



2023:2

Sida Decentralised Evaluation

FCG Sweden

Evaluation of Guarantee Instrument and Technical Assistance Offered to Enat Bank to Increase Access to Capital For Women-Owned/Managed Small and Medium Enterprises in Ethiopia

Final Report



Evaluation of Guarantee Instrument and Technical Assistance Offered to Enat Bank to Increase Access to Capital For Women-Owned/Managed Small and Medium Enterprises in Ethiopia

**Final Report
December 2022**

**Brandy Jones
Anders Kragh Bingen
Dereje Legesse
Knud-Erik Rosenkrantz**

Authors: Brandy Jones, Anders Kragh Bingen, Dereje Legesse and Knud-Erik Rosenkrantz

The views and interpretations expressed in this report are the authors' and do not necessarily reflect those of the Swedish International Development Cooperation Agency, Sida.

Sida Decentralised Evaluation 2023:2

Commissioned by Sida, Embassy of Sweden in Addis Ababa, Ethiopia

Copyright: Sida and the authors

Date of final report: 2022-12-02

Art. no. Sida62603en

urn:nbn:se:sida-62603en

This publication can be downloaded from: www.sida.se/en/publications

SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Visiting address: Rissneleden 110, 174 57 Sundbyberg

Postal address: Box 2025, SE-174 02 Sundbyberg, Sweden

Telephone: +46 (0)8-698 50 00. Telefax: +46 (0)8-20 88 64

E-mail: sida@sida.se Web: sida.se/en

Table of contents

Abbreviations and Acronyms	i
Preface.....	iii
Executive Summary.....	iv
1 Introduction.....	1
2 Methodology	6
3 Findings.....	10
4 Conclusions	39
5 Lessons Learned	41
6 Recommendations.....	43
Annex 1 – Terms of Reference.....	45
Annex 2 – Evaluation Matrix	56
Annex 3 – Data Collection Tools	60
Annex 4 – Documentation.....	84
Annex 5 – List of Interviewees.....	87
Annex 6 – Innovative Financing Mapping.....	90

Abbreviations and Acronyms

CBE	Commercial Bank of Ethiopia
CMS	Credit Management System
CSOs	Civic Society Organizations
DBE	Development Bank of Ethiopia
DCA	Development Credit Authority
DFC	Development Finance Corporation
EB	Enat Bank
EQs	Evaluation Questions
ET	Evaluation Team
ETB	Ethiopia Birr
GIs	Group interview
GIZ	German Agency for International Cooperation
GoV	Government of Ethiopia
GTP	Growth and Transformation Plan
IDP	Internally Displaced People
IFC	International Finance Cooperation
KIIs	key informant interview
ID	Identity Document
IFC	International Finance Cooperation
LGF	Loan Guarantee Facility
M&E	Monitoring and Evaluation
MEL	Performance Assessments, Evaluation, and Learning
MFIs	Microfinance Institutions
MoFED	Ministry of Finance and Economic Development
MSMEs	Micro, Small & Medium Enterprises
NBE	National Bank of Ethiopia
NGOs	Non-Government Organizations
SEK	Swedish Krona
Sida	The Swedish International Development Cooperation and Agency
SMEs	Small & Micro Enterprises
TA	Technical Assistance
ToC	Theory of Change
ToR	Terms of Reference
UNHCR	The United Nations High Commissioner for Refugees

ABBREVIATIONS AND ACRONYMS

UN Women	The United Nations Entity for Gender Equality and the Empowerment of Women
USAID	United States Agency for International Development
USD	United States Dollar
VCA	Value Chain Activity
YRF	Youth Revolving Fund

Preface

This evaluation was contracted by FCG through the Sida Framework Agreement for Evaluation Services and conducted by Tana Copenhagen.

The Evaluation Team consisted of Brandy Jones PhD., Anders Kragh Bingen, Dereje Legesse, and Knud-Erik Rosenkrantz. The Final Report was quality assured by Florence Etta, whose work was independent of the evaluation team. Sophie Dahlsbo Bromand provided project management support.

Tana and the evaluation team members would like to thank the Enat Bank branch staff and leadership, particularly Lelise Temesgen and Samuel Assefa, for their support during the evaluation and the Enat Bank LGF beneficiaries that participated in interviews. Many organizations engaged in innovative financing participated in the evaluation, including various Banks, Bilateral and Multilateral donors, NGOs, private sector entities, and microfinance institutions; they sat for interviews, shared contacts, and completed the online survey. We are thankful for all of these actors' contributions and engagement. Lastly, we thank all Sida Staff, particularly Leul Wondiminah and Vera Obare, for their support with the formulation of the evaluation, participation in its execution, and the critical and necessary information they shared.

Executive Summary

Introduction

The Swedish International Development Cooperation and Agency (Sida), in partnership with the USAID Development Finance cooperation, commissioned FCG/Tana to conduct a midterm evaluation of the Enat Bank Loan Guarantee Facility (Agreement DFC No. 663-DCA-16-012/Sida No. 54020195). Sida has engaged FCG and Tana Copenhagen to conduct a midterm evaluation of the Enat Bank Loan Facility to (1) assess the performance of the facility thus far and (2) provide well-informed recommendations for the program continuation and potential revisions to its implementation and structure through mapping or landscaping of guarantee/innovative financing projects in Ethiopia. The team has conducted an in-depth desk review, field work with approximately 40 stakeholders, an e-survey with 14 respondents, and data analysis to inform and produce this midterm evaluation report.

Loan Guarantee Facility Background

The Embassy of Sweden in Addis Ababa – Ethiopia, on behalf of the Swedish International Development Cooperation Agency (Sida), together with the United States Agency for International Development (USAID)/U.S. International Development Finance Corporation (DFC) as co-guarantors, and Enat Bank (guaranteed party) signed a tri-party portfolio guarantee agreement of 10 MUSD (100 MSEK), with a guarantee period of 7 years (October 1, 2016- March 31, 2023). The Enat Bank Loan Guarantee Facility launched on September 29, 2016, and will permit final disbursement on June 30, 2024, with coverage expiring on September 29, 2027. For this guarantee facility, the target group is delimited to SMEs that are private, non-sovereign enterprises registered in Ethiopia, are at least 51% owned by women, or at least 51% managed by women (those with senior management or Board of Directors comprised of at least 51% women) or have at least 51% female employees – within the priority sectors of services, manufacturing, and agriculture. Sida's particular focus on women-owned or women-managed SMEs is intended to increase financial inclusion and sustainability in Ethiopia's growth process. Loans under guarantee can only be extended to private Ethiopian companies, which are at least half owned or managed by women. Borrowers are mainly small and medium-sized enterprises, and the loans finance company growth investments. The guarantee covers 50% of the loan's principal, and losses are shared between the lender and the guarantors according to the predetermined proportions. Sida takes 35% of the losses, and USAID 15%.

Evaluation Design

In line with the ToR, the evaluation team employed a utilization-focused participatory exercise that emphasizes doing no harm and protecting the confidentiality of all participants. Qualitative data collection methods included: 1) a comprehensive document review, 2) key informant interview, and group interview (KIIs/GIs) participants. Quantitative data collection methods included an online survey of key stakeholders (utilizing Survey Monkey) and analysing DFC loan performance monitoring data. Tana employed a mixed-methods evaluation design to answer the above EQs consisting of qualitative and quantitative data collection methods, with attention to gender sensitivity and sex-disaggregated data. The evaluation data collection and analysis in this evaluation report highlight the strengths and weaknesses of the loan guarantee facility, and actionable recommendations for follow-up on loan guarantee, Sida programming, and best practices, have been identified.

Key Findings and Conclusions

Relevance

LGF is an entirely relevant component of the operationalization of Sida's new development assistance strategy in Ethiopia. Guarantees are even more relevant when integrated into complex multipronged programs that aim to provide technical and business development support to SMEs, as discussed in the section on sustainability/effectiveness below. Hence, the ET highlights that while LGF is a critical component of the Sida strategy operationalization, its impact will be substantially increased when it is utilized as a part of an integrated multipronged development program. The Enat Bank LGF design to support women-led and dominated SMEs is fully aligned with both the needs of SMEs within the Ethiopian context and the new Sweden's Development Assistance Strategy for Ethiopia. However, the ET notes that the design could benefit from revision to include a significant and well-designed technical assistance and capacity-building component that would allow Sida to expand the women-owned and vulnerable group-owned SMEs that are eligible for support and help to meaningfully expand their businesses by supporting their integration into the formal financial sector.

Gender

The Enat Bank LGF sought to address the question of Gender on two levels, firstly by targeting women-led enterprises. Originally EB LGF stipulated, "Loans under guarantee can only be extended to private Ethiopian companies, which are at least half owned or managed by women"¹. Secondly, it was later amended to include enterprises owned by men that were either managed by majority women leadership or had a majority women workforce. While the Enat Bank LGF integrated Gender as it relates to eligibility and the selection of implementing partners, and while the facility increased

¹ Sellin J. (2016), "Estimation of expected losses for certain guarantees to Sida's full year financial statements", Ref. No. 2016/ 1302, PDF

loan amounts, the origination and utilization fees attributed to the Bank were transferred to the borrowers, making the lending terms less advantageous compared to standard products of Enat Bank or other DFC partner banks. The LGF provided women-led, women-managed, or predominant women workforce businesses with access to larger financing and loan value due to reduced collateral requirements. Sida should consider expanding the LGF to target women-led enterprises with creditworthiness challenges or in the informal sector. This would be a critical step in significantly expanding the access of women-led enterprises to financing and further transitioning many to the formal sector by providing crucial support for formalization, financial literacy, bookkeeping and tax status regularization.

Effectiveness

The collateral reported by Enat Bank for the guaranteed loans is shown in Table 7 of the report. There were a few loans with a collateral value of 50% or less of the loan amount. 97% of all loans had a collateral cover of 70% or less, and the median collateral cover was 57% of the loan amount. Enat Bank executives explained to the evaluators that for SME loans, the Bank's normal requirement is collateral worth at least 85% of the loan amount, though exceptions are made for certain creditworthy borrowers. For loans placed under the guarantee, executives said the Bank normally requires collateral worth 50% of the loan amount. The distribution in Table 7 is consistent with such a general easing of the Bank's normal collateral requirements. It is critical to note that because the LGF origination and utilization fees were transferred to borrowers, LGF loans were slightly more expensive than traditional bank lending products. Overall, the evaluation has not been able to verify that the program has contributed to significantly improving the general lending terms and outcomes for women-led SMEs in Ethiopia. The number of loans that have been processed is still relatively few, and the LGF is unique in terms of the conditions that target women-led or dominated SMEs with creditworthiness that lack sufficient collateral.

Efficiency

While the Enat Bank LGF tripartite implementation and oversight has been seamlessly implemented with all actors executing their part in the Enat Bank LGF, the program could benefit from the inclusion of an improved M&E system, communication, and exchange mechanism between bank staff and particularly with borrowers. The DFC database lacks sufficient data regarding SME/borrower revenue and job creation. The program could also benefit from a feedback mechanism that would allow borrowers to share complaints and concerns in real-time with the donors. Lastly, there are many opportunities to improve the work of Sida to support improved economic outcomes for vulnerable groups. From a development perspective, coupling LGF with technical support and capacity building would be critical to amplifying the impact and ensuring the durability of program outcomes. From a humanitarian perspective, the program could benefit from a protracted approach that seeks to support target communities to shift from poverty and, as a result, the informal sector to the formal sector, sustainably removing them from poverty. Moreover, an LGF approach aimed at economic

development or humanitarian response would benefit from coupling the LGF with targeted technical assistance and capacity-building programming. Potential partners for future collaborations include:

Financial institutions like microfinance Institutions and banks with strong corporate social responsibility philosophies, like Enat, Oromia, and Awash Banks, would be ideal partners. These actors are more likely to be willing to experiment and extend new products to traditionally underserved groups targeted by Sida.

Civil Society organizations and multilaterals like IFC, UNWOMEN, Mercy Corps, and Danish Refugee Council work with vulnerable groups. These agencies are invested in programming for Sida target groups, have resources or experience that could be beneficial, or already working with Sida on existing or past programming.

The Government of Ethiopia is an excellent potential partner; they are already working in this area and would be well placed to collaborate on economic development and humanitarian response programming. Particular attention to collaboration should be paid to the regional and woreda levels where Sida's target communities would be located.

Sustainability

It should be noted that most of the benefits of the intervention will end when the guarantee facility expires, or Enat Bank ceases to use it. The Bank is unlikely to be able to continue making similar low-collateral loans without the guarantee. There are a few types of benefits that may continue, though the evaluators found no hard evidence of them:

Enat Bank management and staff may have learned from the experience with the guarantee and will be able to introduce improvements in products, marketing, and lending.

At this early stage, the LGF has only managed to create limited sustainable client-customer relationships between Enat Bank and the borrowers under the guarantee, but there is a potential for these relationships to last and bring future benefits to both parties.

Borrowers that made profitable use of the guaranteed loans may later be able to negotiate credit on more lenient terms (lower fees or collateral requirements), from Enat Bank or other lenders.

At this point, assessing whether the program's achievements will be sustainable is difficult. The LGF is still a small part of Enat Bank's product portfolio, and it is questionable whether such lower-collateral lending would be sustained without donor support. It is also clear that there is a potential to enhance technical assistance and capacity-building efforts as part of the program, which potentially would strengthen the sustainability aspects of the intervention.

Key Recommendations

Relevance

1. Sida should engage a program design expert to work with its staff on a systematic program to define and develop a plan for expanding the integration of LGF into existing programming.
2. If not possible now at the conclusion of the current EB LGF, Sida should consider redesigning the program to integrate a component that targets women-owned businesses that are concentrated in the informal sector to build their capacity and ability to engage in the formal sector through a strategic and comprehensive program that gradually empowers these SMEs overtime through intensive well-designed interventions the aim here would be quality over quantity as this would prove to be quite an investment but would ensure enduring and increased impact.

Gender

1. Partnering with the LGF with intensive business development and technical training (a la VCA) would reinforce the impact and durability of the results emerging from the EB LGF intervention.
2. Sida should consider supporting women-owned informal businesses with limited creditworthiness to develop and access financing through the formal banking sector. This would need to be a long-term approach requiring extensive and prolonged capacity-building and business formalization.

Effectiveness

1. If the donors are willing to consider reducing the facility fees, they could engage Enat Bank to explore whether there is room for reducing the cost of loans to borrowers and the Bank's collateral requirements.
2. The documentation and monitoring of the progress made by borrowers could be made more systematic, and Sida could consider appointing a special (additional) focal point to monitor the development and strengthen the relationship between the donor(s), Enat Bank, and the beneficiaries.
3. Technical assistance should be an integrated part of the program. The donors need to engage more with Enat Bank to facilitate access and awareness of these services so that they can reach the borrowers.

Efficiency

1. Sida should further research the emerging Basket fund LGF. If successful, the GoE managed basket model presents a potential opportunity for Sida to collaborate through financing and/or complementary programming to support borrowers with technical support and capacity building in value chain and financial competency to ensure the sustainability of outcomes for beneficiaries.
2. Ideally, a Sida approach that utilizes multi-pronged programming for borrowers and potential borrowers, including training and technical support, would be ideal.

A key element missing from the LGF is extensive training and technical support for job creation, business development, value chain/sector-specific, and business formalization, similar to the USAID VCA program, which provides extensive technical support for beneficiaries and eligibility to apply for financing through the DFC loan guarantee facility. Given the interest of Sida to begin working with refugees/returnees, IDPs, and conflict-affected communities, this approach to combining training and capacity building with loan eligibility is a great way to reach communities and individuals that require some level of humanitarian support due to the instability and challenges presented by their civil or socioeconomic circumstances.

3. Sida should consider providing technical support and capacity building to Financial Institutions ---This approach to protracted support for banks to develop the capacity of financial institutions to expand their ability to serve underserved communities is a model that Sida can employ to help financial institutions to develop the competencies and products required to serve Sida beneficiaries and program participants in target areas.
4. The use of Group loans could be appropriate for vulnerable groups that lack collateral and conventional creditworthiness. This approach to lending that Sida could support (through MFIs or CSOs) as part of programming to reach vulnerable groups and expand access to finance to vulnerable groups (i.e., IDPs) that lack collateral to participate in formal lending programs.

Sustainability

1. Sida should consider introducing more partners, such as other banks (s) and MFIs, to reach a broader target group and smaller businesses.
2. The program should consider introducing a female mentorship component as a way of strengthening the capacity-building aspects of the project and as a way of making stronger ties with the beneficiaries.

1 Introduction

The Swedish International Development Cooperation and Agency (Sida), in partnership with the USAID Development Finance cooperation, commissioned FCG/Tana to conduct a midterm evaluation of the Enat Bank Loan Guarantee Facility (Agreement DFC No. 663-DCA-16-012/Sida No. 54020195). Sida has engaged FCG and Tana Copenhagen to conduct a midterm evaluation of the Enat Bank Loan Facility to (1) assess the performance of the facility thus far and (2) provide well-informed recommendations for the program continuation and potential revisions to its implementation and structure through mapping or landscaping of guarantee/innovative financing projects in Ethiopia. The team has conducted an in-depth desk review, field work with approximately 40 stakeholders, an e-survey with 14 respondents, and data analysis to inform and produce this midterm evaluation report.

1.1 BACKGROUND, PURPOSE, AND OBJECTIVES

The Embassy of Sweden in Addis Ababa – Ethiopia, on behalf of the Swedish International Development Cooperation Agency (Sida), together with the United States Agency for International Development (USAID)/U.S. International Development Finance Corporation (DFC) as co-guarantors, and Enat Bank (guaranteed party) signed a tri-party portfolio guarantee agreement of 10 MUSD (100 MSEK), with a guarantee period of 7 years (October 1, 2016- March 31, 2023). The Enat Bank Loan Guarantee Facility launched on September 29, 2016, and will permit final disbursement on June 30, 2024, with coverage expiring on September 29, 2027. In addition to the guarantee, technical assistance (TA) support has been provided to Enat Bank. Enat bank was established in 2013 as a niche bank focusing on lending to women-owned/managed SMEs in Ethiopia. It was started by women - for women - and is currently 66 per cent owned by women. No other bank in Ethiopia has such a niche and clear focus on women, which is superbly aligned with Sida and USAID/DFC priorities (increased access to finance and a strong focus on gender equality). The decision to focus on women is business-driven, which increases the chances of success.

Further, based on portfolio data Enat Bank gives women higher credit ratings than men. The Bank seeks to help women access credit, among other products. The focus on expanding services to vulnerable populations, with a specific emphasis on women, made it an appropriate partner institution for the USAID DFC and Sida joint loan guarantee facility program.

This contribution follows the Swedish strategy for development cooperation for Ethiopia (2016-2021), which well reflects local public priorities for economic development as articulated in Growth and Transformation Plan II (GTP), the national development plan for Ethiopia (2016-2020). The contribution is in line with Swedish

priorities outlined in the Results Strategy area three for Sweden's cooperation with Ethiopia with the "Better opportunities and tools to enable poor people to improve their living conditions." This strategic area aims to improve opportunities for productive employment with decent working conditions and promote a more favourable business climate for inclusive commercial activities, especially for women and young people. Further, the contribution is aligned with Sida's ambition to promote innovative financing approaches where Sida, USAID/DFC, and Enat Bank have a risk-sharing matrix to secure the mobilization of institutional capital.

For this guarantee facility, the target group is delimited to SMEs that are private, non-sovereign enterprises registered in Ethiopia, are at least 51% owned by women, and at least 51% managed by women (those with senior management or Board of Directors comprised of at least 51% women) or have at least 51% female employees – within the priority sectors of services, manufacturing, and agriculture. Sida's particular focus on women-owned or women-managed SMEs is intended to increase financial inclusion and sustainability in Ethiopia's growth process. Loans under guarantee can only be extended to private Ethiopian companies, which are at least half owned or managed by women. Borrowers are mainly small and medium-sized enterprises, and the loans finance company growth investments. The guarantee covers 50% of the loan's principal, and losses are shared between the lender and the guarantors according to the predetermined proportions. Sida takes 35% of the losses, and USAID 15%.

The theory of change (ToC) for this intervention/guarantee project is based on increasing capital mobilization from the private sector. The desired impact of the guarantee was to increase access to capital for women-owned/ managed SMEs such that the SMEs can contribute to employment opportunities in Ethiopia. The long-term expected outcome of this intervention is to demonstrate to the financial institutions in Ethiopia that it is possible to be more profitable when offering financial services to women-owned/ managed enterprises. Specifically, the loan guarantee facility seeks to allocate \$10 million of new loans to woman-owned businesses by reducing the collateral requirements by 50% of loan value below what is typically required without the guarantee. The programme's key expected results include:

- The number of new employees hired by DCA-backed firms increased by 500
- Household income of DCA-backed firms increased by 75 per cent
- Business income (profitability) of DCA-backed firms increased by 75 per cent
- Total investment in DCA-backed firms increased by 50 per cent
- Additional finance received following initial DCA-backed loans increased by 50 per cent

1.2 EVALUATION OBJECT AND SCOPE

The purpose of this performance evaluation is to: i) Assess the performance of the Enat Bank Guarantee by analysing the extent to which the desired outcomes have been achieved, isolating important lessons derived from the implementation of the guarantee facility and the role of the technical assistance; ii) Conduct a stakeholder mapping and

provide recommendations for future guarantee prospects and innovative financing opportunities in Ethiopia. These recommendations will include identifying the needs for technical assistance within innovative financing while looking for different options for technical assistance support in line with the new development strategy.

