of 20% of loan

Some of the economic activities financed so far

- § farm-based activities (fertilizer, seed, land rent);
- § petty trading activities (in cereals, vegetable);
- § food processing and selling;
- § service rendering businesses;
- § manufacturing (pottery, shoe making, handicraft);
- § acquisition of key productive assets (ox, donkey, tools, equipment);
- § durable assets for improving livelihoods (housing improvement, acquisition of furniture, radio/television);
- § Consumption (school fees, medical expenses, clothing, food, etc.)

Grace period

Type of Loan	Repayment frequency	Grace Period
General-purpose loan –urban groups	Weekly installment	15 days
General-purpose loan –rural clients	Bi-weekly installment	30 days
Employee loan	Monthly installment	60 days

Time needed to process and get loan

Type of Loan	Time needed to process loans
General-purpose loan –urban groups	60 days for first cycle loan and one day for repeat loans
General-purpose loan –rural clients	60 days for first cycle loan and one day for repeat loans
Employee loan	5 to 7 days

Business plan presentation

No business plan is required to access the pre-determined loan sizes but the group must unanimously approve the progression of a particular client to the next higher loan size.

Loan application format

Uses a one page application form per client that provides general information such as:

- § personal information such as name, age, gender, address, etc.;
- § asset-base of the household, household size, education, land and cattle holding, available savings;
- § economic activities of the household's major economic earners;
- § approval of loans by all group members and undertakings to repay loans incase of default;

Target clients for loans: Individual households in rural and urban areas.

Savings products

Type of Savings	Annual Deposit Rate	Remark
Individual Borrower's Mandatory Savings	8%	If loan size is \leq 1,000: up-front balance 8% of loan requested plus 2% monthly deposits If loan size is $>$ 1,000: up-front balance 15% of loan requested plus 2% monthly deposits.
Regular Savings (Weekly or bi-weekly deposit of fixed amount)	8%	

Other services: Orientation and facilitation of the group formation

Service out-let: service is provided at the doorsteps of the client and branch/sub-branch office of the Institution.

New products to be introduced during the coming 3-5 years

Loan	Savings	Other Related Services
Micro-enterprise loan Agricultural loan	Passbook savings Institutional savings	Loan insurance

Address

P.O. Box: 24850 code 1000 Addis Ababa, Ethiopia
Tel. +251-1-653283/654155/56. Mob. +251-1-09-223679
Fax +251-1-654045
E-mail bgmfi@telecom.net.et

3.7 Dedebit Credit and Savings Institution (DECSI) S.C.

Year of establishment: 1997

Legal status: Registered by the National Bank of Ethiopia, according to Proclamation No.40/1996.

Current operational area(s)

Operating in Tigray Regional State.

Future expansion plan

Operating in Tigray Regional State and shall continue increasing its outreach within the same region during the period 3 to 5 years to come.

Total number of woredas covered so far: 47 Woredas

Total number of branches opened so far

9 Branches with 96 sub-branches.

Total number of clients served so far

More than 200,000 with 20% urban and 80% rural clients.

Gender sensitivity

Male clients = 61%, Female Clients = 39%

Loan services/products

General loan, Agricultural loan, Civil servant loan, Agricultural Input loan and Micro and Small Enterprise (MSE) loan.

Annual lending rate

Two lending rates depending on the type of loan installment period. The Interest Rate is 15% for monthly installments and 18% for end-term installments.

Maximum loan size and loan term

Type of loan products	Maximum loan Size (Birr)	Maximum loan term per product (months)
General loan	5,000	12
Agricultural loan	5,000	12
Input loan	350	8
Civil Servant loan	Five times his/her monthly salary but should not exceed 8000 birr.	24
MSE loan	30,000	36 - 48

Loan eligibility criteria

- § Poor urban and rural people able to work and generate income;
- § Good character and loan repayment history;
- § No access to other formal financial institutions;
- § Voluntarily accept the group lending methodology;
- § Participate in local development activities.

Type of collateral needed

Group Guarantee with an exception to MSE loan greater than 5,000 birr.

Some of the economic activities financed so far

- § Agriculture (animal husbandry, crop production)
- § Handicraft and processing;
- § Petty trade;
- § Service rendering.

Grace period and time needed to process and get loans

Type of loan	Grace period	Days needed to get loans
General Loan	No	15
Agricultural Loan	No	15
Input Loan	No	1
Civil Servant Loan	No	5
MSE loan	3 months	5

Business plan presentation

No special business plan is required from the clients, but a format is to be filled to get the following information:

- § Size of the household;
- § Condition of household's income and expenditure;
- § Cash flow situation of the business;
- § Number of people employed or participating in running the business, etc.

Application format

The borrower is expected to fill out application form:

- § Full name of the client;
- § Amount of loan requested by the client;
- § Activity proposed;
- § Amount approved by the group;
- § Comment of the field worker;
- § Comment of the sub-branch manager (on the market assessment done for new clients) and approval for repeat borrowers;
- § Approval of the loan by the credit and savings committee for new borrowers.

Target clients for loans

Urban and rural poor households;

Target clients for savings

Individuals, Institutions and NGOs.

Willingness to lend to new business start-ups

New business start-ups can access financial services of the Institution provided that they proposed viable income generating activities and voluntarily accept the group lending methodology.

Savings products

Type of Savings	Annual Deposit Rate
Group savings	3%
Center savings	3%
Institutional savings	3%
Personal savings	3%

Other non-financial services

Pension payments: Fees 2.50/person per transaction.

Service out-let

Services are accessible to clients through branches and sub-branch offices.

New products to be introduced during the coming 3-5 years

Loan	Savings	Other Related Services
Individual loan to MSEs	Time deposit	Money transfer

Frequency of revising loan policies

Revising loan policy every five years. Some policies can be revised within a period of less than five years whenever it is found necessary.

Address

P.O. Box: 1074 Mekele, Ethiopia

Tel. +251-04-409306/404041/402243/403695

Fax +251-04-406099

E-mail decsi@telecom.net.et

3.8 ESHET Micro Finance Institution S.Co.

Year of establishment: March 2000

Legal status

Registered by the NBE, according to Proclamation No.40/1996.

Current operational area(s): Oromiyaa Regional State

Future expansion plan

ESHET has a plan to expand in more zones of the Oromiyaa Regional State in the next three to five years.

Total number of woredas covered so far: Four Woredas of Oromiyaa

Total number of branches opened so far: Five Branches

Total number of clients served so far

7,119 clients out of which 2,098 are urban and 5,021 rural clients.

Gender sensitivity: Male clients = 68%, Female Clients = 32%

Loan services/products

Six-month loan; Nine-month loan; Annual loan.

Annual lending rate 24%

Loan size per loan cycle and loan type

Type of Loan	Average Loan Size per Loan Cycle (Birr)				
	1 st cycle	2 nd cycle	3 rd cycle	4 th cycle	5 th cycle
Six-month loan	500	750	1,000	1,250	1,500
Nine-month loan	500	750	1,000	1,250	1,500
Annual loan	500	750	1,000	1,250	1,500

Loan term

Type of Loan	Loan term (Months)	
	Maximum	Minimum
Six-month loan	6	6
Nine-month loan	9	9
Annual loan	12	12

Loan eligibility criteria

- § The client should have permanent residence in the area;
- § he/she should be within the range of low to middle income group of the local community;
- § be a member of a group and abide to the bylaws of the group;
- § accept group guarantee and take the responsibility of paying defaulted loans by any one member, in collaboration with the rest of the group members;
- § no credit with other lending institutions;
- § willingness to make regular savings;
- § pass through pre-loan (waiting period) of up to two months on average.

Type of collateral needed

No physical collateral is required for all loans but group guarantee.

Some of the economic activities financed so far

Petty trade, farming, animal husbandry, handicraft, production of local drinks, mini restaurants and other business-like services.

Grace period

Type of Loan	Grace Period
General-purpose loan –urban groups	30 days
General-purpose loan –rural clients	30 days
Employee loan	-

Time needed to process and get loan

Type of Loan	Time needed to process loans
General-purpose loan –urban groups	30 to 60 days
General-purpose loan –rural clients	60 to 60 days
Employee loan	

Business plan presentation: No business plan is required by the institution to access loans. But individual clients present their loan application to group members to discuss and approve it, which is to be followed by the approval of the staff of the institution.

Loan application format

- § Fill out loan application format with the following contents;
- § General information about the client (Name, age, sex, occupation, etc.)
- § Previous loan information: source of credit and loan outstanding balance, if any;
- § Size and purpose of loan requested;

§ Loan approval: amount approved, loan term, interest rate, repayment interval/pattern (schedule), signature of group representatives, field staff, branch manager and client's personal guarantor.

There is a loan agreement to be entered between the borrower and the institution. The terms of agreement are:

- § Loan term and final date of completing the loan;
- § Repayment interval; Interest rate;
- § Group members consent to co-guarantee each other;
- § Consent of group leaders to enforce payments in case of loan default by group members;
- § Consent of a guardian/husband/wife for equal responsibility for proper repayment of loans;

Target clients for loans: Urban and rural households.

Willingness to lend to new business start-ups

ESHET provides loans to new business start-ups provided that they accept group-lending methodology and meet criteria set for accessing loans.

Frequency of revising institutional policies: annually

Savings products

Type of Savings	Annual Deposit Rate
Irregular voluntary savings	6%

Service out-let

At the doorsteps of the client and branch/sub-branch office of the Institution.

Address

P.O. Box: 23923 code 1000 Addis Ababa, Ethiopia

Tel. +251-1-671495/94 Mob. 09-230413

Fax +251-1-661496

E-mail: eshet@telecom.net.et

3.9 Gasha Micro Financing S.C.

Year of establishment: May 15, 1998

Legal status

Gasha Micro Financing S.C. was registered legally by the National Bank of Ethiopia according to Proclamation No.40/1996

Current operational area(s)

Addis Ababa City Administration and Oromiyaa Regional State

Future expansion plan

Gasha Micro financing S.C. intends to increase its outreach to 10,534 and 2,500 in the Addis Ababa City Administration and the Oromiyaa Regional State, respectively, within the next 3 to 5 years. (Total No. of clients = 13,034)

Total number of woredas covered so far

16 woredas in Addis Ababa and 4 in Oromiyaa

Total number of branches opened so far

Five branches and one sub-branch

Total number of clients served so far: 8,386

Gender sensitivity: Male clients = 30%, Female Clients = 70%

Loan services/products

- § Non-seasonal Group Loan
- § Seasonal Group Loan
- § Individual Loan

Annual lending rate

13% with 3% additional annual service charge.

Loan size

Cycle	Group Loan	Individual Loan
	Amount (Birr)	Amount (Birr)
1 st Cycle	200-700	1,500 - 10,000
2 nd Cycle	700-1,500	"
3 rd Cycle	>1,500	"
4 th Cycle	Up to 5,000	"
5 th Cycle	5,000 - 10,000	"

Loan term

Maximum Loan term: 12 months for non-seasonal group Loan and individual loan

Minimum Loan term: 4 months for seasonal group loan and individual loan

Loan eligibility criteria

Potential clients are expected to meet the following criteria:

- § Working poor with business experience and sound start-up business;
- § Persons that physically and health wise fit for the business;
- § Residences of specific Kebeles with ID Cards
- § Good Character Reference;
- § Age not less than 18 and greater than 60 years;
- § Willingness to accept the operational modalities of the Institution;
- § Without indebtedness to other financial sources;

Type of collateral needed

Group Collateral for Seasonal and non-seasonal Loans and salaried persons for Individual Loans.

Some of the economic activities financed so far

- § Handicrafts; Petty Trade; Production oriented income generating activities; Services; Agricultural (cattle fattening, irrigation, fertilizer.)

Grace period: No Grace period for all loan types.

Time needed to process and get loan

30 days for seasonal and non-seasonal loans and 10 days for individual loans.

Business plan presentation

Borrowers are required to fill out a business plan with the following content:

- § Applicant's experience in the specific business;
- § Place or location of the business;
- § Expected sales turn-over of the business;
- § Break down of costs into direct, overhead and running costs.

Loan application format

The borrower is expected to fill out an application form as follows:

- § Name of the borrower
- § Address of the Borrower (Woreda, Kebele, Ho. No.);
- § Type of business/activity;
- § Amount of loan requested by the borrower;
- § Date loan payment starts and ends;
- § The role of group members in guaranteeing each other and their decision

- § Approval of each others' loan
- § Loan approval by the authorities of the Institution.

Target clients for loans

- § Individual borrowers
- § Groups
- § Cooperatives
- § Urban and rural households.

Willingness to lend to new business start-ups such as high school drop-outs, college graduates and similar groups

Gasha provides loans to new business start-ups through individual/personal or institutional guarantee.

Savings products

Type of Savings	Annual Deposit Rate
Individual Borrower's Compulsory Savings	3%
Individual Borrower's Voluntary Savings	3%
Institutions' Savings	3-5%

Other services

Basic Business Skill Training (BBST) is provided for illiterate women clients
Business Development Services (BDS)

Service out-let

Services of the Institution can be accessed through Kebele Administrations, branch and sub-branch offices as well as farmers' associations.

New products to be introduced during the coming 3-5 years

Loan	Savings	Other related Services
Loan to low salaried civil servants	Group savings	Loan Security (Insurance)
Consumption loans	Individual Savings	
	Public Savings	

Frequency of revising institutional financial policies

Gasha Micro Financing S.C. revises its financial policies as and when necessary.