Users: The intended use of the evaluation report is to help Sida, and its partners assess the progress of the ongoing Enat Bank Guarantee Facility to learn from what works well, challenges, areas of improvement, and opportunities for improving implementation in the remaining years of the ongoing facility implementation. The evaluation deliverables will inform decisions on how future Sida guarantee facilities in Ethiopia will be implemented, as well as what opportunities for innovative financing and technical assistance are available in the market and are in line with the Sweden-Ethiopia development strategy. The evaluation is designed, conducted, and reported to meet the needs of the intended users. The primary intended users of the evaluation are:

- Loan guarantee recipients;
- Enat Bank;
- Swedish International Development Cooperation Agency-Ethiopia (Sida's loans and guarantee unit);
- U.S. Agency for International Development (USAID)/ U.S. International Development Finance Corporation (DFC);
- Ethiopian government and development community;
- Financial institutions and other stakeholders (e.g., SMEs in the agricultural value chain, private health service providers, and women entrepreneurs) interested in innovative loan guarantees and innovative financing products and models.

Also, the participatory nature of the evaluation with the landscaping, data collection, fieldwork debrief, and report presentation provided critical opportunities to exchange with the Mission, Enat Bank, and key stakeholders, and ensure that the evaluation deliverables and presentations serve the stakeholder needs and clear indications for improving the performance of their current portfolio. The findings and recommendations from this evaluation will guide future Sida programming and adjustments to the Sida loan guarantee facility.

Temporal Scope: The evaluation's time frame is from October 1, 2016 - October 31, 2022.

Geographical Scope: The evaluation geographic coverage is Ethiopia-wide, mainly where loans have been issued under guarantee, principally in Addis and Amhara.

Programmatic Scope: The evaluation explores the Enat Bank Tripartite Loan Guarantee Facility performance, which aims to increase access to financing for women-led financial institutions in Ethiopia to improve enterprise performance, increase household incomes and create new jobs. The evaluation will also include a detailed stakeholder mapping and analysis that will provide recommendations for future guarantee prospects, identification of innovative financing opportunities, and technical assistance needs in Ethiopia in line with the new development strategy.

1.3 EVALUATION CRITERIA AND QUESTIONS

This midterm evaluation report assesses the overall performance of the Enat Bank Tripartite Loan Guarantee Facility, with particular attention to relevance, Gender, effectiveness, efficiency and sustainability, and follow-on programming. The core evaluation criteria and associated questions that guided this exercise are the following:

Relevance: Is the Enat Bank Guarantee program appropriate to the Ethiopian context and Sweden's Development Assistance Strategy for Ethiopia?

- To what extent is the guarantee value-added and filling a gap in terms of access to financial services and the various interventions of commercial banks?
- Strategy for Sweden's development cooperation with Ethiopia (2022-2026)
 - To what extent are guarantees still relevant to Sweden's new development assistance strategy in Ethiopia?
 - How can the goals of the new Swedish Development strategy be reached with Innovative financing instruments, such as guarantees, technical assistance, challenge funds, revolving funds, etc., in Ethiopia?
 - How can existing programs of Sida in Ethiopia be integrated and/or benefit from a new program on innovative financing instruments?

Gender and Crosscutting themes: Did the loan guarantee facility integrate Gender into its design?

- How was Gender integrated into the Enat Bank Loan Guarantee Facility?
- To what extent has the facility increased access to capital and loans for women-led businesses and enterprises (51% women-owned)?
- What recommendations would you propose to improve the Facility design to increase the success of the facility in providing increased loans to women-led enterprises?

Effectiveness: To what extent has the Guarantee program improved lending terms and outcomes for SMEs?

- To what extent is the guarantee achieving improvements in lending terms, and how does that compare to financial institutions not under a loan guarantee facility? (This question will be critical to exploring the issue of attribution/contribution as it relates to increased lending to small and medium enterprises (SMEs) in Ethiopia, particularly women-led).
- To what extent has the intervention achieved, or is expected to achieve, its objectives and results?
 - What factors have facilitated and hindered the loan guarantee facility's achievements?
- Has the intervention led to unintended positive or negative results? If so, how, and why?
- Was the technical assistance support to the partners reliable, adequate, and targeted? If not, how could this be modelled even better to meet the needs of the beneficiaries?

Efficiency: Are there opportunities to improve program efficiency through expanded partnerships and collaborations?

- To what extent is the collaboration between Sida and USAID through the DFC working, and is there any way to improve impact and efficiency?
- Mapping or landscaping
 - Provide a mapping of other access to finance, /loan guarantee, etc., programs currently active in Ethiopia (include information on location, sponsor, funding, activity, etc.)
 - Which partners/ financial institutions are suitable for potential partnerships within guarantee/innovative financing projects in Ethiopia?
 - Specifically, focusing on Internally Displaced Persons (IDPs),
 - What opportunities/barriers do the lenders in the Ethiopian financial market (Banks, MFIs, etc.) see in reaching poorer and more rural demographics, internally displaced persons, etc.?

Sustainability and Follow-up programming: To what extent is the program sustainable and how can its impact be improved in future iterations?

- What additional knowledge/competencies would be needed by the intermediary to better serve currently unserved/underserved segments and productive use/income-generating activity?
- What are the key recommendations to be aware of in future innovative financing projects in Ethiopia?

The evaluation matrix in Annex 2 provides an overview of the methodology employed to implement this evaluation.

1.4 STRUCTURE OF THE REPORT

This mid-term report is divided into seven chapters. Chapter 1 introduces the report, including overview of the subject, objective, and scope of the evaluation. Chapter 2 covers the evaluation methodology, including the criteria, questions, and methodologies that led the evaluation; Chapter 3 covers the key findings concerning the relevance, effectiveness, and efficiency of the guarantee program, Gender mainstreaming, and stakeholder mapping. Chapter 4 highlights conclusions emerging from the findings and the data collected. Chapter 5 presents the program's lessons learned in the Enat Bank LGF implementation, while Chapter 6 provides recommendations for future Sida LGF and innovative financing opportunities in Ethiopia. Chapter 7 presents the report Annexes.

2 Methodology

2.1 OVERALL METHODOLOGICAL APPROACH

In line with the ToR, the evaluation team employed a utilization-focused participatory exercise that emphasizes doing no harm and protecting the confidentiality of all participants. Qualitative data collection methods included: 1) a comprehensive document review, 2) key informant interview, and group interview (KIIs/GIs) participants. Quantitative data collection methods included an online survey of key stakeholders (utilizing Survey Monkey) and analysing DFC loan performance monitoring data. Tana employed a mixed-methods evaluation design to answer the above EQs consisting of qualitative and quantitative data collection methods, with attention to gender sensitivity and sex-disaggregated data. The evaluation data collection and analysis in this evaluation report highlight the strengths and weaknesses of the loan guarantee facility, and actionable recommendations for follow-up on loan guarantee, Sida programming, and best practices, have been identified.

2.2 METHODS AND TOOLS FOR DATA COLLECTION

Desk Review

The ET used the inception phase to build a clear understanding of the Enat Bank Guarantee program with input and guidance from Sida, USAID-DFC, and Enat Bank. The team has reviewed: reports from Enat Bank and other banks; loan portfolio data; performance assessments, evaluation, and learning (MEL) plans; strategy documents; market assessments; partnership agreements, memoranda of understanding, and related third-party sources. The document review process also included quantitative data from the Enat Bank Guarantee program regarding utilization rates, borrowers, and loan amounts. The evaluation team utilized context analysis and basic quantitative analysis to gain a critical understanding of the political, social, legal, and economic context surrounding the Enat Bank loan guarantee facility. The context analysis also explored the dimension of Gender and how this has been integrated into the program.

Portfolio Analysis

Utilizing the DFC Credit Management System, the ET conducted a quantitative portfolio analysis. Since only 27 loans have been disbursed, the analysis was relatively simple. The evaluators analysed the distribution of loans by year of disbursement, loan size, tenor, borrower sector, first-time borrower status, rescheduling, and collateral cover ratio. The team utilized the portfolio analysis as a critical aspect of the assessment and findings presented under the effectiveness findings section.

KIIs/GIs

The Qualitative data collection methods included key informant interviews (KIIs) and group interviews (GIs) and took place between September 19 to October 15th, 2022, in Addis and Amhara regions overall; the ET conducted KII/GIIs with individuals selected using purposive and snowball sampling to gain insight into the performance of the LGF and innovative finance in Ethiopia. KIIs/GIs coupled with the document review, provided the ET insights into the subject matter from a wide range of stakeholders, including the following (interview guides can be found in Annex 3):

- Embassy of Sweden in Addis Ababa/Sida (Sida's loans and guarantee unit).
- U.S. Agency for International Development (USAID)/ U.S. International Development Finance Corporation (DFC).
- GOE entities, including the Ministry of Finance and Economic Development (MoFED), Ministry of Trade and Industry, Ministry of Agriculture and Rural Development, Ministry of Women, Children, and Youth, Agricultural Transformation Agency;
- Enat Bank key program staff;
- Other financial institutions offering comparable loan guarantees;
- Actual and potential borrowers from the DFC Credit Management System.

Table 1. Qualitative Sample by Gender

Region	Men	Women	Combined
Addis	22	14	36
Amhara	4	0	4
Total	26	14	40

This aspect of the data collection process provided insights into both the performance of the LGF and the innovative financing landscape in Ethiopia that the ET used to inform this report in concert with the extensive document review and, to some degree, the online survey.

Online Survey

The ET designed and administered two online surveys to assess (1) stakeholders' experiences and perceptions of LGF and (2) innovative financing in Ethiopia. The online survey's sampling frame was the key informants within the targeted stakeholder groups for whom the ET had a working email address and who were expected to have reasonably reliable internet access; due to the need for internet access, the e-survey did not include the borrowers.

The online survey aimed to provide expanded data points to fill gaps and limitations due to the challenges of qualitative data collection processes, such as availability of respondents and gaps in responses due to the semi-structured nature of the instruments. The online survey explored many of the same issues and questions explored in the

KIIs/GIs, there were a total of 5 respondents to the LGF survey and 9 respondents to the Mapping Survey. The Mapping survey outperformed the LGF survey due to limited participation from ENAT Bank, the implementing partner.

2.3 PROCESS OF ANALYSIS AND DEVELOPING CONCLUSIONS

The qualitative and quantitative data emerging from the fieldwork and the document review were fully exploited to inform the analysis presented in the mid-term evaluation report. The data from all sources were triangulated to tease out mutually reinforcing points that are verifiable across all sources. ET members took detailed notes of each KII and GI and wrote detailed summaries. After completing the data collection and organization, the ET manually identified themes and subthemes within the data and assessed their relative importance in answering the EQs, supported by key quotations and examples extracted from the data. The e-survey was exploited for descriptive statistics and insights from open-ended questions; its utility was limited due to the limited participation. The interview, e-survey, and document review data were compared, contrasted, and triangulated to provide clear insights regarding the Enat Bank loan guarantee facility performance and the mapping exercise. The resulting data and analysis were utilized to inform this evaluation report.

2.4 ETHICS AND PARTICIPATION

All data collection activities adhered closely to the Sida evaluation handbook and guidance. All program information, respondent data, and personal information were protected; no data or information was shared with individuals unless they were part of the ET or the evaluation process with express consent from Sida. Furthermore, all respondents' identities have been protected to avoid and guard against any threats to their well-being or negative reprisals. Study participants were informed of the study's purpose, how the results would be used, and their right to refuse participation during the oral consent process.

2.5 LIMITATIONS

Due to the ongoing COVID-19 pandemic in the field, the ET employed personal protective equipment (PPE), including masks and hand sanitiser, and adhered to preventive measures.

Primary data collection also presented several challenges, which included the availability, accessibility, and willingness of selected KII and GI respondents; subjectivity and bias (intentional or unintentional) of responses; linguistic constraints (translation and interpretation were necessary with some respondents); and unplanned alterations to evaluation fieldwork due to national holidays. The ET was able to meet with a broad range of stakeholders; however, despite multiple attempts and offering virtual meetings, the team did not meet with as many borrowers as planned. The data collection was extended over a month-long period in an attempt to meet with as many

borrowers as possible face-to-face and virtually. However, the team was only able to meet with 6 borrowers (4 in Addis Ababa and 3 in Bahir Dar).

Responses to the e-survey were also limited. While we anticipated a limited response rate to the mapping stakeholders, it was, in fact, the Enat Bank LGF stakeholder survey that underperformed with only five respondents. This was in spite of extending the data collection period for the e-survey to a full month and requesting staff from Sida and Enat Bank to urge colleagues to participate. The limited number of respondents for the LGF survey minimized the utility of the results.

Time constraints of fieldwork; the ET had a substantial amount of data to collect within a limited time frame. The team was creative and strategic in the execution of the fieldwork to ensure that a critical mass of a solid cross-section of stakeholders was included in the sample. In addition, the team sought to conduct virtual interviews in cases where face-to-face meetings were not possible.

3 Findings

3.1 RELEVANCE

1. Is the Enat Bank Guarantee program appropriate to the Ethiopian context and Sweden's Development Assistance Strategy for Ethiopia?

Ethiopia is one of the poorest countries in the world. Its population is the second largest on the African continent and is particularly young. The country faces enormous economic, environmental, climatic, and security challenges. According to World Bank surveys (SIDA, 2016), access to finance is one of the major obstacles to doing business in Ethiopia. Small and Medium-sized Enterprises (SMEs) face this persistent problem, hindering the development of their activities. Thus, while it is known that this inaccessibility to loans negatively impacts business growth, it is important to emphasize that it constitutes a severe shortfall in job creation while unemployment and poverty sow despair among the youth and women.

An examination of the Ethiopian context shows that the country is lagging in several fundamental pillars of economic and social development, particularly in supporting the development of SMEs. Yet, support for these enterprises could contribute significantly to improving economic growth and the population's living conditions through access to employment, for example. Studies have shown that the total number of bank loans disbursed in Ethiopia is about 250,000. Compared to the size of the population (more than 100 million), this figure remains paltry².

In order to contribute to the fight against poverty and unemployment and to improve access to finance for MSMEs, SIDA, in partnership with Enat Bank, has issued guarantees to facilitate access to bank loans by targeting Ethiopian private enterprises owned or managed at least half by women. In doing so, SIDA is restoring socio-economic integration to these vulnerable but valuable members of Ethiopian society (women), empowering them, and enabling them to participate in the country's economic life actively.

Moreover, "the intervention follows the Swedish development cooperation strategy for Ethiopia, which reflects the local government's economic development priorities as outlined in the GTP II, the national development plan for Ethiopia 2016-20. Therefore, the Enat Bank LGF aligned with local government priorities as well as Enat Bank's strategic priorities and systems, thus exercising program leadership" (Sida, 2016). The intervention is further relevant because it contributes to inclusive and sustainable economic development to support SMEs, their revenue growth, and job creation.

² (Tewedaj Sintayehu, 2021)

"The collateral fund schemes The basic objective of women banking solution in general and the collateral fund scheme in particular is to assist active and entrepreneur women who have the ability and passion to have business of their own. The collateral scheme fund mobilization is started with the objective of helping women that have the capacity, seed capital, capability and credit worthiness and lack collateral to have access to finance. It was designed in such a way to protect the Bank from loss emanating from unexpected default and facilitate access to finance for women eligible for loan but do not have tangible collateral to offer to secure the loan³."

The quote from an Enat Bank Annual Report highlights that most loan guarantee facilities focus on collateral support for SME's that meet all the other requirements to access financing through formal banking institutions. While the LGF is a critical component in addressing and supporting Ethiopian women-led and dominated SMEs, it is only one piece among many that are required in order to help bolster women-led and dominated SMEs. We highlight this further in the section on Gender below.

a) *To what extent is the guarantee value-added and filling a gap in terms of access to financial services and the various interventions of commercial banks?*

See the section below on Gender

b) *To what extent are guarantees still relevant to Sweden's new development assistance strategy in Ethiopia?*

Given the high rates of poverty resulting from socioeconomic instability and gender inequality in Ethiopia, LGF is highly relevant due to its potential to contribute to Sweden's development assistance strategic objective in Ethiopia. The strategy's aim is "to create conditions for improving the lives of people living in poverty and oppression." Moreover, there is a particular focus on inclusive economic development through "improving conditions for productive employment and decent work" and improving access to social security⁴. Thus, LGF seeks to stimulate the mobilization of resources through guarantees that will enable women-led SMEs to have access to loans that will enable them to develop their businesses and create decent jobs⁵.

LGF is an entirely relevant component of the operationalization of Sida's new development assistance strategy in Ethiopia. Guarantees are even more relevant when integrated into complex multipronged programs that aim to provide technical and business development support to SMEs, as discussed in the section on sustainability/effectiveness below. Hence, the ET highlights that while LGF is a critical component of the Sida strategy operationalization, its impact will be substantially increased when it is utilized as a part of an integrated multipronged development program.

³ ENAT BANK, Annual report 2020/21

⁴ (Government Offices of Sweden: Ministry For Foreign Affairs, "Strategy for Sweden's development cooperation with Ethiopia 2022-2026", PDF).

⁵ "Strategy for Sweden's development cooperation with Ethiopia 2022-2026", PDF).

c) How can existing programs of Sida in Ethiopia be integrated and/or benefit from a new program on innovative financing instruments?

As the ET will highlight throughout the report, the Sida approach to LGFs would be greatly improved by integration into existing Sida programming to reinforce the impact of Sida programming, similar to the USAID Value Chain Activity (VCA). VCA incorporates a significant amount of technical support and capacity building to SMEs to support the expansion and growth of businesses and value chain activities. The EB LGF's current design does not include a significant technical support and training component related to the value chain, entrepreneurship, capacity building, or business formalization to support the creditworthiness of women-led businesses. A more robust technical support and capacity-building component would not only expand the number of SMEs that the LGF could support – to bridge their transition from informal to formal standing relative to tax status and participation in formal banking – it would also help them improve their business and value chain activities in their various sectors and industries. While the ET is not privy to Sida's existing portfolio, it is clear that there are opportunities for integration and synergy with existing and future programming. Especially if Sida adapts and expands the LGF approach to support and include informal SMEs that require support to achieve creditworthiness and further diminish their vulnerability. This approach would align with Sida's strategy and approach, as stated by a Sida staff:

As Sida, our approach focuses on a systemic approach to making markets work for the poor. We want it to be systemic and sustainable, a mutually beneficial approach from which the two sides benefit⁶.

As it stands now, the LGF successfully supports established SMEs to attain increased capital to build their businesses; however, these SMEs are fairly well established. Moreover, the program had to expand its eligibility requirements to include SMEs that were not women-owned because many, if not the majority, of businesses run by vulnerable groups, function in the informal sector, excluding many of them from participation in the LGF. By shifting the approach, Sida will expand the reach of LGF to a larger pool of SMEs led by women and vulnerable groups and could potentially aid these businesses in bridging the gap by assisting them with the formalization of their businesses. It is worth noting that Sida is already working with refugees and returnees:

Sida funded refugee and host community program it deals with refugees; this program has an element of financing. We brought together Hilton and IKEA Foundation to do poverty graduation for the ultra-poor not ready to enter formal banking, so they work on training and resource transfer. And then, at the same time, they prep market actors to be prepared to serve these communities. The aim is to push and pull, pushing them out of the ultra-poor and pulling the actors into their community⁷.

⁶ Sida staff/Sept 22

⁷ Civil Society leader. September 2022

This quote, from the representative of a partner organization engaged in this type of programming seeking to support the poor by shifting them from the informal to the formal sector, highlights that Sida already has programming that, over time, could be integrated with the LGF to help bridge the gap for SMEs. For this type of programming to be successful, it would have to be a protracted program that would gradually build the capacity of these communities and skills to bridge this gap, sustainably increase their financial performance, and instigate meaningful economic growth in Ethiopia. Shabelle, Peace Microfinance, Awash and Enat Bank all discussed interest in collaborating with Sida to serve these communities. Enat Bank and Awash specifically are working on developing new lending products to reach these communities. In addition, as shown in the efficiency section below, Shabelle Bank's success in the Somali region is a good example of the various pathways that can be used to serve vulnerable communities concentrated in the informal sector. Therefore, there is interest from various financial institutions to reach these underserved communities.