Address

P.O. Box: 29249 Addis Ababa, Ethiopia

Tel. +251-1-131891

Fax +251-1-756399

E-mail [gmfi@telecom.net.et](mailto:gmf@telecom.net.et)

3.10 Meket Micro Finance Institution S.Co.

Year of establishment: 1999

Legal status

Meket Micro Finance Institution S. Co is registered legally by the National Bank of Ethiopia, according to Proclamation No.40/1996.

Current operational area(s)

Meket is operating in North Wollo Zone of the Amhara Regional State.

Future expansion plan

The Institution will continue operating in the Amhara Region.

Total number of woredas covered so far: One

Total number of branches opened so far

One Branch with five sub-branches.

Total number of clients served so far: 2,298

Gender sensitivity: Male clients = 55%, Female Clients = 45%

Loan services/products

§ Agricultural Loan;

§ Petty Trade loan;

Annual lending rate: 20% for all loan types.

Loan size and loan term per loan cycle and loan type

Type of Loan	Loan Size per Loan Cycle (Birr)				
	1 st cycle	2 nd cyc.	3 rd cyc.	4 th cyc.	5 th cyc.
Agricultural loan	150	400	1,000	3,000	5,000
Petty Trade loan	"	"	"	"	"

Loan term and grace period

Type of Loan	Loan Term (Months)	
	Minimum	Maximum
Agricultural loan	3	12
Petty Trade loan	3	12

Loan eligibility criteria

Potential clients are expected to meet the following criteria:

- § The poorest of the poor;
- § Priority to women;
- § Permanent residence of the operational area;
- § No debt from other lenders;

Type of collateral needed

Group and Center collateral.

Some of the economic activities financed so far

- § Agricultural activities;
- § Petty trade;
- § Handicraft.

Grace period

It depends on the nature of the business to be financed.

Time needed to process and get loan: 60 days for all loan types.

Business plan presentation

The following are the contents of the business plan;

- § Name and address of the client;
- § Type of business the loan is requested for;
- § Number of loan cycle (for repeat borrowers);
- § Profitability of the Business.

Loan application form

The loan application form has the following basic contents:

- § Clients Name
- § Source and amount of monthly income;
- § Address of residential area;
- § Amount of loan requested.

Target clients for loans: Rural and semi-urban poor households.

Savings products

Type of Savings	Annual Deposit Rate	Remark
Individual Borrower's Compulsory Savings	6%	Birr 2 to 4 per month per individual
Individual Voluntary Savings	6%	As required by the borrower

Other services

Pre-loan training to clients.

Service out-let

Services of the Institution can be accessed through farmers' associations in rural areas and through branch office in semi-urban areas.

New products to be introduced during the coming 3-5 years

- § Individual loan
- § In-kind loan
- § Individual savings
- § Group savings
- § Center savings.

Frequency of revising institutional financial policies

On yearly basis.

Address

P.O. Box: 608 Bahir Dar, Ethiopia

Tel.: c/o +251-1-620067/ (09) 110764/67 ext. 37

3.11 Meklit Micro Finance Institution S.C.

Year of establishment: February 2000

Legal status

Meklit Micro Finance Institution S.C. (MMFI) was legally registered by the National Bank of Ethiopia, according to Proclamation No.40/1996.

Current operational area(s)

- § Addis Ababa City Administration – (Various Woredas and Kebeles)
- § Oromiyaa Regional State – Adama and Dera in Dodota Sire Woreda
- § Southern Nations and Nationalities Peoples' Regional State (SNNPRS)
Butajira

Future expansion plan

Meklit Micro Finance Institution has indicated in its five-year to commence operation in the Amhara Regional State. It also has a plan to further increase its outreach in Addis Ababa City Administration, Oromiyaa and Southern Regions of Ethiopia. Meklit is licensed to operate all over Ethiopia. The total number of active clients would reach about 8,000 by the end of year 2005.

Total number of woredas covered so far

Six Woredas in the Addis Ababa City Administration, four in Oromiyaa Regional State and one in SNNRS.

Total number of branches opened so far: Two

Total number of clients served so far: 3,600

Gender sensitivity: Male clients = 40%, Female Clients = 60%

Loan services/products:

- § Small merchandizing business loan
- § Petty trade loan
- § Household manufacturing and processing loan
- § Service delivery business loan
- § Agricultural loan (farming, cattle fattening, vegetable gardening, etc)
- § Emergency loan (with in-built insurance scheme)

Annual lending rate

Meklit Micro Finance Institution has two lending rates depending on the poverty level of its clients. Borrowers with the lowest living standard of life (the very poor) and who are engaged in petty trade activities are charged an annual lending rate of 14% and 2% service charge. This provision is given to

urban and rural women micro entrepreneurs. Meklit classifies micro businesses such as selling of local foods and drinks, vegetable vending and minute petty trade undertakings as 'A' level businesses. Meklit applies 22% lending rate and 2% service charge to clients who are considered economically active, compared to the above category of clients. Micro entrepreneurs engaged in production activities, handicraft and service sectors and with relative increased level of income as well as with good potential to grow to the MSE sector are the ultimate targets. Such businesses are classified as either 'B' or 'C' level businesses.

Loan size and loan term per loan cycle and business level

Loan Cycle	Loan Size Per Business Level (Birr)			Loan Term (months)		
	'A'	'B'	'C'	'A'	'B'	'C'
1 st Cycle	500	1,000	1,500	4 - 6	6	9
2 nd Cycle	1,000	2,000	2,500	6	6-9	12
3 rd Cycle	1,500	3,000	3,500	6-9	9-12	12
4 th Cycle	2,000	4,000	4,500	9-12	12	12
5 th Cycle	3,000	5,000	5,000	12	12	12
6 th Cycle	4,000	5,000	5,000	12	12	12
7 th Cycle +	5,000	5,000	5,000	12	12	12

Loan eligibility criteria

- § A person who is engaged in on-farm and off-farm activities as well as micro and small business activities;
- § A person who is willing to take loans through a solidarity group collateral or legally registered cooperative;
- § A person who accepts the financial rules and regulations of the Institution;
- § Individual entrepreneur with innovative and viable business idea;
- § Person with acceptable social behavior and impetus for business;
- § Person who is 18 or above years of age and is capable of undertaking his/her business actively.

Type of collateral needed

Group Guarantee/Collateral for regular borrowers and direct salary deductions for staff loans.

Some of the economic activities financed so far

- § Petty trade (selling of vegetables, cereals, charcoal, spices and similar items that are not produced by the seller);
- § Processing and manufacturing (of local items such as food and drinks, spices, wood and metal products, shoe brush production, recycled products such as plastics, tannery wastes);

- § Agriculture (cattle and sheep fattening, vegetable gardening);
- § Services (maintenance of electric and electronic equipment, small beauty saloons, small hotels, and kindergarten).

Grace period

Grace period is given to borrowers according to their business levels and nature of business. Thus, 7 days is given to 'A' level business clients (mainly women) who sell fast moving items; 15 days is given to "B" and 'C' business level clients who are engaged in production-oriented activities.

Time needed to process and get loan

A minimum of 15 days for new clients. [During this period, potential clients are expected to consolidate their solidarity groups, familiarize themselves with the policies of the Institution, start savings and with the assistance of the credit officers evaluate each others' business. It is during this time that they also complete business plans and conclude agreements with the Institution].

Three days for existing clients (repeat borrowers)

Business plan presentation

At Meklit, both new and existing clients should present business plans. For the sake of convenience, Meklit provides the clients with pre-made and simplified business plan of its own. For clients that could not read and write, the credit officers assist them in filling out the business plan.

- § Monthly family income and expenditure (for house rent, utilities);
- § Monthly income and expenditure specific to the business for which the loan is requested for;
- § Past credit history of the borrower;
- § Nature of business (temporary or permanent);
- § Asset, liability and capital structure;
- § Budget for which the loan is requested for;
- § Available market opportunities for products/services of the borrower;
- § Amount of loan approved per borrower by his/her respective group, the credit officer and the operations head.

Target clients for loans

Individual borrowers; Groups; Cooperatives; Urban and rural households.

Target clients for savings

- § Urban and rural households;
- § Own employees, shareholders, board of directors;
- § Employees of other organizations (government and NGOs);
- § Cooperatives and associations;
- § Other Community-based organizations.

Willingness to lend to new business start-ups

New business start-ups can access financial services of the Institution as follows: One or two new business start-ups can join a group with three clients that have pre-established businesses; all group members can be new business start-ups. In this case, in addition to the concerned credit officer, the credit approval committee of the Institution (management team) makes proper evaluation of the new business proposed by the potential clients. The head of operation shall make give technical assistance to the borrowers in making feasibility studies. Meklit has a good track record in this regard.

Savings products

Type of Savings	Annual Deposit Rate	Remark
Individual Borrower's Compulsory Savings	5% (compounded semi-annually)	Interest on savings is compounded semi-annually for the benefit of the client. The 5% rate attracted savings, as it is greater than the 3% rate of the formal banks.
Individual Borrower's Voluntary Savings	5%(compounded semi-annually)	
Individual non-borrower's savings: (staff, board members, employees of NGOs)	5%(compounded semi-annually)	Special passbook of good quality is prepared for such clients.
Institutional savings (Cooperatives, associations, groups)	5%(compounded semi-annually)	"

Other non-financial services

Field experience showed that Micro and Small Entrepreneurs are constrained by managerial and technical skills deficiencies, limited market information, poor financial and inventory control, inadequate processes, systems, equipment, inefficient resource use and many other problems. In collaboration with embassies and NGOs, Meklit provides standardized training services to its clients that would help them:

- § Calculate product or service costs;
- § determine product or service price;
- § record daily business transactions;
- § improve quality of product or service;
- § promote product or service and improve customer relations;
- § develop new product or service through idea generation (innovation);
- § relevant information to clients that help them cope up with changing market situation;

- § orientation on the dynamics of the Micro and Small Enterprise Sector and the economic linkages that should exist with the formal sector;
- § training in effective management of human, material and financial resources.

Service out-let

Meklit’s services are accessible to clients through its strategically located sub-branch and branch offices as well as at the doorsteps of the client.

New products to be introduced during the coming 3-5 years

Loan	Other Related Services
Emergency loan (with in-built insurance scheme)	Institutionalized Business Development Services
Individual (personal) loan General purpose loan (health, education, construction, etc.	Micro insurance scheme

Frequency of revising institutional policies

The board of directors and the staff of the Institution make joint-evaluation and amendments to the financial, operational and administrative policies on yearly basis.

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 Fax +251-1-504941
 E-mail: mmfi@telecom.net.et

Branch Offices

Telephone +251-02-125864 (Nazareth) and +251-06-150788 (Butajira)

3.12 Metemamen Micro Financing Institution S.C.

Year of establishment: 2002

Legal status

Metemamen Micro Financing Institution S.C. was legally registered by the National Bank of Ethiopia, according to Proclamation No.40/1996.

Current operational area(s)

Oromiyaa Regional State

Future expansion plan

Metemamen Micro financing institution S.C. intends to increase its outreach to 12,000 in the Addis Ababa City Administration and the Oromiyaa Regional State within the next 3 to 5 years.

Total number of woredas covered so far

Four Woredas in the Oromiyaa Regional State

Total number of branches opened so far

One Branch and six sub-branches

Total number of clients served so far

1,700 out of which 1,580 and 120 are urban and semi-urban/ rural clients.

Gender sensitivity

Male clients = 42%, Female Clients = 58%

Loan services/products

Group loan (Village Banking)

Metemamen defines a Village Bank as a voluntary community association with a membership of 20 to 50 active poor clients. Members of the Village Bank are expected to have similar needs. Solidarity groups, with five to seven members, are organized within the Village Bank to have a double level guarantee system. Loans are issued to the Village Banks and repay the total amount within a period of six months. On exceptional basis the loan term can be extended to 9 months. The Village Bank is also responsible to collect loans from its individual members, every two weeks.

Annual lending rate

24%, flat

Loan size

Cycle	Amount (Birr)
1 st Cycle	up to 500
2 nd Cycle	Upto Birr 750
3 rd Cycle	Up to Birr 1050
4 th Cycle	Up to Birr 1,400
5 th Cycle	Up to Birr 1,800

Loan term

Maximum loan term = 9 months

Minimum loan term = No minimum loan term is set. Each village bank decides the term that is not more than 9 months.

Loan eligibility criteria

Potential clients are expected to meet the following criteria:

- § 18 years of age and above;
- § An Ethiopian with permanent residence of Metemamen's operational area;
- § Should be active poor engaged in productive economic activity;
- § Should be credit worthy and has a good track record if he/she had been involved in some kind of similar activities earlier;
- § Must be willing to form a solidarity group so as to form a village bank;
- § Must be willing to accept and abide by the principles, rules and procedures of Metemamen Micro Financing Institution S.C.;
- § Willing to abide by the bylaws of the village bank;

Type of collateral needed

No asset collateral except double-level group guarantee system.

Some of the economic activities financed so far

- § Petty trade;
- § Sheep and oxen fattening;
- § Handicraft;
- § Grain trade;
- § Crop cultivation;
- § Livestock and poultry.

Grace period: No grace period.

Time needed to process and get loan

Eight weeks training is mandatory to get the first loan. Then after, subsequent loans are disbursed one day after the previous loan is collected as long as the village bank has no arrears.