3.2 GENDER

1. Did the loan guarantee facility integrate Gender into its design? To what extent has the facility increased access to capital and loans for women-led businesses and enterprises? To what extent is the guarantee value-added and filling a gap in terms of access to financial services and the various interventions of commercial banks?

The Enat Bank LGF sought to address the question of Gender on two levels, firstly by targeting women-led enterprises. Originally EB LGF stipulated, "Loans under guarantee can only be extended to private Ethiopian companies, which are at least half owned or managed by women"⁸. Secondly, it was later amended to include enterprises owned by men that were either managed by majority women leadership or had a majority women workforce:

"Qualifying Borrowers: Private, non-sovereign/non-governmental enterprises registered in Ethiopia that are at least 51% owned by women, have at least 51% women on their board of directors or In senior management roles, and/or have at least 51% female employees."⁹

The quote above captures the technical change that was made to the LGF eligibility and targeting criteria to take into account the numerous and indirect ways that women can be supported as it relates to the creation of wealth and jobs through the facility. Some respondents also shared that they felt that the eligibility requirements were adjusted to increase the number of SMEs successfully utilizing the facility. Gender was also incorporated in the selection of the Partner; Enat Bank is a majority women-led bank. Its ethos and philosophy aim to empower women to participate in formal banking. The Bank is run by women and targets this underserved portion of the potential client of the banking sector.

⁸ Sellin J. (2016), "Estimation of expected losses for certain guarantees to Sida's full year financial statements", Ref. No. 2016/ 1302, PDF

⁹ DFC, U.S. International Development Finance Corporation (July 28, 2020), "Second Amendment to Loan Portfolio Guarantee Agreement DFC", No. 663-DCA-16-012/ Sida No. 54020195, PDF

“It (Enat) was started by women - for women - and is currently 66 % owned by women. No other bank in Ethiopia has such a niche and clear focus on women, which is excellently aligned with Sida/USAID priorities (Increased access to finance and a strong focus on gender equality)”¹⁰.

While the program has successfully incorporated a gender lens as it relates to the choice of partners and the definition of the terms of eligibility for the Loan Guarantee Facility¹¹, the program did not include sufficient capacity-building support and interventions to include informal women-led SMEs. The LGF is not accessible to women-led enterprises that lack adequate formalization in terms of business status, bookkeeping, and tax status, to overcome these critical barriers to accessing financing. In its current incarnation, the LGF is only accessible to well-established SMEs that are already creditworthy that seek to access larger loans than what their collateral, or lack thereof, would otherwise allow them to access from the Bank. Hence, there are some questions about whether the program could be doing more to increase access of women-led enterprises, particularly in the informal sector, where the program could help transition these small and microenterprises into the formal sector. As it stands now, the program had to change the eligibility requirements to include enterprises owned by men with women in management or workforce positions. However, as gender analysis and literature highlight increasing women’s access and control over resources is the most meaningful way to improve their well-being and promote gender equality, emphasizing support for women-led enterprises, including support for informal businesses to shift to the formal sector, would create a stronger and more meaningful impact on gender outcomes; consequently, giving women-led SMEs increased access to capital. This point is somewhat supported by the findings from the USAID DCA Performance Evaluation, where the author stated:

“In general, women interviewed did not feel as if they were at a significant disadvantage for obtaining access to finance from commercial banks and reported levels of satisfaction with the DCA program that were similar to those of the men”¹².

This quote suggests that established credit-worthy SMEs do not have challenges accessing credit, therefore suggesting that the Enat Bank LGF would have more impact if including support and assistance for less creditworthy women-led enterprises.

It should be noted that some may argue that small and medium-sized enterprises have long been confronted with the problem of access to financing to stimulate their growth. Guarantees are thus introduced to provide effective and sustainable solutions to this problem. In Ethiopia, the main barrier to accessing loans from banks for MSME owners is related to excessively high collateral rates (relative to loan size)¹³. “Some

¹⁰DFC, U.S. International Development Finance Corporation (July 28, 2020), “Second Amendment to Loan Portfolio Guarantee Agreement DFC”, No. 663-DCA-16-012/ Sida No. 54020195, PDF

¹¹ DFC, U.S. International Development Finance Corporation (July 28, 2020), “Second Amendment to Loan Portfolio Guarantee Agreement DFC”, No. 663-DCA-16-012/ Sida No. 54020195, PDF

¹² Wolday, A., William, M. B., Fasika, J., & Ahlstrom, L. (2016), “Opening Doors: A Performance Evaluation of the Development Credit Authority (DCA) in Ethiopia”, USAID/Ethiopia, Addis Ababa, PDF

¹³ Wolday, A., et al., 2016

microfinance and development finance institutions target women-SMEs in their lending, but their offerings differ from Enat's. Microfinance institutions target borrowers without collateral and typically charge interest rates above 30 percent, well above Enat rates¹⁴. A company's growth depends on the development of its activities, which in turn depends on the availability of financing (e.g., through bank loans)¹⁵. However, the ET would argue that as currently applied, the EB LGF is not serving these constituencies sufficiently; it is principally an instrument that serves predominantly established creditworthy SMEs, which is documented in the portfolio analysis in the subsequent effectiveness section, hence why the eligibility requirements had to be expanded to reach a larger subsection of SMEs.

a) *What recommendations would you propose to improve the Facility design to increase the success of the facility in providing increased loans to women-led enterprises?*

In terms of recommendations to improve the LGF design to increase loans to women-led businesses, there are many. We will highlight a few critical points here to respond to the question, but the section will not be comprehensive to avoid duplication with the recommendation section below. Firstly, the ET reiterates the point from above regarding the importance of considering expanding the program to target women-led enterprises with creditworthiness challenges or in the informal sector. This would be a critical step in significantly expanding the access of women-led enterprises to financing and further transitioning many to the formal sector by providing crucial support for formalization, financial literacy, bookkeeping, and tax status regularization. This could be initiated through a needs assessment of women-led enterprises in the formal and informal sectors to determine the exact combination of support and technical assistance the agencies need to breach the gap and enter the formal sector to access financing and capital through formal banking institutions. The need for technical support and capacity building for potential/existing borrowers and banking institutions was routinely highlighted by interviews and survey respondents among top recommendations. Several key recommendations are highlighted in the Appraisal of Intervention study conducted on behalf of Sida that is still pertinent to the current iteration of the Enat Bank LGF:

In order to maximize utilization of future guarantees, the evaluation recommended that 1) Partners have a clear strategy that is in line with the core objective of the guarantee, 2) Partners have enough liquidity to tackle the challenging market conditions, 3) partner banks establishing a separate unit and dedicated staff for financing borrowers targeted under a guarantee, 4) banks need support to develop new financial products and technologies, 5) banks need support with regard to changing their collateralized lending approach, 6) regular follow-up on the outcome and impact of DCA facility is essential, 7) improving the quality of the TA support and linking it to concrete operation changes in the banks is important, 8) the sustainability of Business Development Services needs to

¹⁴ Sida, 2016

¹⁵ Sida, 2016

be strengthened, 9) Guarantees should have a stronger focus on crowding in private investment and 10) More attention shall be given the problem of corruption¹⁶.

The data collection suggests that several recommendations emerging from the appraisal were not sufficiently applied to the current LGF intervention. This includes support for new products and technologies, support for banks to evolve beyond collateralized lending models, improving technical assistance and support for their operations changes, and business development services and technical support for borrowers. These recommendations were not sufficiently implemented in this iteration of the LGF.

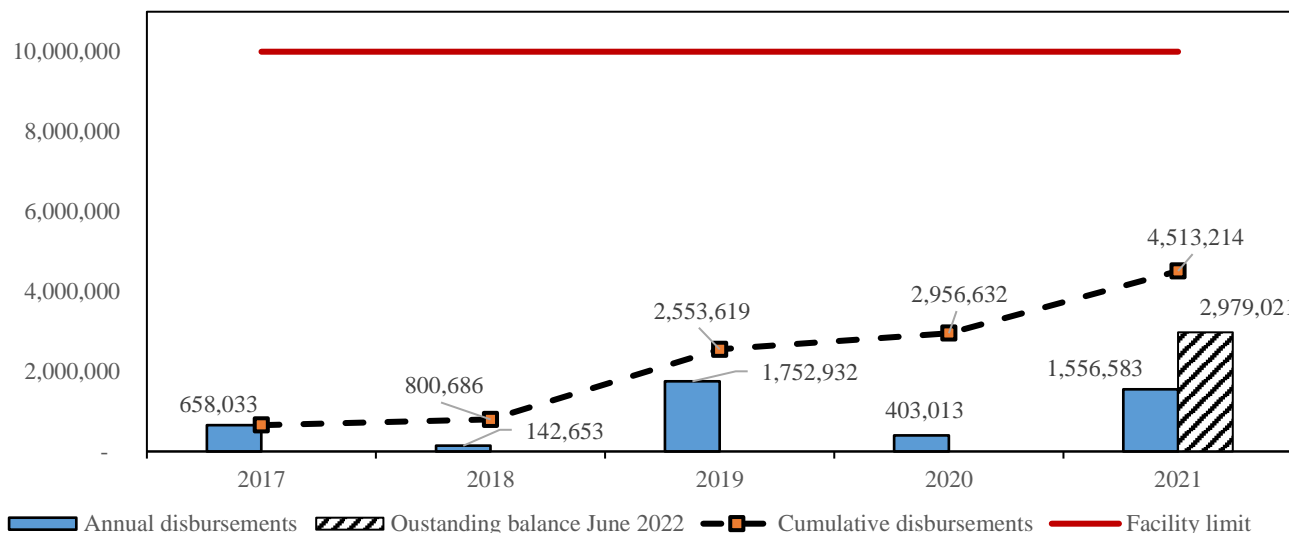
3.3 EFFECTIVENESS

1. To what extent has the Guarantee program improved lending terms and outcomes for SMEs?

The background for initiating this program was to improve the access to finance and the lending terms for women-led SMEs in Ethiopia, as this group is seen to be disadvantaged due to their size, their credit history, their collateral assets, and business models. These borrowers were also considered to have limited experience in taking up loans with a bank, and with the banks having similar modest experience in dealing with this type of customer. At the same time, it should be acknowledged that women-led SMEs in Ethiopia cannot be seen as a homogenous group and that the LGF has only been able to reach a small sample of this large group.

Still, the aim of the program was to improve the lending terms and enhance financial inclusion and sustainability of women-led businesses in Ethiopia's growth process. The achievement of this ambition is discussed and assessed below, after the presentation of basic data on the portfolio of guaranteed loans.

¹⁶ Sida (2016), "Guarantee Enat Bank -Guarantee part: Appraisal of Intervention, final", PDF

Chart 1. Annual and Cumulative Disbursements of Loans under the Guarantee, and Outstanding Balance as of June 2022 (USD)**Table 2. Guaranteed loans by year of disbursement**

Year	# Loans	Cumulative Disbursements (ETB)	Cumulative Disbursements (USD)	% Of USD
2017	4	17,467,440	658,033	15%
2018	1	4,000,000	142,653	3%
2019	10	53,350,000	1,752,932	39%
2020	5	15,250,000	403,013	9%
2021	7	69,940,000	1,556,583	34%
Total	27	160,007,440	4,513,214	100%

Source: DFC Credit Management System report as of December 2021.

Note: Disbursements in ETB converted to USD using the exchange rate at the time of disbursement

Table 2 and Chart 1 shows that, during the five years 2017-2021, Enat Bank disbursed 27 loans under the guarantee facility. Annual loan disbursements were modest during the initial years and later varied substantially. The cumulative loan disbursements were equivalent to USD 4.5 million resulting in a 45 % utilization of the USD 10 million guarantee limit. During the period January-August 2022, no new loans were placed under guarantee. By June 2022, some loans had been fully or partly repaid, resulting in a remaining outstanding balance of approximately USD 3 million¹⁷.

¹⁷ The USD amounts shown here and in subsequent tables are calculated using the ETB exchange rate from the time the loans were disbursed. As the ETB has generally depreciated against the USD during recent years, the current USD value of outstanding ETB loan balances would be lower than the USD 3 million quoted here.

Borrower Sectors

Table 3. Guaranteed loans by the business sector of the borrowers

Sector	# Loans	Cumulative Disbursements (ETB)	Cumulative Disbursements (USD)	% of USD
Agriculture	6	10,950,000	390,796	9%
Manufacturing	16	110,557,440	3,159,016	70%
Trade/ commerce	3	34,300,000	831,327	18%
Other services	2	4,200,000	132,075	3%
Total	27	160,007,440	4,513,214	100%

Source: DFC Credit Management System report as of December 2021.

Note: Disbursements in ETB are converted to USD using the exchange rate at the time of disbursement.

Table 3 shows the distribution of guaranteed loans according to the sector of the borrower. Sixteen loans to manufacturers amounted to 70% of all disbursements.

Geographic Distribution

Table 4. Guaranteed loans by the city of the borrower/branch location

City	# Loans	Cumulative Disbursements (ETB)	Cumulative Disbursements (USD)	% of USD
Addis Ababa	16	113,440,000	2,981,706	66%
Bahirdar	4	19,700,000	586,240	13%
Fiche	1	500,000	14,294	0%
Gonder	1	900,000	31,142	1%
Holeta-Welmera	2	21,717,440	776,884	17%
Mekele	1	3,000,000	103,806	2%
Wukero	2	750,000	19,142	0%
Total	27	160,007,440	4,513,214	100%

Source: DFC Credit Management System report as of December 2021.

Note: Disbursements in ETB are converted to USD using the exchange rate at the time of disbursement.

Table 4 shows that guaranteed lending was highly concentrated in just three regions. Borrowers in the Addis Ababa region received two-thirds of the guaranteed loan amounts. Outside Addis, 13% of the loan amounts were to borrowers in Amhara Region (Bahir Dar) and 17% in Oromia Region (Holeta).

Loan Sizes

Table 5. Guaranteed loans by the size of the loan in USD equivalents

Size (USD)	# Loans	Cumulative Disbursements (ETB)	Cumulative Disbursements (USD)	% of USD	Average size (USD)
Less than 50,000	8	7,150,000	220,816	5%	27,602
50,000 - 99,999	3	7,500,000	227,939	5%	75,980
100,000 - 199,999	7	30,340,000	866,702	19%	123,815
200,000 - 399,999	6	59,050,000	1,631,352	36%	271,892
400,000 or more	3	55,967,440	1,566,406	35%	522,135
Total	27	160,007,440	4,513,214	100%	167,156

Source: DFC Credit Management System report as of December 2021.

Note: Disbursements in ETB are converted to USD using the exchange rate at the time of disbursement

The guarantee agreement did not restrict the sizes of loans under guarantee, except there was a maximum guaranteed amount per borrower, equivalent to USD 2 million per borrower. Table 4 shows that loan sizes varied widely. There were a few loans of less than USD 50,000, but more than half of all loans were larger than USD 100,000 and amounted to 90% of all disbursements. The average loan size was about USD 167,000. These amounts are consistent, with most of the borrowers being medium-sized businesses.

Loan Tenors

Table 6. Guaranteed loans by tenor

Tenor (months)	# Loans	Cumulative Disbursements (ETB)	Cumulative Disbursements (USD)	% of USD
12 - 36	10	42,350,000	1,105,521	24%
37 - 60	11	65,940,000	1,661,991	37%
61 +	6	51,717,440	1,745,701	39%
Total	27	160,007,440	4,513,214	100%

Source: DFC Credit Management System report as of December 2021.

Note: Disbursements in ETB converted to USD using the exchange rate at the time of disbursement.

Table 6 shows that the tenors of the guaranteed loans varied from 12 months to more than 5 years. A single loan was given for a tenor of 10 years. The average tenor was 50

months, which is fairly long given that most loans were provided for working capital purposes.

Collateral Cover

Table 7. Guaranteed loans by the degree of collateral cover

Collateral value/ loan amount	# Loans	Cumulative Disbursements (ETB)	Cumulative Disbursements (USD)	% of USD
0 - 30 pct	3	18,807,440	582,533	13%
31 - 50 pct	1	30,000,000	686,640	15%
51 - 60 pct	11	60,100,000	1,762,176	39%
61 - 70 pct	7	47,350,000	1,340,204	30%
71 - 100 pct	1	500,000	14,294	0%
More than 100 pct	4	3,250,000	127,367	3%
Total	27	160,007,440	4,513,214	100%

Median collateral cover (unweighted): 57%

Source: DFC Credit Management System report as of December 2021.

Note: Disbursements in ETB are converted to USD using the exchange rate at the time of disbursement.

The collateral reported by Enat Bank for the guaranteed loans is shown in Table 7. There were a few loans with a collateral value of 50% or less of the loan amount. 97% of all loans had a collateral cover of 70% or less, and the median collateral cover was 57% of the loan amount. Enat Bank executives explained to the evaluators that the Bank's normal requirement is collateral worth at least 85% of the loan amount for SME loans. However, exceptions are made for certain creditworthy borrowers. For loans placed under the guarantee, executives said the Bank normally requires collateral worth 50% of the loan amount. The distribution in Table 7 is consistent with the general easing of the Bank's normal collateral requirements.

First-Time Borrowers

Table 8. Guaranteed loans by borrower status

Status	# Loans	Cumulative Disbursements (ETB)	Cumulative Disbursements (USD)	% of USD
First time borrower	22	140,557,440	3,892,459	86%
Other	5	19,450,000	620,755	14%
Total	27	160,007,440	4,513,214	100%

Table 8 shows that 22 of the loans and 86% of the loan amounts went to “first time borrowers”, i.e., enterprises that had not previously borrowed from Enat Bank. This is consistent with information obtained in interviews with borrowers and bank staff – most of these borrowers may have been attracted to Enat Bank because of its lower collateral requirement. The issue of collateral value seems to be connected most to industry standards for the sector or client type in this case SME’s and secondly, the relationship that the Bank has with the client. So, in those cases where lower to no collateral was required, this was usually linked to the Bank’s relationship and knowledge of the clients’ business and profit-making capacity. Banks are also in the process of developing collateral-free lending products as well; however, these usually products are usually geared toward microenterprises and businesses and are not for substantial loan values

NBE declares banks to accept movable assets/property as collateral to address access to finance challenges faced by individuals, persons in the agriculture sector, and Micro, Small, and Medium Enterprises (MSMEs) due to heavy collateral requirements by banks. Businesses in Ethiopia have always found it difficult to access credit, especially if they couldn’t provide immovable property as collateral. And As of July 1, 2020, Ethiopian banks shall commence allocating at least 5% of their credit disbursement to businesses that offer movable property as collateral. The National Bank of Ethiopia has launched a collateral registry to operationalize access to credit against movable collateral.

In the following, where we present the specific findings to the effectiveness sub-questions, we present sub-question b) first, as this provides a good overview of the overall findings.

a) To what extent has the intervention achieved, or is expected to achieve, its objectives and its results?

The objectives of the intervention are the following:

- 10.000.000 USD new loans
- Number of employees hired increased by 500
- Household income increased by 75%
- Profitability increased by 75%
- Total investment increased by 50%
- Additional finance received increased by 50%

At the outset, a monitoring plan for the intervention was drafted by USAID in close discussion with Sida¹⁸. As mentioned previously, the utilization rate of the loan guarantee as of December 2021 is 45% out of the 10M USD. The absorption rate started very slow and has picked up, but this is clearly considerably less than expected, and as a result, the LGF has been extended until 2027. Some of the explanations for this underachievement will be elaborated as part of sub-questions a) and c).

¹⁸ Sida Guarantee Enat Bank – Guarantee Part – Appraisal of Intervention, final, July 2016

The Embassy's latest Conclusion on the Performance¹⁹ of the facility indicated that 1,000 jobs have been created through this lending through 2021, of which about 40% were jobs for women. The evaluators have been unable to discover how this information was obtained. None of the reports indicate how employment at the borrower enterprises were monitored, and the interviewed bank staff did not provide this information. So, while several borrowers reported that the guaranteed loans helped them increase employment, the reliability of this estimate of the overall employment results of the guarantee is considered uncertain. Even when actual employment changes, attribution to the guarantee is difficult as some borrowers obtained financing from other sources during the same period.

For the proposed results indicators regarding household income (or enterprise revenues), profitability and increases in investments there appears to have been no data collected from the borrower enterprises (except perhaps assets and revenues at the time of loan application), so there are no results to report. Some branches (e.g., Sengatera and Mexico Branch located in Addis) conduct visits to the borrowers, but there is no systematic gathering of their observations. The difficulty of obtaining reliable data on results regarding employment and other changes at the borrower level is common to develop interventions that involve financial institutions, which do not gather these types of data as part of their normal operations. This is an area where Enat Bank may have to make additional efforts if any borrower results are to be documented in the future.