Business plan presentation

It is the responsibility of the management committee of the village bank to assess the business of each member. With the assistance of Metemamen's loan officers, the committee evaluates the following concerning borrowers:

- § Purpose of loan (specific business activity that the borrower is requesting loan for);
- § Availability of market or demand for the product/service of the borrower;
- § Current selling price of the product/service, expected cost of running the business and its profitability;
- § Borrower's capacity to repay loans back is evaluated;

Loan application format

The executive committee of the village bank submits the loan application to the branch office of Metemamen. The application, among others, contains the following:

- § List of the village bank members;
- § Amount requested by each member and approved by the village bank;
- § Loan repayment schedule;
- § Address of the village bank;
- § Total amount of loan requested.

Target clients for loans

Active rural and urban poor organized into village banks with a membership of 20 to 50 people. At least 75% of them should be women.

Willingness to lend to new business start-ups

Currently, no loan is being provided to new business start-ups at Metemamen.

Savings products

Type of Savings	Annual Deposit Rate	Remark
Individual Borrower's Compulsory Savings	3%	8% before taking the first loan and 10% of the loan each borrower takes afterwards should be saved by all clients. It is the village bank that administers savings account of its members.

Other services

Training is provided to the management committee of the village bank.

Service out-let

Services of the Institution can be accessed through Farmers' Association and branch/sub-branch offices of the Institution in rural areas and through Kebele Administrations and branch/sub-branch offices in urban areas.

New products to be introduced during the coming 3-5 years

Loan	Savings
Continue village banking model	Voluntary savings

Frequency of revising institutional financial policies

Metemamen has a plan to undertake a market research every two years so as to revise its policy based on clients' need.

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Branch Office

Telephone: +251-2-122994, Adama (Nazareth)

3.13 Omo Micro Finance Institution S.C.

Year of establishment: October 1997

Legal status

Omo Micro Finance Institution S. C (OMFI) was legally registered by the National Bank of Ethiopia, according to Proclamation No.40/1996.

Current operational area(s)

OMFI is operating in the following towns of the Southern Nations and Nationalities Peoples Regional State (SNNPRS):

- § Hossana (Hadiya Zone);
- § Durame (Kembata, Alaba Tembaro Zone);
- § Arbaminch (Gamogofa Zone);
- § Wolkite (Guraghae Zone);
- § Bonga (Kafa and Sheka Zone);
- § Awassa (Sidama Zone);
- § Dilla (Gedio Zone);
- § Mizan (Bench Maji Zone);
- § Sodo (Wolayita Zone).

Future expansion plan

The Institution will continue operating in the SNNPRS.

Total number of woredas covered so far: 52 Woredas

Total number of branches opened so far: Nine Branches

Total number of clients served so far: 70,286

Gender sensitivity: Male clients = 62%, Female Clients = 38%

Loan services/products

Agricultural Loan; Petty Trade loan; Handicraft loan; Service loan.

Annual lending rate

15% for all loan types and no other additional charges.

Loan size per loan cycle and loan type

Type of Loan	Loan Size per Loan Cycle (Birr)				
	1 st cycle	2 nd cycle	3 rd cycle	4 th cycle	5 th cycle
Agricultural loan	1,000	1,250	1,500	2,000	2,500
Petty trade loan					
Handicraft loan	"	"	"	"	"
Service loan.					

Loan term and grace period per loan type

Type of Loan	Grace Period	Loan Term
Agricultural Loan Petty Trade loan Handicraft loan Service loan Individual loan		Varies from 3 months to 2 years for agricultural and micro business loans and from 2 to 5 years for small businesses

Loan eligibility criteria

Potential clients are expected to meet the following criteria:

- § Active poor with good work habit and honesty;
- § Permanent residence of Kebele Administration;
- § He/she must have some business and production assets such as land;
- § With good loan repayment history (in case he/she received loan from other organization);

Type of collateral needed:

Group collateral for group lending and personal property collateral for individual loan.

Some of the economic activities financed so far

- § Petty trade
- § Fattening
- § Handicraft
- § Selling of agricultural products such as cereals.

Time needed to process and get loan: 30 days

Business plan presentation

No business plan is required.

Loan application format

The content of the application format is:

- § Name and age of the applicant;
- § Type of economic activity proposed for the loan;
- § Requested initial loan size;

Target clients for loans

Target clients are rural and urban poor households.

Willingness to lend to new business start-ups

No financial services to new business start-ups.

Savings products

Type of Savings	Annual Deposit Rate
Individual borrower's compulsory savings	3%
Individual voluntary savings	3%
Term deposit	3%

Clients are:

- § Marginalised rural and urban households
- § Non-borrower individuals
- § Government and non-government organizations.

Other services

The Institution provides additional services such as pension fund administration (payment). Clients are pensioners of various organizations.

Service out-let

Services of the Institution can be accessed through its branch and sub-branch offices.

New products to be introduced during the coming 3-5 years

Loan	Other Related Services
Individual loan	Local money transfer Health insurance to clients

Frequency of revising institutional financial policies

The Institution revises its financial and loan policies every year.

Address

P.O. Box: 353 Awassa, Ethiopia
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Fax +251-06-204947

3.14 Oromiyaa Credit and Savings S.C.

Year of establishment: 1997

Legal status

Legally registered according to Proclamation No.40/1996 of the NBE.

Current operational area(s): Oromiyaa Regional State.

Future expansion plan: Shall continue operating in the same region.

Total number of woredas covered so far: 81 Woredas

Total number of branches opened so far: 82 Branches

Total number of clients served so far: 74,104

Gender sensitivity: Male clients = 54%, Female Clients = 46%

Loan services/products: Agricultural loan; Trade loan.

Annual lending rate

11.5% with 3% additional service charge. Member fee of Birr 10 per client.

Loan size and loan term per loan cycle and loan type

Type of Loan	Loan Size per Loan Cycle (Birr)				
	1 st cycle	2 nd cycle	3 rd cycle	4 th cycle	5 th cycle
Agricultural loan	1,000	1,200	1,500	1,800	2,000
Trade loan	"	"	"	"	"

Loan term

Type of Loan	Loan Term (Months)	
	Maximum	Minimum
Agricultural loan	3	12
Trade loan	"	"

Loan eligibility criteria

Active poor living in the operational area; Honesty; Bear joint (group) liability;

Type of collateral needed

§ Group Guarantee for non-agricultural small loans;

§ Co-signatories are required for small agricultural technologies.

Some of the economic activities financed so far

Agriculture; Small business activities; Small agricultural technologies.

Grace period

Grace period depends on the cash flow situation of the business.

Time needed to process and get loan: Within few days.

Business plan presentation: No business plan is required

Target clients for loans: The active poor

Savings products: Annual deposit rate is 4%.

Type of Savings	Remark
Compulsory Savings by the borrower	A minimum of Birr 2 per client should be saved per month.
Voluntary savings by the borrower	Any amount can be deposited
Solidarity Group savings	10% of the loan required should be deposited before accessing the loan= (upfront savings)
Center savings	A minimum of Birr 1 per client should be saved per month.