For the indicator "Additional finance received increased by 50%", the original intent was that 50% of the guaranteed loan recipients would subsequently obtain additional finance on commercial terms, a sign of improved access. A few interviews indicated that borrowers can also access other sources of financing. Still, the evaluation was not able to document improved access to additional financing as a result of the guaranteed loans. The evaluators estimate that, given a fixed amount of available collateral, the guarantee did allow the typical borrower to obtain a loan 50% larger than otherwise because of the Bank's reduced collateral requirement (see also Table 7 on the collateral cover).

b) To what extent is the guarantee achieving improvements in lending terms, and how does that compare to financial institutions not under a loan guarantee facility?

The guarantee has allowed Enat Bank to ease its normal collateral requirements for SME borrowers within the target group, and the 27 guaranteed loans have average collateral cover well below the Bank's typical 85% requirement (see Table 7). For these borrowers, the guarantee allowed them to borrow greater amounts (about 50% more, in the view of the evaluators) than otherwise, given their available collateral. The

¹⁹ Embassy of Sweden, Guarantee Enat Bank (2016-23), Conclusion on Performance, dated March 2022

reduction in collateral requirements is less than Sida had expected initially²⁰ but still meaningful for many borrowers.

Enat Bank decided to pass the cost of the guarantee facility on to the borrowers, reportedly in the form of origination fees of 1.5% (based on the amount of each disbursed loan) and utilization fees of 0.75% p.a. (based on outstanding loan balances). These fees were explained to borrowers as additional charges for the low-collateral loans and paid by the borrowers. For a typical guaranteed loan, the increased cost of fees to the borrower would be equivalent to an increase in the interest rate of 1% to 1.5% p.a.

The evaluators saw no evidence that the experience with the guarantee facility has caused Enat Bank to change its general lending terms for women-led SME borrowers. One recent change, which the guarantee facility may have inspired, is the bank's introduction of special deposit accounts that can serve as cash collateral for small loans to other bank customers (women microentrepreneurs with insufficient collateral). The bank is encouraging its customers and shareholders to contribute funds to such individual or pooled special-purpose accounts.

Many financial institutions in Ethiopia offer comparable conventional loans and loans under a loan guarantee facility supported by donors in line with the products offered by Enat Bank. The ET has consulted 4 other banks and 7 Enat Bank branch managers. While Enat Bank definitely has a female-friendly brand and the LGF specifically targeted towards women-led businesses, other products offer access to finance for similar target groups. As an example, Oromia International Bank has a specific loan product for women in the agricultural sector, using a 50% risk-sharing portfolio guarantee from USAID/DFC. Oromia reportedly pays somewhat lower fees for its facility (0.5% origination fee and 0.5% p.a. utilization fee) and does not pass these fees on to the borrowers. Other donors and international institutions, such as the European Investment Bank, are also engaged in support for lending to microenterprises and SMEs, but not on directly comparable terms²¹.

The fact that most of the guaranteed Enat Bank loan recipients were “first-time borrowers” (see Table 8 above) is consistent with these enterprises having been attracted to Enat Bank because of its lower collateral requirements. Interviews with bank staff and several borrowers confirmed that many such borrowers asked for a guaranteed loan. They were willing to pay the related fees because it allowed them to borrow larger amounts than they could have obtained from other lenders. One borrower stated this in an interview and continued:

²⁰ Sida originally expected that the collateral requirement would be reduced from about 70% of the loan value to about 20% with the guarantee. Sida Guarantee Enat Bank – Guarantee Part, Appraisal of Intervention, final July 2016, p. 4.

²¹ In the case of EIB, loan funds are disbursed through the Ministry of Finance and the Development Bank of Ethiopia to microfinance institutions and banks, reportedly with quick absorption, thanks in part to incentives, and apparently a poor repayment history.

“Because of the loan we can hire more women. It will grow our confidence. This loan helps; otherwise, it would maybe have been a smaller operation for us.”

This statement suggests that the LGF has the potential to improve access to finance and that there are examples of positive contributions to female employment.

As already mentioned, the LGF is offering easier access to finance for businesses as a result of the reduced collateral requirements. The businesses that LGF benefits are somewhat narrow, as they must satisfy Enat Bank’s general credit criteria, the 50% collateral requirement (in most cases), and pay the related fees, which will be discussed further under sub-question c). Some potential beneficiaries appear able to access comparable and cheaper products from other banks.

c) What factors have facilitated and hindered the loan guarantee facility achievements?

The main facilitator for the successful loan guarantee achievements is the positive relationship between the branches and their customers and the management’s awareness and interest in promoting the LGF. The interviews showed that some branch managers (e.g., Mexico Branch) are eager to promote the facility and see the relevance and potential benefits for their clients. Other branches are less proactive and see the guarantee as an alternative to existing products.

A number of external factors have affected the limited utilization of the facility so far:

- Liquidity shortages: The Ethiopian banking sector has suffered from frequent liquidity shortages, which limited the amounts of new loans private banks could make in any period. Over the past decade, a central bank directive required private banks to invest 27% of their outstanding loans and advances in low-yielding NBE bonds. This mechanism was intended to channel private sector funds into activities considered important for the national development objectives and limited the funds available for any other lending. Only in 2021 was the requirement eased to 10%. To mitigate Enat Bank’s liquidity shortages, it has reportedly obtained loans from the DBE and the NBE in recent years.
- The economic impact of the COVID-19 pandemic, which reduced demand in several sectors during 2020-21, and the civil unrest and law enforcement actions added uncertainty to many business decisions.
- Periodic policy shifts in NBE guidance or restrictions on private sector lending related to national development priorities and the country’s foreign exchange shortages, such as:
 - A cap on bank lending to enterprises outside export-related sectors was imposed shortly after introducing the guarantee facility.
 - Recently there have been additional restrictions in 2022 on credit, except to finance certain motor vehicles, imports, and edible oil production.

The utilization has also been affected by factors internal to Enat Bank:

Financial costs are one of the key specific factors limiting the LGF's achievements. The interviews with the bank branches and the borrowers showed that guaranteed loans are, in many cases, considered less attractive than conventional loans. A conventional loan would typically require 85% collateral but with lower fees, making this loan more attractive if the borrower is creditworthy and able to raise the required collateral. The guaranteed loans carry additional fees, which are perceived to be expensive; several other banks that use guarantee facilities do not pass the fees on to borrowers. According to DFC, the fees are risk-based and based on a standardized assessment of the risks associated with a particular bank and its lending.

Furthermore, some branches indicate that they would typically start by suggesting a conventional loan for a potential borrower as this is seen as easier to process and with the same profit for the bank. It also shows that the branch manager and staff are key in promoting the facility.

According to one of the branch managers, they have had to decline 15 borrowers due to the 50% collateral requirement, which suggests that additional borrowers could benefit from the guarantee facility if the bank's collateral requirement were to be lowered. Additionally, there are legal requirements to be met and barriers to be overcome by women specifically (e.g., permission from the husband/family), which makes the target group relatively narrow.

There is also the issue of accessibility of the branches. While Enat Bank now has more than 100 branches, they are still not represented in all regions in Ethiopia, and the portfolio analysis shows that the borrowers are concentrated in the larger cities, with Addis Ababa-based borrowers accounting for more than half (16 out of 27 or 59%) of the loans.

d) Has the intervention led to unintended positive or negative results? If so, how and why?

The LGF was intended to fill an identified gap in both smaller and medium-sized women-led businesses in Ethiopia. In Sida's appraisal from 2016, it was expected that typical recipients of the guaranteed loans would be enterprises with little prior experience with the formal financial system²². At this point, however, the LGF has mostly been relevant for the medium-sized or bigger businesses that can meet the requirements and to whom it is appealing to provide less collateral than what is required as part of the conventional loans. In that sense, the LGF has mainly benefited creditworthy medium-sized enterprises, leaving the smaller businesses behind. This challenge was strengthened by external factors such as the conflict in Northern Ethiopia and Covid.

The ET has learned of a few cases where the borrowers have misunderstood (deliberately or not) the nature of the LGF and considered the loan as a grant rather than a loan. This is a risk when the donors are mentioned in connection with the guarantee and where the requirements and conditions differ (e.g., GIZ had a grant mechanism available for the same target group). Still, the evaluation finds that Enat

²² Sida Guarantee Enat Bank – Guarantee Part, Appraisal of Intervention, July 2016, p. 4.

Bank has taken a conscious and open approach to explain the elements of the guarantee. It would be difficult and potentially counter-productive to cover the donor involvement in the guarantee. Good guidance to the bank's front-line staff about how to market and position these lower-collateral loans to potential borrowers may be critical to reaching a higher degree of utilization in the future.

e) *Was the technical assistance support to the partners reliable, adequate, and targeted? If not, how could this be modelled even better to meet the needs of the beneficiaries?*

Sida's original Appraisal from 2016 expected that the guarantee facility would be accompanied by technical assistance to Enat Bank and to women-led enterprises. The purpose of the TA to the bank would be to make its staff more comfortable lending to the target group, and the TA for women entrepreneurs would aim at helping them improve their business skills and become more bankable. The technical assistance component was provided through the International Finance Corporation (IFC), paid from the multilateral MDI Access to Finance Trust Fund with a contribution from Sida and a 10% co-payment from Enat Bank.

Sida reported²³ that IFC began implementing the TA in 2018 with training for the staff of 20 branches, including the managers, regarding the use of the guarantee for previously unrecognized clients. A number of branch managers were certified to conduct capacity-building training for female clients, and by late 2019 a number of client trainings had been completed. Training activities were said to be instrumental in increasing the utilization of the facility and were expected to continue beyond 2019, but the evaluators have not been able to locate any additional information about the TA.

In recent interviews with the evaluators, both branch managers and borrowers were generally unaware of the availability of any technical assistance component, though many of them welcome the possibility of growing their capabilities, in particular in relation to entrepreneurship. The need for technical assistance in business planning has been raised as key issue for the borrowers to grow further.

This suggests that there is not a lot of effort being made to utilize technical assistance support by the program as the level of awareness is limited. The availability and awareness of the T.A. component could make the LGF more attractive if the borrowers were aware that the loan could be supplemented with technical and capacity development support. In that sense, the underutilization of the T.A. component is a missed opportunity for the program.

In connection to the above, it has been difficult for the ET to assess the actual quality of the T.A. as the respondents had little experience to share. It is therefore suggested that the program conducts a needs assessment among the existing borrowers in collaboration with the Enat Bank branches to look ahead, identify the specific needs, and raise awareness of available T.A.

²³ Embassy of Sweden, Guarantee Enat Bank (2016-2023), Conclusion on Performance, draft December 2019

3.4 EFFICIENCY

1. Are there opportunities to improve program oversight and efficiency through expanded partnerships and collaborations?

As will be highlighted throughout this report and already cited in the relevance and gender findings sections, there are many opportunities for the Enat Bank LGF to be improved through expansion and collaboration. As stated, the LGF approach aimed at economic development or humanitarian response would benefit from coupling the LGF with targeted technical assistance and capacity-building programming. In this section, we will explore the collaboration between USAID, EB, and Sida and the innovative financing mapping data collected during the evaluation to provide an indicative overview of the potential collaborations and partnerships Sida as it relates to LGF and innovative financing. Potential partners for future collaborations include:

- Financial institutions like microfinance Institutions and banks with strong corporate social responsibility philosophies, like Enat, Oramia and Awash Banks, would be ideal partners. These actors are more likely to be willing to experiment and extend new products to traditionally underserved groups targeted by Sida. Essentially there are a number of banks that could be considered in addition to Enat, but this would require further dialogue between Sida reps and the banks to determine the terms of conditions of an eventual partnership²⁴. The backdrop of covid, ongoing conflict, NBE policies, and liquidity challenges heavily influenced the LGF performance; therefore, re-designing the LGF to consider these factors will be the best way forward.
- Civil Society organizations and multilaterals like, IFC, UNWOMEN, Mercy Corps, and Danish Refugee Council for work with vulnerable groups. These agencies are invested in programming for Sida target groups and have resources or experience that could be beneficial or already working with Sida on existing or past programming.
- The Government of Ethiopia is an excellent potential partner; they are already working in this area and would be well placed to collaborate on economic development and humanitarian response programming. Particular attention for collaboration should be paid to the regional and woreda levels where Sida's target communities would be located.

²⁴ Awash Bank could be a good fit for Sida given their experience financing MFIs: 1. Working with SMEs direct lending during COVID-19 support to maintain their business with Mastercard guarantee, pay rent, and staff salary. Mastercard deposited 8.5 million USD and used it as a 50% guarantee. Awash Bank is still lending and about to finish. 2. In collaboration with BRIDGES Program, Mastercard foundation, funded and managed by First Consult, the bank is working with 9 MFIs to reach more MSMEs. Enat Bank is still a relevant partner b/c they have experience financing MFIs. They are partnering with PEACE MFI and ESHET MFI to reach the low-income group and women. During our discussion, Enat Bank reached about 900 borrowers through MFIs. They are introducing "Enat Gebeta" which has different financial products for women. These include: 1. "Enat Lerasie" savings for herself to access loans. 2. "Enat Enderasie" savings for other women to access loan 3. "Enat Agajie" for collateral purposes and 4. "Enat Sitota" a gift account.

Below the ET explores the existing program implementation arrangements and mapping of innovative financing in Ethiopia.

a) To what extent is the collaboration between SIDA and USAID through the DFC working, and is there any way to improve impact and efficiency?

A tri-party agreement will be signed between Sida (guarantor), USAID (guarantor), and Enat bank (guarantee beneficiary). The agreement inter alia stipulates which borrowers and loans qualify for guarantee coverage, the general terms, and conditions of the guarantee, claim procedures, how loans are to be reported etc. A description of the setup of the guarantee, named "Guarantee setup Enat bank" has been added to save documents and attached to the memo. More info can also be found in the guarantee section of the appraisal. USAID acts as agent for the guarantee facility on behalf of the guarantors (Sida, USAID), meaning that USAID takes lead on market and risk assessments, has the main responsibility for M&E, is the main contact point for Enat, assesses whether loans are eligible for coverage and the contact point for handling of claims. Enat reports to USAID on guarantee utilization through USAID's online Credit Management System (CMS). USAID reports to Sida, which is co-guarantor in the agreement. USAID is bound through the agreement to report on utilization, financials, potential claims, and results etc to Sida. A so-called side-letter to the agreement regulates the working relationship between Sida and USAID²⁵.

The collaboration between USAID and Sida appears to be successful, with little to no complaints mentioned by stakeholders. The quote above highlights the standards and parameters of the collaboration between USAID, Enat Bank, and Sida. USAID provides the infrastructure and administrative leadership through the DFC to implement the EB LGF, Enat Bank serves as the sole and unique implementing partner, and Sida provides 35% percent of the 50% liability for all guarantees. This partnership, as it relates to the EB LGF implementation, has been executed relatively seamlessly with very few administrative problems. The LGF, as designed in the contracting documents, was executed within strict guidelines outlined in the document. The only notable adjustment to the EB LGF agreement was linked to the changes in eligibility requirements, which included SMEs that were not women-owned but had women-dominant management or workforces.

The only weakness in the execution of collaboration was linked to the lack of interaction between the donors and staff of the implementing partner, particularly USAID. Enat Bank Staff and borrowers shared that there was limited to no interaction with USAID and Sida, including the lack of formal feedback or complaint mechanisms for borrowers²⁶. Most staff stated they had limited to no interaction with USAID outside of the launch of the facility; this does not include the LGF administrators at Enat Bank, who acknowledge regular communication as it relates to quarterly LGF reporting to DFC.

²⁵ Sida (2016), "Guarantee Enat Bank -Guarantee part: Appraisal of Intervention, final", PDF

²⁶ No direct quotes or references to interviews are made in order to protect the identity of interviewees.

Communication with borrowers is almost non-existent, with seemingly no direct communication line between borrowers and donors (USAID or Sida). Interestingly the need for direct feedback was highlighted in the 2020 assessment, where the author wrote:

DCA should also actively encourage surveys of borrowers that would collect baseline data about their business and follow-up in order to collect impact-level data on variables such as changes in business and family income following access to finance. Partner banks should offer such baseline information about their clients, and USAID implementing partners should follow up between one and three years after loan disbursement with a brief survey²⁷.

This recommendation goes beyond a formal complaint mechanism to push USAID and Sida to solicit data directly from borrowers regarding their businesses and revenues better to understand the program's true impact on borrowers. Given the weaknesses in the current M&E system for the LGF, as it relates to unverifiable data regarding SMEs' job creation and revenues, this would markedly improve the ability of the donors better to understand the true impact of the program on borrowers. The evaluation team would recommend that the survey include questions regarding their technical assistance and capacity-building needs. This would help inform any future program design by providing data directly from borrowers regarding how the program's positive impact on their well-being and SMEs' performance can be maximized and improved.

In addition, the lack of communication, capacity building, and engagement between USAID and Enat Bank staff and borrowers presents a missed opportunity for capacity building or highlighting opportunities to improve the LGF design, implementation, or impact. More engagement with EB staff and borrowers would have provided an exchange about their perceived need for increased training and awareness-raising materials to support the LGF implementation. It would also empower Enat Bank, USAID, and Sida with more accurate data regarding how the program is truly affecting the performance of participating SMEs as it relates to revenues and job creation.

b) Provide a mapping of other access to finance, /loan guarantee, etc., programs currently active in Ethiopia (include information on location, sponsor, funding, activity, etc.) & Which partners/ financial institutions are suitable for potential partnerships within guarantee/innovative financing projects in Ethiopia? Specifically focusing on Internally Displaced Persons (IDPs)

See Annex 6 for the indicative detailed mapping of innovative financing in Ethiopia

During the fieldwork and data collection process, the evaluation team met with over 14 organizations and conducted web-based research on a number of agencies involved with innovative financing. The meetings and document research included financial institutions (banks and microfinance institutions, civil society groups (domestic and international), GoE agencies, and bilateral/multilateral donor agencies to better

²⁷ EMBASSY OF SWEDEN (2020-06-08), Guarantee Enat Bank (2016-2023): Conclusion on Performance - Assessment of performance, Ethiopia, PDF

understand the types of ongoing and emerging innovative financing and loan guarantee programming ongoing in Ethiopia. This work led to the detailed indicative mapping presented in Annex 6. What we found is that this is a highly active sector in Ethiopia with a diverse range of programming that extends from loan guarantee facilities to training and mentorship for SMEs. Here we will provide an overview of the types of programming that exist as a vehicle to illustrate a way to support Sida's reflection about potential partnerships and collaborations.

Loan guarantee facilities several loan guarantee facilities are being executed in Ethiopia with varying levels of geographic coverage and differing parameters outside of the DFC. A mix of donors and government agencies implements these facilities. One key variation from the DFC approach is the cash-based guarantee; Mastercard foundation's Covid recovery loan guarantee facility is an example of this. The program has approximately USD 24.8 million from the Mastercard Foundation COVID-19 Recovery and Resilience Program; it seeks to support MSEs to remain solvent, retains their employees, and create increasingly innovative work opportunities in the wake of COVID-19. The program injects 24 million dollars in cash to fund their LGF program with a 50% guarantee in collaboration with AWASH or Dashin, the implementing partners. The loans were 50K Bir to 200k Bir, the scheme's limits. This was to help SMEs to continue their business activities despite the challenges caused by the Pandemic. The program seeks to support 24000 enterprises and has been extended ²⁸.

Moreover, Mastercard is working with GoE and First Consult to develop a GoE-managed national LGF that will employ a basket fund approach that invites multiple donors to support the proposed LGF that would be ongoing and provide nationwide coverage geographically. The ongoing Mastercard LGF and the emerging "Basket Fund" LGF align with the Mastercard Youth Africa Works program, which works across over 7 countries to promote decent work and entrepreneurship for African youth. If successful, the GoE-managed Basket Fund" model presents a potential opportunity for Sida to collaborate through financing and/or complementary programming to support borrowers with technical support and capacity building in the value chain and financial competency to ensure the sustainability of the emerging program²⁹.

The clearest example of technical support and capacity building to Financial Institutions is the work that Mercy Corps, funded by USAID, did with Somali microfinance (now Shabelle Bank). Mercy Corp's work with Somali Microfinance started in 2009 with Somalia microfinance institutions where they worked on access to finance, now they have become Shabelle bank; the aim was to target pastoralists

²⁸ Interview civil society rep, 9/22/22 & <https://mastercardfdn.org/the-mastercard-foundation-mses-resilience-facility-to-support-businesses-in-ethiopia-affected-by-covid-19/>.

²⁹ Shabelle Bank is working on youth job creation with the regional Somali government, 100 million Bir for job creation. They create business with youth that have graduated from vocational schools by giving them training and work with them to develop a business plan and the best business plan receives a loan. They apply for the loan, and they have to be between 18-35, they must provide 10% compulsory savings in order to be eligible for a loan from 50k to 1 million Bir. We can provide up to 1 million. We want to reach as many people as possible We can give more in special cases. They must ensure that they repay the loans, they have people come to co-signatories for the loan as collateral like a personal guarantee. Sometime the government will even ask as guarantee. Many people feel like is a grant, so We had to put pressure for them to repay.

because access to formal banking was limited due to location and there was a religious issue as many are Muslims. Shabelle Bank is now the first sharia-compliant finance institution in Ethiopia. Formerly Somali MFI, also opened more branches in previously unserved areas among the Pastoralist and Mercy Corps beneficiaries. The program also funded an exposure visit to the middle east and the UK for the Ethiopian National bank and Somali MFI. The program eventually introduced the digital financial service HelloCash in 2015 (created by BelleCash) to the target beneficiaries in the Somali region; through USAID funding called PRIME they launched the first Mobile banking with Somali MFI. BelleCASH was focused on Addis, and they helped expand to rural high-elevation areas where their beneficiaries are located. As a result, now 80% of their customers are in the Somali region; the daily value of the transaction is around billions in BIR just for the Somali Region, which is even more than Addis³⁰. The program also supported the National Bank of Ethiopia (NBE) to help them develop sharia-compliant products and banking. Mercy Corps is also working with the Ethiopian national Bank conducting advocacy for the changes. This approach to protracted support for banks to develop the capacity of financial institutions to expand their ability to serve underserved communities is a model that Sida can employ to help financial institutions to develop the competencies and products required to serve the beneficiaries and program participants in target areas. Success would require a well-coordinated long-term approach with a shared vision and objectives. However, the model set forth by USAID, Shabelle Bank (formerly Somali MFI), and Mercy Corps illustrate what is possible with appropriate funding, planning, vision, and collaboration.

Multi-pronged programming for borrowers and potential borrowers that includes training and technical support; a clear example of this was shared by Shebelle Bank. They are working on youth job creation with the Somali regional government, and 100 million Bir for job creation. With the support, Shabelle Bank is working with youth to create jobs and entrepreneurship opportunities. The program works with youth that have graduated from vocational schools by giving them training and supporting them to develop a business plan. The best business plan receives a loan. They apply for the loan, and they must be between 18-35; they must provide 10% compulsory savings to be eligible for a loan from 50k to 1 million Bir. The program can give more in exceptional cases. To ensure the loan is repaid, applicants must bring co-signatories for the loan as collateral, like a personal guarantee; in some cases, the government will even act as a guarantor³¹. A key element missing from the LGF is extensive training and technical support for business development, value chain/sector-specific, and business formalization, similar to the USAID Ethiopia Value Chain Activity program. VCA provides comprehensive technical support for beneficiaries and eligibility to apply for financing through the DFC loan guarantee facility. Given the interest of Sida to begin working with refugees/returnees, IDPs, and conflict-affected communities, this approach to combining training and capacity building with loan eligibility is a great way to reach communities and individuals that require some

³⁰ Interview Bank representative, 9/28/22.

³¹ Interview Bank representative, 9/28/22.

level of humanitarian support due to the instability and challenges presented by their civil or socioeconomic circumstances. In cases where they are not qualified for existing financing products, this approach would position these beneficiaries to have the competence and capacity to develop an entrepreneurship opportunity and, if successful, access financing. This approach could also be organized in collaboration with GoE representatives in the target regions, allowing for increased integration and shared coordination and responsibility between a set of tripartite actors.

Group loans or group liability loans is an approach employed by Microfinance institutions and banks with corporate social responsibility components like Enat Bank in Ethiopia to give loans to poor people on a “group liability” basis to overcome barriers to accessing finance due to their lack of collateral. Under this approach, every member of the signatory group is liable for those who may fail to repay. The main aim of this approach to lending is to diminish the risk associated with lending to high-risk communities, including women, refugees/returnees, IDPs, and communities in conflict situations that typically do not have access to the collateral required to access financing through formal banking institutions. This is an approach to lending that Sida could support as part of programming to reach vulnerable groups and expand access to finance to vulnerable groups (i.e., IDPs) that lack collateral to participate in formal lending programs.

Revolving funds, Start-up- grants, and Innovation Funds are essentially programs through application or competition that allow participants to access financing, whether loan or grant, to fund their business activities or launch their business. We have grouped these together because the approach provides access to financing, which can be a loan or grant to extend or launch a business. One clear example of this was the Ethiopian Youth Revolving Fund (YRF). The GoE introduced the fund in 2017, the revolving youth fund was part of the national budget until 2019/20. It was initiated with a 10-billion-birr budget and later received an additional five-billion-birr budget. However, the program is largely viewed as a disappointment due to the failure of beneficiaries to repay the loans, viewing the funds as a gift or grant. It is also worth noting that the Mastercard Foundation LGF is viewed as a revolving fund because as long as resources remain, the participating banking institutions will continue to grant loans to borrowers under the terms established in collaboration with Mastercard Foundation³².

c) *What opportunities/barriers do the lenders in the Ethiopian financial market (Banks, MFIs, etc.) see in reaching poorer and more rural demographics, internally displaced persons, etc.?*

The main challenge is bridging the gap between women, refugees/returnees, and conflict-affected communities that tend to be concentrated in the informal sector and support their sustainable integration into the formal sphere, including Banking and access to finance.

³² “It is a revolving fund of a 5-year program that it should be recirculating within the Bank; the idea is to give the banks incentive to serve these underserved populations. There is no origination or utilization fee. The Bank may charge a small application fee.” Interview Civil Society representative, 9/22/22.

The Ethiopian financial institutions face several barriers that contribute to a low level of financial inclusion, including heavy public sector financing, socioeconomic and demographic characteristics, such as financial education and capability, an inadequate supply of services and access points, and issues related to documenting the identity of customers (Know Your Customer requirements).

Recent government policy changes regarding the introduction of digital financial services and a National Digital ID are creating opportunities for banks and microfinance institutions to overcome some of the barriers:

The planned rollout of a National Digital ID, with plans to enroll more than 70 million residents by 2025, will reduce financial institutions' difficulties in identifying current and potential customers. The intention is to include undocumented residents. To the extent the program provides National IDs to internally displaced persons, it will ease one barrier to offering them financial accounts. Some banks already offer savings accounts to residents without an ID, but those customers are generally not offered any credit. There is a precedent for the population of registered refugees in Ethiopia: Using the identity cards provided by the UNHCR, one institution (Shabelle Bank) is already offering savings and transactions accounts to refugees from Somali and Kenya and piloting the provision of small loans to them.

The introduction of digital financial services, and especially the government's licensing of several mobile money providers, will make it easier for rural populations to access financial services, as they will be less dependent on travel to distant bank branches. The state monopoly Ethio-Telecom launched its mobile financial service Telebirr in 2021 and reportedly already has a subscriber base of about 25 million. This service can be expected to increase financial access in rural areas in conjunction with a network of agents, merchants, and links allowing subscribers to transfer funds to and from bank accounts. There are already several other mobile money providers (Hello Cash, CBE Birr), and Safaricom has recently obtained a mobile money permit. The Ethiopian banks are aware of the opportunities mobile banking offers them. Several interviewed banks confirmed that they have their own digital banking strategies and are establishing agent networks to provide services away from their bank branches. Internally displaced populations have been considered too unstable for the banks to service them, but this could change with a mobile channel. While the services offered may initially only include savings and transaction accounts, there could be important benefits for IDPs, refugees, and returnees who can receive remittances, make transfers to relatives, obtain cash, and make payments to local merchants. Eventually, lenders will likely add credit offers to customers based on their transaction histories. Telebirr already offers small but expensive loans to its subscribers. Several institutions (Enat Bank, Awash Bank, Shabelle Bank, and Peace Microfinance) expressed an interest in working with refugees and IDPs in collaboration with Sida. As these populations are new customer segments for financial institutions, support for research on their characteristics and financial service needs could be a helpful first step.

The NBE recently agreed that movable assets (cars, livestock, inventories, including crops) could be used as collateral. This has opened new opportunities for lending, including lending to agricultural producers and value chains. This may allow seasonal loans to farm enterprises based on the value of their crops, stored in warehouses managed by government-certified collateral managers. Several banks would like to expand such secured lending, but it requires new skills in assessing asset values and risks, so this is an area where technical assistance may help accelerate their learning process.

Furthermore, the humanitarian context surrounding refugees, returnees, and conflict-affected communities may require integrated programming that provides relief and support for these groups to transition from their humanitarian situation to stable enough to permit them to take advantage of formal banking services.

3.5 SUSTAINABILITY

a) To what extent is the program sustainable and how can its impact be improved in future iterations?

The logic behind the program was to introduce a favourable loan guarantee facility targeting women-led businesses, which would improve their access to finance through a new modality that was not explicitly addressed by other products in the market.

The ambition was also to stimulate contact between the main project partner, Enat Bank, and enable potential borrowers to engage in a client/customer relationship with the bank that could extend beyond the LGF and establish a longer-term partnership for mutual benefits.

Additionally, the LGF would enable businesses to grow, generate new job opportunities, and sustainably increase economic activity.

The time span of the LGF was originally scheduled to end in 2023 but was extended until 2027, mainly because of the poor absorption rate, but also to allow for more lasting relationships between Enat Bank and new customers as well as giving more time for strengthening the businesses covered by the LGF.

Business conditions in Ethiopia have been difficult during the recent 5 years, affected by drought, the COVID-19 pandemic, and civil and armed conflict. Many borrowers were late in making loan payments, and most of the guaranteed loans have been rescheduled at least once (a few up to 3 times). Table 9 below illustrates the status as of June 2022. About one-third of the USD 4.5 million guaranteed loan amounts have been repaid. Of the 22 loans with principal still outstanding, 14 are current on payments (after rescheduling in some cases). The number of loans in clear default is only 5, representing less than 4% of all remaining outstanding balances and slightly higher than the 3% rate of non-performing loans in Enat Bank's total loan portfolio. This proportion is not considered excessive in a developing economy. The National Bank of Ethiopia reportedly considers default rates up to 5% acceptable. In August 2022 Enat

Bank classified 3 guaranteed loans in default as “doubtful” and two as “loss”, so the bank can be expected to recognize some losses and claim reimbursement from the guarantors in the near future.

Table 9. Guaranteed loans according to repayment status as of June 2022

Status	# Loans	Cumulative Disbursements (ETB)	Cumulative Disbursements (USD)	% of USD	Outstanding Balance (ETB)	Outstanding Balance (USD)
Repaid in full	5	13,500,000	469,036	10%	-	-
Current	14	125,057,440	3,470,829	77%	93,936,678	2,562,824
Late payments	3	16,000,000	391,884	9%	11,792,974	288,943
Defaulted	5	5,450,000	181,466	4%	3,925,868	127,255
Total	27	160,007,440	4,513,214	100%	109,655,521	2,979,021

Source: DFC Credit Management System report as of Dec 2021 and Enat Bank data on loans as of June 2022

Note: Disbursements/balances in ETB converted to USD using the exchange rate at time of disbursement

The performance of the guaranteed portfolio so far appears to be acceptable. It suggests that this form of guaranteed lending may be financially sustainable (affordable) to both the bank and this type of borrower.

It should be noted that most of the benefits of the intervention will end when the guarantee facility expires, or Enat Bank ceases to use it. The bank is unlikely to be able to continue making similar low-collateral loans without the guarantee. There are a few types of benefits that may possibly continue, though the evaluators found no hard evidence of them:

- Enat Bank management and staff may have learned from the experience with the guarantee and will be able to introduce improvements in products, marketing, and lending.
- At this early stage, the LGF has only managed to create limited sustainable client-customer relationships between Enat Bank and the borrowers under the guarantee. Still, there is a potential for these relationships to last and bring future benefits to both parties.
- Borrowers that made profitable use of the guaranteed loans may later be able to negotiate credit on more lenient terms (lower fees or collateral requirements) from Enat Bank or other lenders.

b) What additional knowledge/competencies would be needed by the intermediary to better serve currently unserved/underserved segments and productive use/income-generating activity?

As mentioned previously, the program has been impacted by external factors such as an exceedingly high inflation rate (26.8% in 2021³³ and above 30% in 2022³⁴) and constraints in the banks' liquidity. These factors have put further pressure on the attractiveness of the LGF and potentially limited the number of interested borrowers. Furthermore, the experiences have shown that the LGF has mainly been relevant for medium-sized or larger businesses. In practice, not applicable for smaller businesses due to the relatively prohibitive costs and collateral requirements.

The evaluation also points to the fact that there is competition among banks in Ethiopia. In the sense, the LGF has not been sufficiently competitive to attract a larger client base. The borrowers highlight the time and costs of acquiring a loan, and while this is true for other products in the market, there are additional challenges with LGF as already pointed out.

The interviews reveal that the technical assistance component has only been utilized to a limited extent. The branches can offer their assistance to regular clients (e.g., in how to formulate business plans). Still, they are generally unaware of the availability of any services attached to the LGF as provided by IFC. This is a challenge for the sustainability of the loans as it can be assumed that the likelihood for the businesses to be successful in a longer-term perspective would increase if they were offered tailored support. The data collection also shows that other banks and CSOs are offering these services (e.g., in financial literacy) and that they are in demand by the beneficiaries.

Another challenge and explanation regarding the limited absorption of the LGF funds relate to the product's composition. These products (not only the LGF) can be considered mostly supply-driven. There are limitations as to the number and presence of Enat Bank branches that would make it difficult for some clients to contact them physically. These challenges are illustrated in the below statement from a financial institution:

“The financial products that we provide to customers are not demand driven they are supply driven; we give them the option of what we have. The financial sector is not demand driven; the banks are creating their products and asking the clients which they prefer.”

The statement shows that the banking sector as such, including Sida, USAID, and other donor-supported guarantees, can better identify market needs by putting more emphasis on involving the end beneficiaries in designing the products.

The logistical constraints in serving more remote clients are illustrated in the same interview:

“Accessibility is challenging for the customers; they may travel 20-50 kilometres to get to a bank branch.”

³³ <https://www.worlddata.info/africa/ethiopia/inflation-rates.php>

³⁴ <https://tradingeconomics.com/ethiopia/inflation-cpi>

Enat Bank is continuing to expand and now has more than 100 branches, but there are still areas that are left uncovered, and Sida and USAID could consider how more remote areas could be reached, e.g., through digital solutions. This will be discussed further as part of the next sub-question.

c) *What are the key recommendations to be aware of in future innovative financing projects in Ethiopia?*

The current LGF has focused on an exclusive agreement with Enat Bank to provide loans that are guaranteed by Sida and USAID and, therefore, only require 50% collateral from the borrowers, which is below the normal collateral requirements in a typical conventional market loan.

As has already been discussed, there are different explanations as to why the funds have not been utilized further and as a result it is considered appropriate to consider supplements to the existing LGF as a way of increasing the scope and impact of the program.

It can be seen from the portfolio analysis that the loan sizes vary a great deal, and though there have been 8 loans with a value below 50,000 USD, the loans are considered relatively big and indicate that the LGF mainly attracts and has been marketed towards stronger businesses. In order to overcome this tendency, it has been mentioned in several interviews that other partners, particularly Microfinance institutions, should be considered as they offer more appropriate products for smaller businesses, for instance, IDPs and marginalized groups. Though the interest rates are typically higher, the collateral requirements are considerably lower, which would enable more actors to enter. As has also been highlighted, the competition among banks in Ethiopia is relatively sound. While Enat Bank is a strong brand in women-led businesses, they are not the only bank providing loans for this group, which suggests that other banks could also be involved on equal terms to stimulate competition and reach a wider target group.

It is acknowledged that not all products (i.e., IDPs borrowing from MFIs) are equally sustainable. However, it is suggested that consultations are conducted with potential partners (MFIs and other banks), and those thorough risk assessments are conducted if guarantees or other facilities are considered. This is also acknowledged by USAID and EIB where the latter recommends not overemphasizing the collateral element of a guarantee to enlarge the potential target group.

USAID, among others, highlights the potential of foreign banks entering the market in Ethiopia in the foreseeable future and mergers between existing banks as a relevant factor that could come into play. These factors impact the political economy in Ethiopia and are important to consider. Still, they should not delay the introduction of additional measures, which could also be tested on a smaller scale as a starting point. This could be in specific regions or sectors (e.g., in the South, informal sector, etc.).

It is also evident that technical assistance and capacity-building aspects must be more prominent in the program. This would be even more important if the program were to add additional financing mechanisms to minimize the risks and strengthen the sustainability of loans provided to smaller businesses and/or IDPs. Technical assistance and capacity building need to be attached more specifically to the loans, if not as a mandatory requirement, then at least as a mandatory offer for the borrowers to consider.

Digitalization has been mentioned in several interviews as a potential enabler to make the loan process more effective and reach underserved areas where there are no physical branches. Other banks rely more on mobile services and travel to rural areas to reach a larger, less mobile target group. It is expected that digital solutions will also allow for more innovative approaches, i.e., through digital lending. Enat Bank and other potential partners in the programme should consider this dimension.

4 Conclusions

Relevance conclusion:

The Enat Bank LGF design to support women-led and dominated SMEs is fully aligned with the needs of SMEs within the Ethiopian context and the new Sweden's Development Assistance Strategy for Ethiopia. However, the ET notes that the design could benefit from revision to include a significant and well-designed technical assistance and capacity-building component that would allow Sida to expand the women-owned and vulnerable group-owned SMEs that are eligible for support and help to meaningfully expand their businesses by supporting their integration into the formal financial sector.

Gender conclusion:

The Enat Bank LGF integrated gender as relates to eligibility and the selection of implementing partners. However, though the facility improved lending size, the origination and utilization fees attributed to the bank were transferred to the borrowers, making the lending terms less advantageous compared to standard products of Enat Bank or other DFC partner banks. The LGF provided firms with women-led, women-managed, or predominant women workforce businesses with access to larger financing and loan value due to the reduced collateral requirements.

Effectiveness conclusion:

The evaluation has not been able to verify that the program has contributed to significantly improving the general lending terms and outcomes for women-led SMEs in Ethiopia. The number of loans that have been processed is still relatively few, and the LGF is unique in terms of the conditions that target women with some but not substantial available collateral. However, that target group has proven to be quite narrow, and the LGF has not been able to compete very well with Enat Bank's conventional loans.

Efficiency conclusion:

While the Enat Bank LGF tripartite implementation and oversight have been seamlessly implemented with all actors executing their part in the Enat Bank LGF, the program could benefit from the inclusion of an improved M&E system, communication and exchange mechanism with bank staff and borrowers. The DFC database lacks sufficient data regarding SME/borrower revenue and job creation. The program could also benefit from a feedback mechanism allowing borrowers to share complaints and concerns with donors in real-time. Lastly, there are many opportunities to improve the work of Sida to support improved economic outcomes for vulnerable groups. From a

development perspective, coupling LGF with technical support and capacity building would be critical to amplifying the impact and ensuring the durability of program outcomes. From a humanitarian perspective, the program could benefit from a protracted approach that seeks to support target communities to shift from poverty and, as a result, the informal sector to the formal sector, sustainably removing them from poverty.

Sustainability conclusion:

At this point, assessing whether the program's achievements will be sustainable is impossible. The LGF is still a small part of Enat Bank's product portfolio, and it is questionable whether such lower-collateral lending would be sustained without donor support. It is also clear that there is a potential to enhance technical assistance and capacity-building efforts as part of the program, which potentially would strengthen the sustainability aspects of the intervention.

5 Lessons Learned

Relevance – lessons learned:

1. The current LGF approach does not provide sufficient support to borrowers or banks to reach SMEs in the informal sector.
2. Sida has existing programming that could benefit from integration and collaboration with the EB LGF program to create increased sustainability and impact. However, the team did not have access to data on Sida's portfolio to conduct a comprehensive analysis here.

Gender – lessons learned:

1. The current LGF approach does not necessarily increase access to finance beyond firms that already qualify for formal lending products; it simply increases the loan value they are eligible for under the current formulation.
2. Many of the recommendations from the Appraisal evaluation conducted in 2016 are still applicable and should be considered in future iterations of the program.
3. The EB LGF origination and utilization fees were negotiated in 2016 and, once established under DFC, cannot be renegotiated once the contract is established and signed. The banks can negotiate these rates with their clients; no standard rates are applied for all clients.

Effectiveness – lessons learned:

1. SMEs are cost and collateral sensitive. The current LGF does not distinguish itself enough and is not considered sufficiently attractive to a larger target group; thus, it needs to be marketed strongly to stand out from other available products.
2. The businesses report back in terms of the number of jobs created, but it is difficult to measure or attribute the number of jobs created due to the loan.
3. Technical assistance is in demand but is not sufficiently promoted by the program. The awareness and appreciation of T.A. among Enat Bank staff is very limited.

Efficiency – lessons learned:

1. While DFC infrastructure and administration are experienced and efficient, there are still opportunities to improve M&E and communication with the implementing partner and borrowers.
2. There are quite a few innovative financing programs in Ethiopia that are executed by a multitude of actors, from civil society to banks to the GoE. It will be critical for Sida to clearly identify their aims and target groups as a first step in designing a program that is appropriate to that group.