Micro loan insurance

- § Premium for giving micro insurance coverage to outstanding loan balance of a client is 1% of the outstanding loan and interest balance;
- § Premium for giving micro insurance coverage to outstanding loan balance of a client, plus some additional benefits is 1.5% of the outstanding loan and insurance balance.

Service Out-let

- § In rural areas, the services of the Institution can be accessed in the doorsteps of the clients;
- § In urban areas services can be accessed through branch/sub-branch offices of the Institution.

New products to be introduced during the coming 3-5 years

Loan: Urban business loan; Technology financing.

Savings: Savings services to relatively big institutions.

Address

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3.15 Poverty Eradication and Community Empowerment S.C. (PEACE)

Year of establishment: November 1999

Legal status

Registered by the NBE, according to Proclamation No.40/1996.

Current operational area(s) Oromiyaa (Robe Goba, Ginnir, Delosebro, Gassera, Goro, Adaba, Sendafa), Amhara (Kuyu/east Gojam, Mollale, Lalulama midir) and Southern Nations and Nationalities Peoples' Regional States (Zefne).

Future expansion plan

PEACE has a plan to open three additional branches in Oromiyaa Regional State and one each in the Amhara and Southern Nations and Nationalities Peoples' Regional State (SNNPS) in the coming three to five years.

Total number of woredas covered so far

Three Woredas in Oromiyaa and two each in Amhara and SNNPRS.

Total number of branches opened so far: Seven

Total number of clients served so far: 16,874 rural clients.

Gender sensitivity

Male clients = 38.1%, Female Clients = 61.9%

Loan services/products

Agricultural loan and Non-agricultural loan.

Annual lending rate: non-agriculture 15%, Agricultural loan 18%. The interest rate is effective as of 1st February 2004.

Loan size and loan term per loan cycle and loan type

Type of Loan	Loan Size per Loan Cycle (Birr)				
	1 st cycle	2 nd cycle	3 rd cycle	4 th cycle	5 th cycle
Agricultural	1,000	1,500	2000	2500	5,000
Non-agricultural (Business) loan	850	1,000	1,500	2,000	2,500

Loan term

Maximum Loan term = 12 months

Minimum Loan Term = 3 months

Loan eligibility criteria

Potential clients are expected to meet the following criteria:

- § Productive poor who is not a full time employee of others (government and formal private sector organizations);
- § members of formally established associations and groups;
- § willingness to save money regularly;
- § permanent residence in the village;
- § no outstanding loan balances with other financial service providers;
- § willingness and commitment to co-guarantee other group members;
- § without record of misconduct and misbehavior;
- § members of associations of farmers or urban dwellers that received loans from previously operating NGOs should have a loan repayment record of not less than 95%.

Type of collateral needed

Group Guarantee.

Some of the economic activities financed so far

- § petty trade;
- § cattle fattening;
- § various types of services.

Grace period: No Grace period.

Time needed to process and get loan

2 to 3 days after application is received.

Business plan presentation

Business plan, with the following major items, should be presented by borrowers:

- § Amount of loan intended to borrow;
- § type of activity/business loan is requested for;
- § profitability of the proposed business;
- § debt-equity ratio and repayment capacity of the proposed business;
- § group's decision after evaluating the businesses of each member.

Loan application format

Borrowers are required to fill an application format:

- § Name, address, gender and marital status;
- § Type of business activity loan is requested for;

- § Number of employees hired;
- § Budget indicating items to be purchased with the loan fund and volume sales to safeguard repayment; Statement of Commitment

Target clients for loans

Rural households organized into groups.

Willingness to lend to new business start-ups

Currently, no loan is being provided to new business start-ups at PEACE. The necessary study shall be done in the future.

Savings products: Annual deposit rate 3%

Type of Savings	Remark
Individual borrower's mandatory Savings	10% of loan requested
Regular savings	Birr 3 for solidarity group and > Birr 2 for associations
Individual voluntary savings	Birr 5

Other services

No other additional services are being provided at this stage.

Service out-let

Service is provided at the doorsteps of the client and branch/sub-branch office of the Institution.

New products to be introduced during the coming 3-5 years

Loan	Savings	Other Related Services
Same as existing loans	Same as existing savings products	<ul style="list-style-type: none"> - Business consultation and advisory services - Orientation and training - Capacity building and training services to Micro Finance Institutions

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 E-mail: mpeace@telecom.net.et

3.16 Shashemene Iddirs Yelimat Agar Micro Finance Institution

Year of establishment: February 2001

Legal status

Legally registered by the National Bank of Ethiopia.

Current operational area(s)

Oromiyaa Regional State – Shashemene town

Future expansion plan

The Institution has a plan to continue operating in the Oromiyaa Region and also start working in Southern Nations and Nationalities Peoples Regional Sate (SNNPRS) in the coming three to five years.

Total number of woredas covered so far

One Woreda (10 Kebeles in the town of Shashemene).

Total number of branches opened so far: One Branch

Total number of Clients served so far

1,864 out of which 1,504 are urban and 360 rural clients

Gender sensitivity Male clients = 53%, Female Clients = 47%

Loan services/products

- § Micro and Small business loan (loans to petty traders, local food and drinks
- § processors, cart transport, small hotels and tearooms and similar retail activities;
- § Oxen loan (loan to purchase oxen);
- § Agricultural loan (loans to off-farm activities such as handicraft, cattle fattening, cereal vending).

Note: Loan is provided only to 'Iddir' members.

Annual lending rate

13% (flat) for all loan types and no other additional charges.

Loan size

- § First loan to any one client and activity shall not be more than Birr 2,000.
- § The loan size depends on the type of activity that the client is engaged in. The loan size increases by 50% as the client progresses from one loan cycle to the next.

- § The maximum loan size that can be secured from the Institution at the moment is Birr 5,000.

Loan term

Maximum Loan term: 12 months

Minimum Loan term: It depends on the nature of the business of the client. Interest on loans is calculated on a yearly basis and the client is charged with full amount of the yearly interest amount even if he/she repays the loan before the maturity rate.

Loan eligibility criteria

Potential clients are expected to meet the following criteria:

- § Clients should be members of the Iddir's shareholders or supported by NGO projects. An NGO known as ACCORD has various development projects with members of the Iddir;
- § The client must be physically apt;
- § Should reside in the town;
- § The client should agree with the rules and regulations of the Institution;
- § For subsequent loans, prove that he/she has good credit history;

Type of collateral needed

Group guarantee is the only collateral needed for all types of loans.

Some of the economic activities financed so far

Petty trade; Fattening; Handicraft; Selling of agricultural products.

Grace period

- § No grace period for micro business loans;
- § Three months grace period for cattle fattening.

Time needed to process and get loan

Five days, excluding the time required to form a group with in the Iddir.

Business plan presentation

- § Purpose of loan;
- § Required inputs to run the business and their costs;
- § Expected income from the business;
- § Amount of loan requested;
- § Evaluator's comment.