3. The current LGF, while an excellent program, does not fully consider the challenges of women-led enterprises that are predominantly informal and, as such, had to be expanded to include organizations owned by men.

Sustainability – lessons learned

1. The high inflation rate and access to finance (liquidity and foreign currency) are clear threats to the attractiveness of the LGF. It is difficult for the loan process to be executed fast enough to keep up with the pace of the inflation rate.
2. There is a balance between ownership, which is to some extent secured through the collateral requirement, and access to the products hampered by the collateral requirement and fee structure.
3. There is a demand for technical assistance at Enat Bank, particularly for borrowers. These services do not market themselves, and there needs to be a closer relationship between the project (Sida) and the beneficiaries (Enat Bank branches and borrowers).

6 Recommendations

Relevance – recommendations:

1. Sida should engage a program design expert to work with its staff on a systematic program to define and develop a plan for expanding the integration of LGF into existing programming. If the internal expertise does not exist within Sida, an external expert with extensive program design and implementation experience should be recruited to drive this process. This will be critical to helping Sida design an integrated LGF program that addresses the limitations and challenges discussed throughout this evaluation report and successfully serve Sida's target communities.
2. If not possible now at the conclusion of the current EB LGF, Sida should consider redesigning the program to integrate a component that targets women-owned businesses that are concentrated in the informal sector to build their capacity and ability to engage in the formal sector through a strategic and comprehensive program that gradually empowers these SMEs overtime through intensive well-designed interventions the aim here would be quality over quantity as this would prove to be quite an investment but would ensure enduring and increased impact.

Gender – recommendations:

1. Partnering with the LGF with intensive business development and technical training (a la VCA) would reinforce the impact and durability of the results emerging from the EB LGF intervention.
2. Sida should consider supporting women-owned informal businesses with limited creditworthiness to develop and access financing through the formal banking sector. This would need to be a long-term approach requiring extensive and prolonged capacity-building and business formalization.

Effectiveness – recommendations:

1. If the donors are willing to consider reducing the facility fees, they could engage Enat Bank to explore whether there is room for reducing the cost of loans to borrowers and the bank's collateral requirements.
2. The documentation and monitoring of the progress made by borrowers could be made more systematic, and Sida could consider appointing a special (additional) focal point to monitor the development and strengthen the relationship between the donor(s), Enat Bank, and the beneficiaries.
3. Technical assistance should be an integrated part of the program. The donors need to engage more with Enat Bank to facilitate access and awareness of these services so that they can reach the borrowers.

Efficiency – recommendations:

1. Sida should further research the emerging Basket fund LGF. If successful, the GoE-managed basket model presents a potential opportunity for Sida to collaborate through financing and/or complementary programming to support borrowers with technical support and capacity building in the value chain and financial competency to ensure the sustainability of outcomes for beneficiaries.
2. Ideally, a Sida approach that utilizes multi-pronged programming for borrowers and potential borrowers, including training and technical support, would be ideal. A key element missing from the LGF is an extensive training and technical support for job creation, business development, value chain/sector-specific, and business formalization, similar to the USAID VCA program which provides extensive technical support for beneficiaries and eligibility to apply for financing through the DFC loan guarantee facility. Given the interest of Sida to begin working with refugees/returnees, IDPs and conflict affected communities, this approach to combining training and capacity building with loan eligibility is a great way to reach communities and individuals that require some level of humanitarian support due to the instability and challenges presented by their civil or socioeconomic circumstances.
3. Sida should consider providing technical support and capacity building to Financial Institutions. This approach to protracted support for banks to develop the capacity of financial institutions to expand their ability to serve underserved communities is a model that Sida can employ to help financial institutions to develop the competencies and products required to serve Sida beneficiaries and program participants in target areas.
4. The use of Group loans could be appropriate for vulnerable groups that lack collateral and conventional creditworthiness. This approach to lending that Sida could support (through MFIs or CSOs) as part of programming to reach vulnerable groups and expand access to finance to vulnerable groups (i.e., IDPs) that lack collateral to participate in formal lending programs. Awsah Bank, Shabelle Bank, and Peace Microfinance discussed using the group loan approach.

Sustainability – recommendations:

1. The program should consider introducing more partners, such as other banks(s) and MFIs, to reach a broader target group and smaller businesses.
2. The program should consider introducing a women-to-women entrepreneur mentorship component as a way of strengthening the capacity-building aspects of the project and as a way of making more robust ties with the beneficiaries.

Annex 1 – Terms of Reference

Terms of Reference for the Evaluation of guarantee instrument and technical assistance offered to Enat Bank to increase access to capital for women-owned/managed Small Medium Enterprise in Ethiopia

Date: 20th May 2022

1. General information

1.1 Introduction

The Embassy of Sweden in Addis Ababa – Ethiopia on behalf of the Swedish International Development Cooperation Agency (Sida) together with the United States Agency for International Development (USAID)\U.S. International Development Finance Corporation (DFC) as co-guarantors and Enat Bank (guaranteed party) signed a tri-party portfolio guarantee agreement of 10 MUSD (100 MSEK), with a guarantee period of 7 years (1 October 2016- 31 March 2023). In addition to the guarantee, technical assistance (TA) support has been provided to Enat Bank.

This contribution follows the Swedish strategy for development cooperation for Ethiopia (2016-2021), which well reflects local public priorities for economic development as articulated in Growth and Transformation Plan II (GTP), the national development plan for Ethiopia (2016-2020). As such, the contribution is well in line with Swedish priorities outlined in the Results Strategy area three for Sweden's cooperation with Ethiopia themed; Better opportunities and tools to enable poor people to improve their living conditions. The aim of this strategy area is to improve opportunities for productive employment with decent working conditions and to promote a more favourable business climate for inclusive commercial activities especially for women and young people. Further, the contribution is also aligned with Sida's ambition to promote innovative financing approaches where Sida, USAID/DFC and Enat Bank have a risk-sharing matrix with the aim to secure mobilization of institutional capital.

Despite Ethiopia having a Small and Medium Enterprises (SMEs) strategy in place, SMEs especially women-owned businesses are particularly disadvantaged due to their relatively small size in terms of earnings, none, or shorter credit history, none or fewer assets for collateral, less structure and formality in operations among other challenges. Additionally, the lenders have limited experience in lending to the SME sector especially with the traditional practice of collateral-based lending and the know your customer (KYC) requirements. The obstacle of low access to finance often means

less than optimal growth for SMEs hence a missed opportunity for employment creation and economic growth.

For this guarantee facility, the target group is delimited to SME's that are private, non-sovereign enterprises registered in Ethiopia, are at least 51% owned by women, at least 51% managed by women (those with senior management or Board of Directors comprised of at least 51% women), or have at least 51% female employees, and within the priority sectors of services, manufacturing, and agriculture. Sida's particular focus on SME's that are women-owned, or women managed is intended to have an increased rate of financial inclusion and sustainability in Ethiopia's growth process.

1.2 Evaluation object: Intervention to be evaluated

The evaluation object is the Guarantee Enat Bank, a guarantee between Sida, USAID/DFC and Enat Bank in Ethiopia.

The purpose of the evaluation is to: i) Assess the performance of the Enat Bank Guarantee by analysing the extent to which the desired outcomes have been achieved, isolating important lessons derived from implementation of the guarantee facility and role of the technical assistance. ii) Receive a stakeholder mapping and provide recommendations for future guarantee prospects and innovative financing opportunities in Ethiopia iii) Identify needs for technical assistance within innovating financing while looking for different options for technical assistance support in line with the new development strategy

Enat bank was established in 2013. It is a niche bank focusing on lending to women owned/managed SMEs in Ethiopia. It was started by women - for women - and is currently 66 percent owned by women. No other bank in Ethiopia has such a niche and clear focus on women, which is excellently aligned with Sida and USAID/DFC priorities (Increased access to finance and a strong focus on gender equality). The decision to focus on women is business driven, which increases the chances of success. Further, based on portfolio data Enat Bank give women higher credit ratings than men.

The theory of change for this contribution is based on increasing capital mobilization from the private sector. The desired impact of the guarantee was to increase access to capital for women owned/ managed SMES such that the SMEs are able to contribute to employment opportunities in Ethiopia. The long-term outcome of this intervention is to demonstrate to the financial institutions in Ethiopia that it is possible to be more profitable when offering financial services to women owned/ managed enterprises.

The guarantee structure is a tri-party agreement between Enat Bank, Sida and USAID/DFC. The risk is shared pari-passu between Sida and USAID/DFC (50%) and Enat Bank (50%). However, Sida and USAID/DFC will cover 35% and 15% of the risk respectively as co-guarantors.

For further information, the Agreement with the Enat Bank is attached as **Annex D** and the Results Framework is also attached as **Annex E**.

The intervention logic or theory of change of the intervention should be reconstructed in the inception report with clear assumptions that can be tested by the evaluator.

1.3 Evaluation rationale

Due to the challenging market conditions, including COVID-19 pandemic and conflict in Ethiopia, the Enat guarantee agreement was recently amended and prolonged until the year 2027.

Therefore, based on this background, Sida would like to perform a mid-term evaluation to review the progress towards the achievement of the expected results under the Enat Bank guarantee.

Further, the evaluation lens is based on a forward-looking strategy on how best Sida can utilize guarantees and other innovative financing instruments to mobilize private sector capital in Ethiopia. This will be through a detailed stakeholder mapping, identification of opportunities/challenges and analysis of future guarantee prospects and innovative financing opportunities in Ethiopia.

2. The assignment

2.1 Evaluation purpose: Intended use and intended users

The purpose or intended use of the evaluation is to help Sida and its partners assess the progress of on-going Enat Bank Guarantee to learn from what works well, challenges, areas of improvement and opportunities. The evaluation will be used to inform decisions on how future Sida guarantees in Ethiopia will be implemented as well as which other opportunities for innovative financing and technical assistance are available in the market and are in line with the Sweden-Ethiopia development strategy.

The evaluation is to be designed, conducted, and reported to meet the needs of the intended users and tenderers shall elaborate in the tender how this will be ensured during the evaluation process. Other stakeholders that should be kept informed about the evaluation might be further added.

The primary intended users of the evaluation are:

- The guaranteed party: Enat Bank
- Embassy of Sweden in Addis Ababa/Sida (Sida's loans and guarantee unit)
- U.S. Agency for International Development (USAID)/ U.S. International Development Finance Corporation (DFC)

The secondary intended users of the evaluation are:

Interviewed financial institutions and other stakeholders

During the inception phase, the evaluator and the users will agree on who will be responsible for keeping the various stakeholders informed about the evaluation.

2.2 Evaluation scope

The time frame to be covered by the evaluation is from 1 October 2016 - 2022. Geographical coverage of the evaluation is across Ethiopia, where loans have been issued under the guarantee. The target groups to be included are the SMEs benefitting from the guarantee as well as the financial sector players.

The evaluation will also include a detailed stakeholder mapping and analysis that will provide recommendations for future guarantee prospects, identification of innovative financing opportunities and technical assistance needs in Ethiopia, in line with the new development strategy.

If needed, the scope of the evaluation may be further elaborated by the evaluator in the inception report.

2.3 Evaluation objective: Criteria and questions

The objective/objectives of this evaluation are to assess the effectiveness (i.e., progress towards the achievement of the expected results under the guarantee as per the agreed results framework), and relevance (i.e., the extent to which the intervention objectives and design respond to beneficiaries, global, country, and partner/institution's needs, policies, and priorities, and continue to do so if circumstances change) including any unintended results

Effectiveness and Relevance: Is the intervention achieving its objectives?

- To what extent has the intervention achieved, or is expected to achieve, its objectives, and its results? What mechanisms explain the achievement?
- Has the intervention led to unintended positive or negative results? If so how and why?
- Was the technical assistance support to the partners reliable, adequate and targeted? If not, how could this be modelled even better to meet the needs of the beneficiaries?
- To what extent is the guarantee achieving improvements in lending terms and how does that compare to financial institutions that are not under the guarantee?
- To what extent is the guarantee value-added and filling a gap in terms of access to financial services and the various interventions of commercial banks?

Specific evaluation questions related to future prospects/ recommendation

- Stakeholder mapping
 - Provide a mapping of other access to finance, guarantee, grant-making, lending, etc. programs currently active in Ethiopia (include information on location, sponsor, funding, activity, etc.)
 - What opportunities/barriers do the lenders in the Ethiopian financial market (Banks, MFIs etc) see in reaching poorer and more rural demographics, internally displaced persons etc?
 - What additional knowledge/competencies would be needed by the intermediary to better serve currently unserved/underserved segments and productive use/income generating activity?
- Development strategy (2022-2026)
 - To what extent are guarantees still relevant to Sweden's new development assistance strategy in Ethiopia
 - How can the goals of the new Swedish Development strategy be reached with the Innovative financing instruments, such as guarantees, technical assistance, challenge funds, revolving funds, etc in Ethiopia?
 - How can existing programs of Sida in Ethiopia be integrated and or benefit from a new program on innovative financing instrument?
- What is the appetite of financial institutions in lending with start-ups, micro-level subsistence farmers or other marginalised economic actors?
- Which partners/ financial institutions are suitable for potential partnerships within guarantee/innovative financing projects in Ethiopia? Specially focusing on Internally Displaced Persons (IDPs)
- What are the key recommendations to be aware of in the future innovative financing projects in Ethiopia?

Questions are expected to be developed in the tender by the tenderer and further refined during the inception phase of the evaluation.

2.4 Evaluation approach and methods

It is expected that the evaluator describes and justifies an appropriate evaluation approach/methodology and methods for data collection in the tender. The evaluation design, methodology and methods for data collection and analysis are expected to be fully developed and presented in the inception report. Given the situation with Covid-19, innovative and flexible approaches/methodologies and methods for remote data collection should be suggested when appropriate and the risk of doing harm managed.

The evaluator is to suggest an approach/methodology that provides credible answers (evidence) to the evaluation questions and handles financial and development additionality³⁵. Limitations to the chosen approach/methodology and methods shall be made explicit by the evaluator and the consequences of these limitations discussed in the tender. The evaluator shall to the extent possible, present mitigation measures to address them. A clear distinction is to be made between evaluation approach/methodology and methods.

A gender-responsive approach/methodology, methods, tools, and data analysis techniques should be used³⁶

Sida's approach to evaluation is utilization-focused, which means the evaluator should facilitate the entire evaluation process with careful consideration of how everything that is done will affect the use of the evaluation. It is therefore expected that the evaluators, in their tender, present i) how intended users are to participate in and contribute to the evaluation process and ii) methodology and methods for data collection that create space for reflection, discussion and learning between the intended users of the evaluation.

In cases where sensitive or confidential issues are to be addressed in the evaluation, evaluators should ensure an evaluation design that do not put informants and stakeholders at risk during the data collection phase or the dissemination phase. Confidentiality agreement should be formed between parties before the process/data collection starts.

2.5 Organisation of evaluation management

This evaluation is commissioned by the Embassy of Sweden in Addis Ababa. The intended user(s) is/are Enat Bank, Embassy of Sweden in Addis Ababa, Sida and USAID/DFC. The intended users of the evaluation form a steering group, which has contributed to and agreed on the ToR for this evaluation. The steering group is a decision-making body. It will approve the inception report and the final report of the evaluation. The steering group will participate in the start-up meeting of the evaluation, as well as in the debriefing/validation workshop where preliminary findings and conclusions are discussed.

³⁵ See OECD/DAC Best Practice Series - Blended Finance Guidance

³⁶ See for example UNEG United Nations Evaluation Group (2014) Integrating Human Rights and Gender Equality in Evaluations <http://uneval.org/document/detail/1616>

2.6 Evaluation quality

All Sida's evaluations shall conform to OECD/DAC's Quality Standards for Development Evaluation³⁷. The evaluators shall use the Sida OECD/DAC Glossary of Key Terms in Evaluation³⁸ and the OECD/DAC Better Criteria for Better Evaluation³⁹. The evaluators shall specify how quality assurance will be handled by them during the evaluation process.

2.7 Time schedule and deliverables

It is expected that a time and work plan are presented in the tender and further detailed in the inception report. Given the situation with Covid-19, the time and work plan must allow flexibility in implementation. The evaluation shall be carried out from June 2022 to November 2022. The timing of any field visits, surveys and interviews needs to be settled by the evaluator in dialogue with the main stakeholders during the inception phase.

The table below lists key deliverables for the evaluation process. Alternative deadlines for deliverables may be suggested by the consultant and negotiated during the inception phase.

Deliverables	Participants	Deadlines
1. Start-up meeting/s Online or in person depending on availability of stakeholders	Embassy of Sweden in Addis Ababa Sida Loans and Guarantee Unit USAID/DFC Enat Bank	Tentatively beginning July 2022
2. Draft inception report		Beginning August 2022
3. Inception meeting Online or in person depending on availability of stakeholders	Embassy of Sweden in Addis Ababa Sida Loans and Guarantee Unit USAID/DFC Enat Bank	Beginning of August 2022
4. Comments from intended users to evaluators (alternatively these may be sent to evaluators ahead of the inception meeting)		Tentatively beginning of September 2022

³⁷ OECD/DAC (2010) Quality Standards for Development Evaluation.

³⁸ Sida OECD/DAC (2014) Glossary of Key Terms in Evaluation and Results Based Management.

³⁹ OECD/DAC (2019) Better Criteria for Better Evaluation: Revised Evaluation Criteria Definitions and Principles for Use.

5. Data collection, analysis, report writing and quality assurance	Evaluators	Beginning of September 2022
6. Debriefing/validation workshop (meeting) in Addis Ababa	Embassy of Sweden in Addis Ababa Sida Loans and Guarantee Unit USAID/DFC Enat Bank	Tentatively end September 2022
7. Draft evaluation report		Tentatively mid- October 2022
8. Comments from intended users to evaluators		Tentatively end of October 2022
9. Final evaluation report		Tentatively mid-November 2022
10. Seminar Preferably in person (Addis Ababa, Ethiopia)	Embassy of Sweden in Addis Ababa Sida Loans and Guarantee Unit USAID/DFC Enat Bank	TBD

The inception report will form the basis for the continued evaluation process and shall be approved by Sida before the evaluation proceeds to implementation. The inception report should be written in English and cover evaluability issues and interpretations of evaluation questions, present the evaluation approach/methodology including how a utilization-focused and gender-responsive approach will be ensured, methods for data collection and analysis as well as the full evaluation design, including an evaluation matrix and a stakeholder mapping/analysis. A clear distinction between the evaluation approach/methodology and methods for data collection shall be made. All limitations to the methodology and methods shall be made explicit and the consequences of these limitations discussed.

A specific time and work plan, including number of hours/working days for each team member, for the remainder of the evaluation should be presented. The time plan shall allow space for reflection and learning between the intended users of the evaluation.

The final report shall be written in English and be professionally proofread. The final report should have clear structure and follow the layout format of Sida's template for decentralised evaluations (see Annex C). The executive summary should be maximum 3 pages.

The report shall clearly and in detail describe the evaluation approach/methodology and methods for data collection and analysis and make a clear distinction between the two. The report shall describe how the utilization-focused approach has been implemented i.e., how intended users have participated in and contributed to the evaluation process and how methodology and methods for data collection have

created space for reflection, discussion and learning between the intended users. Furthermore, the gender-responsive approach shall be described and reflected in the findings, conclusions, and recommendations along with other identified and relevant cross-cutting issues. Limitations to the methodology and methods and the consequences of these limitations for findings and conclusions shall be described.

Evaluation findings shall flow logically from the data, showing a clear line of evidence to support the conclusions. Conclusions should be substantiated by findings and analysis. Evaluation questions shall be clearly stated and answered in the executive summary and in the conclusions. Recommendations and lessons learned should flow logically from conclusions and be specific, directed to relevant intended users and categorised as short-term, medium-term, and long-term.

The report should be no more than 35 pages, excluding annexes. If the methods section is extensive, it could be placed in an annex to the report. Annexes shall always include the Terms of Reference, the Inception Report, the stakeholder mapping/analysis, and the Evaluation Matrix. Lists of key informants/interviewees shall only include personal data if deemed relevant (i.e., when it is contributing to the credibility of the evaluation) based on a case-based assessment by the evaluator and the commissioning unit/embassy. The inclusion of personal data in the report must always be based on written consent.

The evaluator shall adhere to the Sida OECD/DAC Glossary of Key Terms in Evaluation⁴⁰.

The evaluator shall, upon approval by Sida/Embassy of the final report, insert the report into Sida's template for decentralised evaluations (see Annex C) and submit it to Nordic Morning (in pdf-format) for publication and release in the Sida publication database. The order is placed by sending the approved report to Nordic Morning (Sida@atta45.se), with a copy to the responsible Sida Programme Officer as well as Sida's Evaluation Unit (evaluation@Sida.se). Write "Sida decentralised evaluations" in the email subject field. The following information must always be included in the order to Nordic Morning:

1. The name of the consulting company.
2. The full evaluation title.
3. The invoice reference "ZZ980601".
4. Type of allocation: "sakanslag".
5. Type of order: "digital publicering/publikationsdatabas".

2.8 Evaluation team qualification

In addition to the qualifications already stated in the framework agreement for evaluation services, the evaluation team shall include the following competencies

⁴⁰ Sida OECD/DAC (2014) Glossary of Key Terms in Evaluation and Results Based Management.

- Experience of evaluating guarantee instruments
- Expertise in guarantees and innovative financial products

A CV for each team member shall be included in the call-off response. It should contain a full description of relevant qualifications and professional work experience.

It is important that the competencies of the individual team members are complimentary. It is highly recommended that local evaluation consultants are included in the team, as they often have contextual knowledge that is of great value to the evaluation. In addition, and in a situation with Covid-19, the inclusion of local evaluators may also enhance the understanding of feasible ways to conduct the evaluation

The evaluators must be independent from the evaluation object and evaluated activities and have no stake in the outcome of the evaluation.

Please note that in the tender, the tenderers must propose a team leader that takes part in the evaluation by at least 30% of the total evaluation team time including core team members, specialists, and all support functions, but excluding time for the quality assurance expert.

2.9 Financial and human resources

The maximum budget amount available for the evaluation is 800 000 SEK.

Invoicing and payment shall be managed according to the following: The Consultant may invoice a maximum of 30 % of the total amount after approval by Sida/Embassy of the Inception Report and a maximum of 70 % after approval by Sida/Embassy of the Final Report and when the assignment is completed.

The contact person at Sida/Swedish Embassy is Leul Wondemeneh, National Program Officer, Embassy of Sweden in Addis Ababa. Other contact persons include: Åsa V Andersson- Head of Development in Ethiopia, Elena Sahlin, Regional Program Specialist and Vera Obare, Regional Program Officer, Annika Törnqvist – Program Officer. The contact persons should be consulted if any problems arise during the evaluation process.

Relevant Sida documentation will be provided by Leul Wondemeneh, National Program Officer, Embassy of Sweden in Addis Ababa.

Contact details to intended users (cooperation partner, other donors etc.) will be provided by Leul Wondemeneh, National Program Officer, Embassy of Sweden in Addis Ababa.

The evaluator will be required to arrange the logistics, such as booking interviews, preparing visits if applicable, etc. including any necessary security arrangements.

3. Annexes

Annex A: List of key documentation

- Results framework (Internal documents)
- Guarantee decisions and agreements
- Credit Management System Reports
- Evaluation by USAID
- ILO Study

Annex B: Data sheet on the evaluation object

Information on the evaluation object (i.e., intervention)	
Title of the evaluation object	Enat Bank Guarantee
ID no. in PLANIt	54020195
Dox no./Archive case no.	16/000310
Activity period (if applicable)	2016-10-01 – 2023-03-01
Agreed budget (if applicable)	Agreed Subsidy Amount 2 400 000 SEK
Main sector ⁴¹	Market Development
Name and type of implementing organisation ⁴²	5012
Aid type ⁴³	C01 Project type interventions
Swedish strategy	Ethiopia (2016-2021)

Information on the evaluation assignment	
Commissioning unit/Swedish Embassy	Embassy of Sweden in Addis Ababa
Contact person at unit/Swedish Embassy	Leul Wondemeneh
Timing of evaluation (mid-term, end-of-programme, ex-post, or other)	Mid-term
ID no. in PLANIt (if other than above).	

Annex C: Decentralised evaluation report template

Annex D: Guarantee Agreement (Internal document)

Annex E: Results Framework

⁴¹ Choose from Sida's twelve main sectors: education; research; democracy, human rights and gender equality; health; conflict, peace and security; humanitarian aid; sustainable infrastructure and services; market development; environment; agriculture and forestry; budget support; or other (e.g., multi-sector).

⁴² Choose from the five OECD/DAC-categories: public sector institutions; NGO or civil society; public-private partnerships and networks; multilateral organizations; and other (e.g., universities, consultancy firms).

⁴³ Choose from the eight OECD/DAC-categories: budget/sector support; core contributions/pooled funds; project type; experts/technical assistance; scholarships/student costs in donor countries; debt relief; admin costs not included elsewhere; and other in-donor expenditures.]

Annex 2 – Evaluation Matrix

Evaluation Criteria & Question	Sub-Question	Data Sources	Data Collection Method & Tools
Is the Enat Bank Guarantee program appropriate to the Ethiopian context and Sweden's Development Assistance Strategy for Ethiopia?	<ul style="list-style-type: none"> To what extent is the guarantee value-added and filling a gap in terms of access to financial services and the various interventions of commercial banks? <p>Development strategy (2022-2026)</p> <ul style="list-style-type: none"> To what extent are guarantees still relevant to Sweden's new development assistance strategy in Ethiopia? How can the goals of the new Swedish Development strategy be reached with Innovative financing instruments, such as guarantees, technical assistance, challenge funds, revolving funds, etc., in Ethiopia? How can existing programs of Sida in Ethiopia be integrated and or benefit from a new program on innovative financing instruments? 	<ul style="list-style-type: none"> Enat Bank Staff, Sida representatives, USAID /DFC Representatives, Financial institution representatives, donors, civil society, and loan guarantee recipients Enat Bank Loan Guarantee Document and sector materials and reports DFC Credit Management System portfolio data Semi-structured interview guide E-Survey questionnaire 	<ul style="list-style-type: none"> Key Informant and Group Interview Guides Document review Portfolio analysis Online Survey
Did the loan guarantee facility integrate gender into its design?	<ul style="list-style-type: none"> How was gender integrated into the Enat Bank Loan Guarantee Facility? 	<ul style="list-style-type: none"> Enat Bank Staff, Sida representatives, USAID /DFC Representatives, Financial 	<ul style="list-style-type: none"> Key Informant and Group Interview Guides

Evaluation Criteria & Question	Sub-Question	Data Sources	Data Collection Method & Tools
	<ul style="list-style-type: none"> To what extent has the facility increased access to capital and loans for women-led businesses and enterprises? What recommendations would you propose to improve the Facility design to increase the success of the facility in providing increased loans to women-led enterprises? 	<ul style="list-style-type: none"> institution representatives, donors, civil society, and loan guarantee recipients Enat Bank Loan Guarantee Document and sector materials and reports DFC Credit Management System portfolio data Semi-structured interview guide E-Survey questionnaire 	<ul style="list-style-type: none"> Document review Portfolio analysis Online Survey
To what extent has the Guarantee program improved lending terms and outcomes for women-led SMEs?	<ul style="list-style-type: none"> To what extent is the guarantee achieving improvements in lending terms, and how does that compare to financial institutions not under a loan guarantee facility? (This question will be critical to exploring the issue of attribution/contribution as it relates to increased lending to small and medium enterprises (SMEs) in Ethiopia, particularly women-led). To what extent has the intervention achieved, or is expected to achieve, its objectives and its results? What factors have facilitated and hindered the loan guarantee facility's achievements? 	<ul style="list-style-type: none"> Enat Bank Staff, Sida representatives, USAID /DFC Representatives, Financial institution representatives, donors, civil society, and loan guarantee recipients Enat Bank Loan Guarantee Document and sector materials and reports DFC Credit Management System portfolio data Semi-structured interview guide E-Survey questionnaire 	<ul style="list-style-type: none"> Key Informant and Group Interview Guides Document review Portfolio analysis Online Survey

Evaluation Criteria & Question	Sub-Question	Data Sources	Data Collection Method & Tools
	<ul style="list-style-type: none"> Has the intervention led to unintended positive or negative results? If so, how, and why? Was the technical assistance support to the partners reliable, adequate, and targeted? If not, how could this be modelled even better to meet the needs of the beneficiaries? 		
Are there opportunities to improve program oversight and efficiency through expanded partnerships and collaborations?	<ul style="list-style-type: none"> To what extent is the collaboration between Sida and USAID through the DFC working, and is there any way to improve impact and efficiency? <p>Stakeholder Mapping</p> <ul style="list-style-type: none"> Provide a mapping of other access to finance, /loan guarantee, etc., programs currently active in Ethiopia (include information on location, sponsor, funding, activity, etc.) Which partners/ financial institutions are suitable for potential partnerships within guarantee/innovative financing projects in Ethiopia? Specifically focusing on Internally Displaced Persons (IDPs) What opportunities/barriers do the lenders in the Ethiopian financial market (Banks, MFIs, etc.) see in reaching 	<ul style="list-style-type: none"> Enat Bank Staff, Sida representatives, USAID /DFC Representatives, Financial institution representatives, donors, civil society, and loan guarantee recipients Enat Bank Loan Guarantee Document and sector materials and reports DFC Credit Management System portfolio data Semi-structured interview guide E-Survey questionnaire 	<ul style="list-style-type: none"> Key Informant and Group Interview Guides Document review Portfolio analysis Online Survey

ANNEX 2 – EVALUATION MATRIX

Evaluation Criteria & Question	Sub-Question	Data Sources	Data Collection Method & Tools
	poorer and more rural demographics, internally displaced persons, etc.?		
To what extent is the program sustainable, and how can its impact be improved in future iterations?	<ul style="list-style-type: none"> • What additional knowledge/competencies would be needed by the intermediary to better serve currently unserved/underserved segments and productive use/income-generating activity? • What are the key recommendations to be aware of in future innovative financing projects in Ethiopia? 	<ul style="list-style-type: none"> • Enat Bank Staff, Sida representatives, USAID /DFC Representatives, Financial institution representatives, donors, civil society, and loan guarantee recipients • Enat Bank Loan Guarantee Document and sector materials and reports • DFC Credit Management System portfolio data • Semi-structured interview guide • E-Survey questionnaire 	<ul style="list-style-type: none"> • Key Informant and Group Interview Guides • Document review • Portfolio analysis • Online Survey

Annex 3 – Data Collection Tools

Key Informant Interview Guide - Civil Society, Sida/USAID, and other donors

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
Is the Enat Bank Guarantee program appropriate to the Ethiopian context and Sweden's Development Assistance Strategy for Ethiopia?	<ul style="list-style-type: none"> To what extent is the guarantee value-added and filling a gap in terms of access to financial services and the various interventions of commercial banks? <p>Development strategy (2022-2026)</p> <ul style="list-style-type: none"> To what extent are guarantees still relevant to Sweden's new development assistance strategy in Ethiopia? How can the goals of the new Swedish Development strategy be reached with Innovative financing instruments, such as guarantees, technical assistance, challenge funds, revolving funds, etc in Ethiopia? 	<p><u>Sida/USAID/Donors</u></p> <ul style="list-style-type: none"> Why was the Enat Bank Loan Facility created? <ul style="list-style-type: none"> What were the main aims and issues the facility sought to address as it relates to gender, economic development, and job creation? Have these issues been addressed? Why or why not? How does the guarantee align with Sweden's Strategy/USAID for development with Ethiopia (2022-2026)? <ul style="list-style-type: none"> What are the other relevant Sida programs in Ethiopia? <ul style="list-style-type: none"> Are there potential synergies with the Enat guarantee instrument? Has Sida sought to facilitate integration with other Sida programs or development programming? Do you feel that the Enat Bank Loan Guarantee facility remains relevant and critical within the Ethiopian landscape as part of the Swedish development strategy for Ethiopia? Why or why not? <p><u>CSOs</u></p> <ul style="list-style-type: none"> Which are the top five institutions offering loan guarantees in Ethiopia?

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
	<ul style="list-style-type: none"> How can existing programs of Sida in Ethiopia be integrated and/or benefit from a new program on innovative financing instruments? 	<ul style="list-style-type: none"> What are the most common products offered by these institutions? Who are the primary beneficiaries of these products? Are specific products available for women, internally displaced persons, or marginalized groups? Do you feel that loan guarantee facilities and innovative financing is a critical need for SMEs in Ethiopia? <ul style="list-style-type: none"> Does the market satisfy the need? If not, which products are missing?
Did the loan guarantee facility integrate gender into its design?	<ul style="list-style-type: none"> How was gender integrated into the Enat Bank Loan Guarantee Facility? To what extent has the facility increased access to capital and loans for women-led businesses and enterprises? What recommendations would you propose to improve the Facility design to increase the success of the facility in providing increased loans to women-led enterprises? 	<u>Sida/USAID/Donors</u> <ul style="list-style-type: none"> How exactly was gender integrated into the Enat Bank Loan Guarantee facility? How are gender issues reflected in your cooperation with Enat Bank? How has your cooperation with Enat Bank increased capital for the women-led businesses in Ethiopia? <ul style="list-style-type: none"> Is Sida happy with the results? Why or why not? Do you see any room for improvement in the current design of the loan guarantee facility which could enhance the access to loans for women-led businesses? <ul style="list-style-type: none"> What specific recommendations improve the success of these loan guarantee facilities? Should the program be expanded to IDPs and refugees? If yes, what suggestions would you offer for how this should be done?
To what extent has the Guarantee program improved lending terms and	<ul style="list-style-type: none"> To what extent is the guarantee achieving improvements in lending terms, and how does that compare to financial institutions not under a loan guarantee facility? (This is question 	<u>Sida/USAID</u> <ul style="list-style-type: none"> What would you highlight as the main results of the project? <ul style="list-style-type: none"> Do you consider the project to be a success? What are the main achievements? What are some of the missed opportunities?

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
outcomes for SMEs?	<p>will be critical to exploring the issue of attribution/contribution as it relates to increased lending to small and medium enterprises (SMEs) in Ethiopia, particularly women-led).</p> <ul style="list-style-type: none"> • To what extent has the intervention achieved, or is expected to achieve, its objectives and its results? <ul style="list-style-type: none"> • What factors have facilitated and hindered the loan guarantee facility achievements? • Has the intervention led to unintended positive or negative results? If so, how, and why? • Was the technical assistance support to the partners reliable, adequate, and targeted? If not, how could this be modelled even better to meet the needs of the beneficiaries? 	<ul style="list-style-type: none"> ○ Which factors have influenced the project results? <ul style="list-style-type: none"> ▪ Positively ▪ Negatively • Have you seen any unintended positive or negative results of the project? <ul style="list-style-type: none"> ○ If yes, could these results have been anticipated by the project? ○ Could these results have been avoided or further enhanced? • What kind of technical assistance has been offered by the project? <ul style="list-style-type: none"> ○ To what extent has the technical assistance offered by the project been effective? ○ In what way? Why has it been effective or ineffective? ○ Were there any ways the technical support could have been improved? <p><u>CSOs</u></p> <ul style="list-style-type: none"> • What innovative access to finance and loan guarantee facilities are available to women-led, IDPs, and refugees in Ethiopia? <ul style="list-style-type: none"> ○ GoE, Civil Society, MFI, Banks, etc. Have you seen any improvement in the access to capital for women-led businesses? ○ If yes, to what extent do you consider the Sida/USAID project to be a contributor to that change? ○ What are the main challenges and barriers to access for these women-led, IDPs and refugees ○ Do you have any recommendations as to how access to capital for women-led businesses could be enhanced? • Do you have any suggestions as to how other groups, e.g. IDPs or vulnerable groups could be included to enhance their access to capital? Do you consider the availability of loan guarantee facilities in Ethiopia to be adequate? <ul style="list-style-type: none"> ○ Do women have sufficient access to this means, why/why not?

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
		<ul style="list-style-type: none"> ○ What about IDPs or vulnerable/marginalized groups? ○ Which aspects need to be strengthened? ● Do you see an improvement in access to capital for women in Ethiopia? <ul style="list-style-type: none"> ○ Do you see an improvement for other groups? ● What are some of the barriers for access to capital for women? <ul style="list-style-type: none"> ○ Are their missed opportunities for women and other groups in Ethiopia? ○ Do they have sufficient access to support and information concerning access to capital?
<p>Are there opportunities to improve program oversight and efficiency through expanded partnerships and collaborations?</p>	<ul style="list-style-type: none"> ● To what extent is the collaboration between SIDA and USAID through the DFC working, and is there any way to improve impact and efficiency? <p>Stakeholder Mapping</p> <ul style="list-style-type: none"> ● Provide a mapping of other access to finance, /loan guarantee, etc., programs currently active in Ethiopia (include information on location, sponsor, funding, activity, etc.) ● Which partners/ financial institutions are suitable for potential partnerships within guarantee/innovative financing projects in Ethiopia? Specifically focusing on Internally Displaced Persons (IDPs) 	<p><u>Sida/USAID/Donors</u></p> <ul style="list-style-type: none"> ● How has the cooperation between Enat Bank, Sida and USAID (DFC) worked? <ul style="list-style-type: none"> ○ What has worked well, and what were the pain points? ○ Do you have any suggestions for improvements? ● Who are the key institutions offering innovative access to finance solutions and loan guarantees for women-led IPD and Refugees enterprises in Ethiopia? <ul style="list-style-type: none"> ○ Could these stakeholders be potential partner for a future programme? ○ What would they have to offer that is not being offered today? ● Are there any financing institutions focusing specifically on Internally Displaced Persons? ● What is your impression of the willingness of and difficulties faced by Ethiopian financial institutions to expand their services to SMEs and more marginalized economic actors e.g. IDPs or vulnerable groups? <p><u>CSOs</u></p> <ul style="list-style-type: none"> ● What are the available sources of financing for women-led business in Ethiopia? <ul style="list-style-type: none"> ○ What are they for IDPs and other vulnerable or marginalised groups ● Are there any potential partners that could be considered to further strengthen the available sources of finances for women-led business in Ethiopia?

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
	<ul style="list-style-type: none"> What opportunities/barriers do the lenders in the Ethiopian financial market (Banks, MFIs, etc.) see in reaching poorer and more rural demographics, internally displaced persons, etc.? 	
To what extent is the program sustainable and how can its impact be improved in future iterations?	<ul style="list-style-type: none"> What additional knowledge/competencies would be needed by the intermediary to better serve currently unserved/underserved segments and productive use/income-generating activity? What are the key recommendations to be aware of in future innovative financing projects in Ethiopia? 	<p><u>Sida/USAID/Donors</u></p> <ul style="list-style-type: none"> What are the lessons learned from the current programme? <ul style="list-style-type: none"> How can these lessons be utilized in the future? How can Enat Bank (or others) reach a larger target group than what is the case today? <ul style="list-style-type: none"> What would they need to do? How can they be supported? What trends in the Ethiopian political economy need to be considered when designing future programmes for women-led SMEs in Ethiopia? <p><u>CSOs</u></p> <ul style="list-style-type: none"> How can CSOs and international partners better support women-led businesses, IDPs, and other groups? <ul style="list-style-type: none"> Is there anything they need to do differently? What trends in the Ethiopian political economy need to be considered when designing future programmes for women-led SMEs in Ethiopia?

Key Informant Interview Guide - Borrowers

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
Is the Enat Bank Guarantee program appropriate to the Ethiopian context and Sweden's Development Assistance Strategy for Ethiopia?	<ul style="list-style-type: none"> To what extent is the guarantee value-added and filling a gap in terms of access to financial services and the various interventions of commercial banks? <p>Development strategy (2022-2026)</p> <ul style="list-style-type: none"> To what extent are guarantees still relevant to Sweden's new development assistance strategy in Ethiopia? How can the goals of the new Swedish Development strategy be reached with Innovative financing instruments, such as guarantees, technical assistance, challenge funds, revolving funds, etc., in Ethiopia? How can existing programs of Sida in Ethiopia be integrated and/or benefit from a new program on innovative financing instruments? 	<ul style="list-style-type: none"> Are you familiar with the Enat Bank loan program supported by Sida and USAID? <ul style="list-style-type: none"> Are you familiar with similar loan guarantee facilities that target women-led businesses, IDPs, refugees, or other vulnerable groups Have you received loans through the Enat Bank loan guarantee facility or any other similar program? Can you explain the process of applying for and obtaining the loan? Why did or do you seek financing through this particular facility? <ul style="list-style-type: none"> Has the Enat guarantee responded to the needs of your company? To what extent did the loan help you to achieve what you wanted to do? Were you able to create jobs with the financing you received? Do you feel these types of loan guarantee programs are necessary for SMEs like yours? If yes, why? If not, why?
Adherence to Crosscutting policy priorities on gender?	<ul style="list-style-type: none"> How was gender integrated in the Enat Bank Loan Guarantee Facility? To what extent has the facility increased access to capital and loans 	<ul style="list-style-type: none"> Do you feel like the loan guarantee facility was responsive to gender and the specific needs of women-led enterprises? <ul style="list-style-type: none"> What support or gender-sensitive components of the program could have been improved?