Loan application format

Contents of the application format are full name and address of the client and his/her commitment to obey the rules and regulations of the Institution.

Target clients for loans

Individuals (Iddir members who are organized into sub-groups).

Willingness to lend to new business start-ups

New business start-ups within the Iddir can be financed provided that they presented feasible and viable business ideas. The Institution can assist such clients in business plan preparation and evaluation.

Savings products Annual deposit rate 6%

Type of Savings	Remark
Individual Borrower's Compulsory Savings	10% of the initial loan should be deposited by the client before securing the loan. This should be followed by regular savings that should not be less Birr 4 bi-weekly.
Individual Voluntary Savings	The amount depends on the capacity of the client.

Service out-let: Branch office.

New products to be introduced during the coming 3-5 years

Loan: Individual loan with third party collateral.

Savings: Institutional savings

Other services:

§ Health insurance for borrowers;

§ Any other allied activity mandated by the National Bank of Ethiopia.

Frequency of revising institutional financial policies every year

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3.17 SIDAMA Micro Finance Institution S.C.

Year of establishment: July 1998

Legal status

Registered by the NBE, according to Proclamation No.40/1996.

Current operational area(s)

Southern Nations and Nationalities Peoples Regional State (SNNPRS).

Future expansion plan

No intention of expanding to other regions. It rather wants to increase the number of Woredas to be served in the same region from 15 to 20 within the next three to five years.

Total number of woredas covered so far: 10 Woredas

Total number of branches opened so far: 9 Branches, 5 sub-branches.

Total number of clients served so far: More than 12,318 clients

Gender sensitivity: Male clients = 52%, Female Clients = 48%

Loan services/products

General; Micro Business; Agricultural; Service and Handicrafts Loans.

Loan size term per loan cycle, interest rate and other fees

Type of Loan	Loan Size per Loan Cycle (Birr)				
	1st	2nd	3 rd	4th	5th
General Loan	1,000	1,250	1,500	2,000	2,400
Micro Business Loan	1,200	1,600	2,000	2,500	3,000
Agricultural Loan	1,000	1,300	1,500	1,800	2,000
Service and Handicrafts Loan	1,000	1,200	1,400	1,700	2,000

Maximal loan size: 5,000 Birr, Interest rate: 15%, Loan term: 12 months

Loan eligibility criteria

- § Client's experience in performing his/her business activity;
- § Availability of market for the product/service of the client;
- § Willingness to form groups (of five members) on group collateral basis;

Type of collateral needed: Group and Center Guarantee are required.

Some of the economic activities financed so far

- § Trade (selling of coffee, chat, grain and other staple crops)
- § Fishing business; Cattle fattening and selling
- § Selling of diary products such as butter and milk
- § Small restaurants, tearooms
- § Preparation and selling of local drinks
- § Selling of 'enset' products.

Grace period and time needed to process and get loans

Type of loan	Grace period (Days)	Time needed to process and get loans (Days)
General Loan	-	15 for new clients
Micro Business Loan	15	15
Agricultural Loan	30	15
Service and Handicraft Loan	15	2 to 5 days

Business plan presentation: Short statement of the business and loan purpose should be stated.

Target clients for loans

Rural poor peasants; Off-activity operators; Micro and Small Enterprise Operators. Special emphasis is given to women clients.

Target clients for savings: Urban and rural poor households.

Willingness to lend to new business start-ups: Services can be accessed by new business start-ups.

Savings products: Compulsory savings with annual deposit rate of 6%.

Service out-let: Through branch/sub-branch offices.

New products to be introduced during the coming 3-5 years

Loan	Savings	Other Related Services
Individual loan to MSEs	Time deposit	Money transfer

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3.18 Specialized Financial and Promotional Institution S.C.

Year of establishment

1997 and started operation in 1998

Legal status

Legally registered by the National Bank of Ethiopia, according to Proclamation No.40/1996.

Current operational area(s)

Addis Ababa City Administration, Oromiyaa Regional State and the SNNP

Future expansion plan

SFPI intends to increase its outreach in the existing operational areas (Addis Ababa City Administration and Oromiyaa Regional State). Also, it has a plan to start operation in the Amhara Regional State within the next 3 to 5 years.

Total number of woredas covered so far

20 Woredas in Addis Ababa, four in Oromiyaa Regional State and Yirgachefe of the SNNP.

Total number of branches opened so far

Four

Total number of clients served so far:

10,524 out of which 7644, 1299 and 1141 are urban, semi-urban and rural clients respectively.

Gender sensitivity:

Male clients = 31%, Female Clients = 69%

Loan services/products: Group Loan

Annual lending rate: 16%, flat

Loan size: There are two types.

- Very small: 1st loan up to Birr 700; 2nd and above increase by 50% of previous loan
- Bigger loans: 1st loan up to Birr 1500; 2nd and above increase by 50% of previous loan.

Loan term: From 3 to 12 months

Loan eligibility criteria

- Economic status: clients should be active poor;
- Ability and willingness to work;
- Credit Worthiness and good personal conduct;
- Willingness to take loans on peer group collateral;
- Permanent residence of the operational area;
- Willingness to save at SFPI.

Type of collateral needed

Group Guarantee/Collateral and salary of guarantor for individual loans.

Some of the economic activities financed so far

Petty trade; processing and manufacturing of goods; agricultural activities and activities in the service sector.

Grace period: No Grace period unless the client business in manufacturing which needs time for production and sales. In this case grace period would be 2 or less months.

Time needed to process and get loan

15 days for first loans and 3-5 days for second and above loans..

Business plan presentation

Application format that can also serve as business plan.

Loan application format

- General information about the borrower;
- Analysis of the business for which loan is requested;
- Background history of the borrower in terms of past experience in settling loans and making savings;
- Budget or breakdown of costs for which the loan is requested.

Target clients for loans

Urban and rural households.

Willingness to lend to new business start-ups

Financial services to new business start-ups as long as they meet the criteria set for any other borrowers and get acceptance by other fellow group members.

Savings products

Individual Borrower's compulsory savings and Individual Borrower's Voluntary Savings with annual deposit rate of 4%. Compulsory savings are of two types: loan tax and regular savings.

Other services

Training in entrepreneurship to small business owners, counseling and networking too.

Service out-let

Branch offices.

New products to be introduced during the coming 3-5 years

Individual (personal) loan, cooperative loan.

Frequency of revising institutional financial policies

SFPI revises its financial policies whenever it is found necessary.

Address

P.O. Box: 10689 Addis Ababa, Ethiopia

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E-mail sfpi@telecom.net.et

3.19 Wasasa Micro Finance Institution S.C.

Year of establishment: 20 September 2000

Legal status

Registered by the NBE, according to Proclamation No.40/1996.

Current operational area(s)

Oromiyaa Regional State

Total number of woredas covered so far: Six Woredas in Oromiyaa

Total number of branches opened so far: Five

Total number of clients served so far

3,958 clients out of which 21% are semi-urban and 79% are rural clients.

Gender sensitivity: Male clients = 49%, Female Clients = 51%

Loan services/products

- Agricultural loan (crop production, animal rearing, cattle fattening);
- Trade (Petty trade, grain storage and selling, cattle selling, small shops);
- Semi-urban micro enterprise loan;
- Employee loan.

Annual lending rate:24% for all types of loans.

Loan size and loan term per loan cycle and loan type

Type of Loan	Loan Size per Loan Cycle (Birr)				
	1 st cycle	2 nd cyc.	3 rd cyc.	4 th cyc.	5 th cyc.
Agricultural loan:	500	1,000	1,500	2,000	2,500
Trade:	500	1,000	1,500	2,000	2,500
Urban micro enterprise loan	2,000	2,500	3,000	3,500	4,000

Loan term

Type of Loan	Loan Term (Months)	
	Minimum	Maximum
Agricultural loan	4	11
Trade	4	11
Urban micro enterprise loan	6	11

Loan eligibility criteria

- Mental and physical fitness to undertake income generating activities;
- previous knowledge in income generating activities;
- must be free from any debt and without any affiliation to other lending institutions;
- willingness to be organized into a group, share risks of default within the group and attend regular meetings;
- must have permanent residence in the target community;
- clients in one group must reside in close proximity to each other;
- priority is given to women clients.

Type of collateral needed: Group Guarantee.

Some of the economic activities financed so far

Agriculture, service, trade and handicraft sectors.

Grace period: No grace period for all types of loans

Time needed to process and get loan

§ for initial (first cycle) loans, 30 to 60 days;

§ for all subsequent loans, one to two weeks.

Business plan presentation

No business plan is required.

Loan application format

Name and address of the clients, age, marital status, occupation, number of household members and dependants, educational background, monthly income, group identification, date of registration, loan cycle, size of loan requested, purpose of the loan, loan term and credit history.

Target clients for loans: rural and urban individual borrowers

Savings products

Type of Savings			Annual Deposit Rate	Remark
Individual Savings	Borrower's	Mandatory	6%	10% of loan requested
Individual savings	Borrower's	voluntary	6%	

Other services

Pre-loan orientation to clients and some development organizations use clients' meetings to provide awareness raising training on issues like

HIV/AIDS, family planning and information dissemination on new technologies.

Service out-lets

- In rural areas, the services of Wasasa Micro Finance can be accessed at the doorsteps of the clients;
- In urban areas services can be accessed through branch/sub-branch offices of the Institution.

New products to be introduced during the coming 3-5 years

Individual loan

More about Wassasa

Wasasa is the first micro finance institution in Ethiopia to borrow from a private bank, (Awash International Bank) at commercial rate to finance part of its loan portfolio. Moreover, Wassasa is financially sustainable.

Frequency of revising institutional policies

Amendments to existing policies shall be considered based on the needs of the clients.

Address

P.O. Box: 1192, Addis Ababa, Ethiopia

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E-mail wasasamf@telecom.net.et

3.20 Wisdom Micro-financing Institution (S.C.)

Year of establishment: June 1998

Legal status

Registered by the NBE, according to Proclamation No.40/1996.

Current operational area(s)

- Addis Ababa City Administration
- Oromiyaa Regional State
- Southern Nations and Nationalities Peoples Regional State (SNNPRS)
- Amhara Regional State

Future expansion plan

Intends to increase its outreach within the existing operational regions during the coming 3 to 5 years.

Total number of branches opened so far: 3 Branches, 15 sub-branches

Total number of clients served so far: 12,000 clients

Gender sensitivity: Male clients = 72%, Female Clients = 27%

Loan services/products

Agricultural Loan, Businesses Loan, Enterprise Loan

Annual lending rate: 12.5% with 2% service charge

Maximum loan size: 5,000 Birr

Loan term

Maximum Loan term: 12 months

Minimum Loan term: Not specified.

Loan eligibility criteria

- Existing business – with more than six months experience;
- Regular saver;
- Permanent resident in the operational area;
- Willingness to be organized in a solidarity group.

Type of collateral needed: Group Guarantee/Collateral.

Some of the economic activities financed so far

Petty trade; Cattle fattening + sale; Grain vending; Agriculture; Services.

Grace period: No Grace period.

Time needed to process and get loan: 2 – 4 weeks

Business plan presentation

The business plan is part of a simplified two-page application form.

Target clients for loans

Individual micro entrepreneurs and farmers.

Willingness to lend to new business start-ups

Clients need to have at least 6 to 12 months experience in business they wish to take loan. Wisdom does not finance start-ups.

Savings products

Individual Borrower's Compulsory Savings and Individual Borrower's Voluntary Savings with Annual Deposit Rate of 3%

Other services No other services were specified.

Service out-let In rural areas

Through community banks of at least 20 members; through branch/sub-branch offices at clients doorsteps; solidarity groups of 5 to 8 members.

New products to be introduced during the coming 3-5 years

Savings	Other Related Services
Passbook savings	Loan insurance
Time deposit	Business insurance

Frequency of revising institutional financial policies

Annually and even more frequently than that if it is compelling and urgent.

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Ethiopian Business Development Services Network (EBDSN)

List of Publications for Business Development

Start and Improve your Business (this volume will be published in 6/2004)

Identification of viable business ideas, market and supply analysis, write a business plan, organise business management, evaluate sales, improve and diversify products.

Marketing Strategies for Micro, Small and Medium Enterprises

Marketing problems faced by Ethiopian businesses, marketing strategies, managing prices, product development and promotion.

Trade Fair Participation and Export Guide

Trade Fair participation, export procedures, export business registration and licensing, Ethiopian trade statistics, quality export products information.

Business Planning

Business planning for micro, small and medium enterprises: personal data, equipment owned and to be purchased, work premises at the disposal of the operator, production/service plan, raw material requirement, yearly sales plan, operating expenses, profit and loss statement.

Accounting and Cost Calculation Manual

Manual and electronic cash book formats, records on maintenance services, receipt, sales on credit, raw material inventory, cash flow statement, accounting software and software providers in Ethiopia, cost calculation, identify cost components, calculate variable and fixed costs, calculate total cost per unit, how cost calculating improves your business.

Loan Conditions of Commercial Banks and Micro-Finance Institutions

Loan conditions in Ethiopia: loan types, loan term, lending rate, re-payment schedule, type of collateral, loan criteria, eligibility.

Improve your Business Association

Needs assessment of your members, situation analysis, action planning, services, fundraising, membership fees and accounting.

Standards and Quality in Ethiopia

How are Ethiopian standards developed, conformity assessment, testing, product certification, metrology.

Investment Guide

Business environment, investment opportunities and conditions, taxation and incentives, investment protection.

On sale by Mega Book Store and Chambers of Commerce