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
	<p>for women-led businesses and enterprises?</p> <ul style="list-style-type: none"> What recommendations would you propose to improve the Facility design to increase the success of the facility in providing increased loans to women-led enterprises? 	<ul style="list-style-type: none"> Was your loan tied to women or gender issues in any way? How many of the people working in your business are women? <ul style="list-style-type: none"> How has this figure evolved over time? What other options would you have had as a woman to raise capital for your business? Do you have any suggestions on how the loan conditions could be improved?
To what extent has the Guarantee program improved lending terms and outcomes for SMEs?	<ul style="list-style-type: none"> To what extent is the guarantee achieving improvements in lending terms, and how does that compare to financial institutions not under a loan guarantee facility? (This question will be critical to exploring the issue of attribution/contribution as it relates to increased lending to small and medium enterprises (SMEs) in Ethiopia, particularly women-led). To what extent has the intervention achieved, or is expected to achieve, its objectives and results? What factors have facilitated and hindered the loan guarantee facility achievements? Has the intervention led to unintended positive or negative results? If so, how, and why? 	<ul style="list-style-type: none"> Have you repaid your loan, or are you still servicing it? <ul style="list-style-type: none"> Have you ever received any business loan or business credit from any other bank? If you had received loans from any other bank(s), how do the conditions compare to the Enat Bank loan? What has been the impact of the loan on your business? <ul style="list-style-type: none"> Was the loan essential for your business to survive? Has it affected your sales, profits, or employment for others? Did the program offer technical assistance and support? <ul style="list-style-type: none"> What kind of support and assistance did you get? To what extent did the technical assistance cover your needs? How could technical support or capacity building be improved? Have they previously borrowed from other banks or microfinance institutions? <ul style="list-style-type: none"> If so, what interest rates and terms did they get from those other lenders?

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
	<ul style="list-style-type: none"> Was the technical assistance support to the partners reliable, adequate, and targeted? If not, how could this be modelled even better to meet the needs of the beneficiaries? 	
Are there opportunities to improve program oversight and efficiency through expanded partnerships and collaborations?	<ul style="list-style-type: none"> To what extent is the collaboration between SIDA and USAID through the DFC working, and is there any way to improve impact and efficiency? <p>Stakeholder Mapping</p> <ul style="list-style-type: none"> Provide a mapping of other access to finance, /loan guarantee, etc., programs currently active in Ethiopia (include information on location, sponsor, funding, activity, etc.) Which partners/ financial institutions are suitable for potential partnerships within guarantee/innovative financing projects in Ethiopia? Specifically focusing on Internally Displaced Persons (IDPs) What opportunities/barriers do the lenders in the Ethiopian financial market (Banks, MFIs, etc.) see in reaching poorer and more rural 	<ul style="list-style-type: none"> Do you have any suggestions on how access to credit could be improved for women and IDPs in Ethiopia and in more remote areas? Who are the top five institutions offering loans for women-led enterprises in Ethiopia? <ul style="list-style-type: none"> Are there any financing institutions focusing specifically on Internally Displaced Persons, refugees, or women-led enterprises? Are there any innovations in access to finance products or technical support that could be beneficial to SMEs like yours? What is your impression of Ethiopian financial institutions' willingness and difficulties to expand their services to SMEs and more marginalized economic actors, e.g., IDPs or vulnerable groups?

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
	demographics, internally displaced persons, etc.?	
To what extent is the program sustainable, and how can its impact be improved in future iterations?	<ul style="list-style-type: none"> • What additional knowledge/competencies would be needed by the intermediary to better serve currently unserved/underserved segments and productive use/income-generating activity? • What are the key recommendations to be aware of in future innovative financing projects in Ethiopia? 	<ul style="list-style-type: none"> • How will the loan benefit you and your business in the longer-term perspective? • Have you received any support to enhance your human capacity? • What else could have been done to support your human capacity? • Do you have any recommendations for donors or financial institutions regarding improving access to capital for businesses and enterprises like yours?

Key Informant Interview Guide – Enat Bank Executives and Branch Staff

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
Is the Enat Bank Guarantee program appropriate to the Ethiopian context and Sweden's Development Assistance Strategy for Ethiopia?	<ul style="list-style-type: none"> To what extent is the guarantee value-added and filling a gap in terms of access to financial services and the various interventions of commercial banks? <p>Development strategy (2022-2026)</p> <ul style="list-style-type: none"> To what extent are guaranteed still relevant to Sweden's new development assistance strategy in Ethiopia? How can the goals of the new Swedish Development strategy be reached with Innovative financing instruments, such as guarantees, technical assistance, challenge funds, revolving funds, etc. in Ethiopia? How can existing programs of Sida in Ethiopia be integrated and or benefit from a new program on innovative financing instruments? 	<p><u>Enat executives:</u></p> <ul style="list-style-type: none"> Did your bank have any experience with credit guarantees before you entered into the agreement with Sida and USAID? If so, what was your experience? What were the bank's objectives as a partner in the guarantee agreement with Sida and USAID since 2016? To what extent do you think the bank's objectives have been met? How does the guarantee fit with the bank's current strategy and priorities? <p><u>Executives and branch managers, and staff:</u></p> <ul style="list-style-type: none"> How useful is a portfolio guarantee for filling the gap in access to loans for SMEs, including women-led small enterprises? <ul style="list-style-type: none"> To what extent have Ethiopian SMEs had difficulties in obtaining financing because of a lack of acceptable collateral? What are the other challenges to accessing financing for SMEs? In your experience, what are the key factors limiting access to financing for enterprises owned or managed by women in your local market? What challenges are you having in finding creditworthy SMEs owned or managed by women that you can lend to in your local market? To what extent have SMEs owned or managed by women in your market difficulties in obtaining financing because of a lack of acceptable collateral? Do you currently use any other credit guarantee facility for your lending besides the facility from Sida and USAID? Do you feel this type of loan guarantee facility is still necessary in the Ethiopian socioeconomic context? If yes or no, please explain?

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
		<ul style="list-style-type: none"> What changes or adaptations are required to make these types of facilities more effective and impactful for extending financing to Ethiopian SMEs (women-led, IDP and Refugees)?
Did the loan guarantee facility integrate gender into its design?	<ul style="list-style-type: none"> How was gender integrated into the Enat Bank Loan Guarantee Facility? To what extent has the facility increased access to capital and loans for women-led businesses and enterprises? What recommendations would you propose to improve the Facility design to increase the success of the facility in providing increased loans to women-led enterprises? 	<p><u>Executives and branch managers, and staff:</u></p> <ul style="list-style-type: none"> How exactly was gender and the needs of women-led SMEs addressed through the Enat Bank loan guarantee facility? <ul style="list-style-type: none"> Could more be done to address the questions or issue of gender in this regard? What about other groups such as IDPs and refugees? What services exist for these communities? Is the more demand that needs to be addressed? In the absence of this guarantee, would these women-led enterprises have been able to obtain similar loans on similar terms from your bank or from other financial institutions? <ul style="list-style-type: none"> If no, what would they have been able to borrow, and how different would the terms have been – from your bank? Or from other lenders? What suggestions would you propose for improving the guarantee facility design to improve access to loans for women-led enterprises?
To what extent has the Guarantee program improved lending terms and outcomes for SMEs?	<ul style="list-style-type: none"> To what extent is the guarantee achieving improvements in lending terms, and how does that compare to financial institutions not under a loan guarantee facility? (This is question will be critical to exploring the issue of attribution/contribution as it relates to increased lending to small and 	<p><u>Questions for Enat executives</u></p> <ul style="list-style-type: none"> What is the typical profile of the women-owned enterprises that you have disbursed guaranteed loans to – are they existing clients or new to your bank? Have they borrowed from your bank before, and if so on what terms? Which factors influenced your bank’s ability to fully use the guarantee facility from Sida and USAID during the past few years? What technical assistance has your bank received regarding your use of this guarantee?

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
	<p>medium enterprises (SMEs) in Ethiopia, particularly women-led).</p> <ul style="list-style-type: none"> • To what extent has the intervention achieved, or is expected to achieve, its objectives and its results? • What factors have facilitated and hindered the loan guarantee facility achievements? • Has the intervention led to unintended positive or negative results? If so, how, and why? • Was the technical assistance support to the partners reliable, adequate, and targeted? If not, how could this be modelled even better to meet the needs of the beneficiaries? 	<ul style="list-style-type: none"> ○ Did the assistance also include training or advice for your borrowers? ○ How do you assess the quality of the training and technology provided by the IFC to your bank and your borrowers? ○ Was the training or technical assistance well targeted? ○ What, if anything, could be done better to meet the needs of your staff and your borrowers? <ul style="list-style-type: none"> • How does the mix of guaranteed loans compare with your bank's total portfolio of loans to SMEs? • For your SME loans under the Sida/USAID guarantee, what collateral do you require? • For guaranteed loans, do the clients pay additional fees or charges to your bank because they provide less collateral? If so, how are the fees determined? • How do the interest rates on your guaranteed loans compare with the interest rates on your similar loans to other SMEs that are not covered by any guarantee? • Does the guarantee make it easier for your bank to comply with regulatory requirements regarding collateral, or allocation of capital based on your risky assets? If so, how? • How do you ask your branch staff to explain to clients that you can sometimes make loans with less collateral than your normal requirement? <ul style="list-style-type: none"> ○ Are clients and prospects in your market aware that your bank has access to a guarantee facility? • What are your normal procedures for handling defaults? <ul style="list-style-type: none"> ○ Are you managing defaults on guaranteed loans the same way, or are there differences?

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
		<ul style="list-style-type: none"> • In the absence of the Sida-USAID guarantee, how many of the borrowers would have been able to obtain similar amounts of financing from your bank or other lenders? <ul style="list-style-type: none"> ○ If they could have received similar amounts, how would the terms and pricing differ? If they could have received smaller amounts, how much less? ○ How many borrowers would not have qualified for ANY loan from any other financial institution? • How do the guaranteed loans differ, for example, in loan sizes, collateral, tenors, interest rates, sectors, geographic distribution, and gender of business owners and managers? <ul style="list-style-type: none"> ○ The following questions are about your normal loan requirements when the guarantee is not applied. What are your bank's standard requirements, including collateral, when lending to a new SME client? ○ Do your standard requirements change for subsequent loans to the same SMEs? ○ To what extent are your collateral requirements for loans to SMEs influenced by specific rules or guidance from the central bank? If there are general rules regarding unsecured and secured loans, what do the rules require? • Which financial institutions do you consider to be your closest competitors for lending to SMEs? • Is your bank currently free to set your own interest rates on loans, and related fees, or are there regulatory rules you must follow? • What are typical interest rates for your loans to SMEs, and how do they compare with the interest rates charged by your competitors?

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
		<ul style="list-style-type: none"> Are you aware of any competitor banks that are also making use of partial portfolio guarantees in their SME lending? <ul style="list-style-type: none"> Are any of your competitor banks able to offer loans to women-owned SMEs on terms that are as favourable as yours when you apply the guarantee? Have you attempted to gather information about changes in the guaranteed borrowers' business revenues or profits, household incomes, or changes in their employment after they received and used a guaranteed loan? If yes, how did you gather the information, and are there any findings?
Are there opportunities to improve program oversight and efficiency through expanded partnerships and collaborations?	<ul style="list-style-type: none"> To what extent is the collaboration between Enat Bank, SIDA and USAID through the DFC working, and is there any way to improve impact and efficiency? <p>Stakeholder Mapping</p> <ul style="list-style-type: none"> Provide a mapping of other access to finance, /loan guarantee, etc., programs currently active in Ethiopia (include information on location, sponsor, funding, activity, etc.) Which partners/ financial institutions are suitable for potential partnerships within guarantee/innovative financing projects in Ethiopia? Specifically focusing on Internally Displaced Persons (IDPs) 	<p><u>Executives and branch staff:</u></p> <ul style="list-style-type: none"> How has the collaboration between Enat Bank, USAID and Sida worked to facilitate the loan facility success? <ul style="list-style-type: none"> Were there opportunities to improve the collaboration and thus the loan facility effectiveness? What are the type five financial institutions working on loan guarantee/innovative financing projects in Ethiopia? <ul style="list-style-type: none"> Specifically focusing on vulnerable populations Internally Displaced Persons (IDPs), refugees, rural populations? What barriers do you see in reaching out to and providing financial services for vulnerable populations in Ethiopia? <ul style="list-style-type: none"> poorer and more rural populations and internally displaced persons/ refugees Do you see any opportunities in those populations (IDPs, Refugees and rural pop) for your own institution?

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
	<ul style="list-style-type: none"> What opportunities/barriers do the lenders in the Ethiopian financial market (Banks, MFIs, etc.) see in reaching poorer and more rural demographics, internally displaced persons, etc.? 	<ul style="list-style-type: none"> If you are already trying to address any such opportunities, how are you doing that? Is there any type of outside support that could help you address them more effectively?
To what extent is the program sustainable and how can its impact be improved in future iterations?	<ul style="list-style-type: none"> What additional knowledge/competencies would be needed by the intermediary to better serve currently unserved/underserved segments and productive use/income-generating activity? What are the key recommendations to be aware of in future innovative financing projects in Ethiopia? 	<ul style="list-style-type: none"> Will Enat Bank be able to continue this alternative loan guarantee facility approach without outside support? Is there any additional capacity your institution and your staff would need, in order to better serve women-led SMEs and other underserved segments of enterprises and households? What suggestions do you have for Sida and USAID regarding improvements in the guarantee program, or similar future guarantees? <ul style="list-style-type: none"> Particularly to expand support to rural populations, IDPs and refugees? Do you have any suggestions for other initiatives to provide financing for underserved populations in the future?

Key Informant Interview Guide – Other Financial Institutions

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
Is the Enat Bank Guarantee program appropriate to the Ethiopian context and Sweden's Development Assistance Strategy for Ethiopia?	<ul style="list-style-type: none"> To what extent is the guarantee value-added and filling a gap in terms of access to financial services and the various interventions of commercial banks? <p>Development strategy (2022-2026)</p> <ul style="list-style-type: none"> To what extent are guarantees still relevant to Sweden's new development assistance strategy in Ethiopia? How can the goals of the new Swedish Development strategy be reached with Innovative financing instruments, such as guarantees, technical assistance, challenge funds, revolving funds, etc. in Ethiopia? How can existing programs of Sida in Ethiopia be integrated and or benefit from a new program on innovative financing instruments? 	<ul style="list-style-type: none"> Are you familiar with the Sida, USAID, Enat Bank Loan Guarantee Facility? Please explain the facility if they are not aware and explain the aim of our mission and mapping exercise. Do you feel that this type of loan guarantee facility is necessary within the Ethiopian context? Why or why not?
Did the loan guarantee facility integrate gender into its design?	<ul style="list-style-type: none"> How was gender integrated into the Enat Bank Loan Guarantee Facility? To what extent has the facility increased access to capital and loans 	<ul style="list-style-type: none"> What recommendations would you propose to improve the success of access to finance for women-led enterprises? <ul style="list-style-type: none"> IDPs Refugees Rural populations

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
	<p>for women-led businesses and enterprises?</p> <ul style="list-style-type: none"> • What recommendations would you propose to improve the Facility design to increase the success of the facility in providing increased loans to women-led enterprises? 	
<p>To what extent has the Guarantee program improved lending terms and outcomes for SMEs?</p>	<ul style="list-style-type: none"> • To what extent is the guarantee achieving improvements in lending terms, and how does that compare to financial institutions not under a loan guarantee facility? (This is question will be critical to exploring the issue of attribution/contribution as it relates to increased lending to small and medium enterprises (SMEs) in Ethiopia, particularly women-led). • To what extent has the intervention achieved, or is expected to achieve, its objectives and its results? • What factors have facilitated and hindered the loan guarantee facility achievements? • Has the intervention led to unintended positive or negative results? If so, how, and why? 	

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
	<ul style="list-style-type: none"> Was the technical assistance support to the partners reliable, adequate, and targeted? If not, how could this be modelled even better to meet the needs of the beneficiaries? 	
<p>Are there opportunities to improve program oversight and efficiency through expanded partnerships and collaborations?</p>	<ul style="list-style-type: none"> To what extent is the collaboration between SIDA and USAID through the DFC working, and is there any way to improve impact and efficiency? <p>Stakeholder Mapping</p> <ul style="list-style-type: none"> Provide a mapping of other access to finance, /loan guarantee, etc., programs currently active in Ethiopia (include information on location, sponsor, funding, activity, etc.) Which partners/ financial institutions are suitable for potential partnerships within guarantee/innovative financing projects in Ethiopia? Specifically focusing on Internally Displaced Persons (IDPs) What opportunities/barriers do the lenders in the Ethiopian financial market (Banks, MFIs, etc.) see in reaching poorer and more rural 	<ul style="list-style-type: none"> Does your institution have experience with the use of credit guarantees, such as partial loan or portfolio guarantees, to facilitate lending to any market segments (IDPs, refugees and rural populations)? <ul style="list-style-type: none"> Does your institution offer targeted financial products aimed at these market segments? To what extent is your institution focused on providing financial services to under-served market segments of interest to Sida, such as: SMEs, start-ups, women entrepreneurs, micro-level subsistence farmers, and internally displaced persons? <ul style="list-style-type: none"> Or do you plan to do it in the future? If so, please explain... Does your institution currently engage in any special outreach aimed at those segments regarding loans or other financial services? Or do you plan to do it in the future? If so, please explain? Are you using any such guarantee facilities at present? <ul style="list-style-type: none"> If so, what are its features? If so, who was the guarantor, what was the target market, qualification criteria, loan sizes, and facility size? Was the facility successful? Can you share about the results?

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
	demographics, internally displaced persons, etc.?	<ul style="list-style-type: none"> • What are the main obstacles or factors limiting you in providing financial services to those segments? • What could a donor like Sida do to help facilitate delivery of financial services, including credit where appropriate, to any of those segments? • Are you aware of any interesting or promising new approaches to providing financing, or financial services, to any of those segments in Ethiopia? If so, please explain? • Does your institution have experience with revolving loan funds aimed at any of those market segments (SMEs, start-ups, women entrepreneurs, micro-level subsistence farmers, IDPs)? <ul style="list-style-type: none"> ○ If so, who was the sponsor, the target market, qualification criteria, loan sizes, fund size? ○ And what were the results? • Does your institution have experience with challenge funds or matching grants programs, including any programs for start-ups, women, and young entrepreneurs? <ul style="list-style-type: none"> ○ If so, who was the sponsor, the target market, qualification criteria, grant sizes and fund size? ○ And what do you know about the results? ○ Did you conclude anything about the relevance and effectiveness of such funds or programs in the future? ○ Are you involved in using or managing any challenge fund or matching grants program at present? If so, what are its features? • Which other institutions and organizations should we talk to about useful approaches, innovations, and ongoing experiments in delivering financial services to under-served market segments in Ethiopia?

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
		<ul style="list-style-type: none"> Do you have any recommendations for Sida regarding ways to provide financing, or financial services in general, to SMEs, start-ups, women entrepreneurs, micro-level subsistence farmers, IDP, or other under-served segments?
To what extent is the program sustainable and how can its impact be improved in future iterations?	<ul style="list-style-type: none"> What additional knowledge/competencies would be needed by the intermediary to better serve currently unserved/underserved segments and productive use/income generating activity? What are the key recommendations to be aware of in future innovative financing projects in Ethiopia? 	

Key Informant Interview Guide - Government of Ethiopia

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
Is the Enat Bank Guarantee program appropriate to the Ethiopian context and Sweden's Development Assistance Strategy for Ethiopia?	<ul style="list-style-type: none"> Overview of the guarantee instruments and technical assistance support and its contribution towards the government's financial inclusion agenda? <p>Development strategy (2022-2026)</p> <ul style="list-style-type: none"> To what extent are guaranteed still relevant to Sweden's new development assistance strategy in Ethiopia? How can the goals of the new Swedish Development strategy be reached with Innovative financing instruments, such as guarantees, technical assistance, challenge funds, revolving funds, etc. in Ethiopia? How can existing programs of Sida in Ethiopia be integrated and or benefit from a new program on innovative financing instruments? 	<ul style="list-style-type: none"> Are you familiar with the Enat Bank Loan Guarantee program supported by Sida and USAID? (The interviewer will explain key points if the respondent is not aware) Is portfolio guarantee critical to filling the gap in access to loans for SMEs, including women-led small enterprises? <ul style="list-style-type: none"> To what extent have Ethiopian SMEs had difficulties in obtaining financing because of a lack of acceptable collateral? What are the other challenges to accessing financing for SMEs? In your experience, what are the key factors limiting access to financing for enterprises owned or managed by women in your local market? What challenges are you having in finding creditworthy SMEs owned or managed by women that you can lend to in your local market? To what extent have SMEs owned or managed by women in your market difficulties in obtaining financing because of a lack of acceptable How do you see the need for loan guarantee facilities in Ethiopia? <ul style="list-style-type: none"> Does the market satisfy the need? If not, which products are missing? collateral? Are there any existing public incentive tools (subsidies, guarantee funds, etc.) in the country to support financial inclusion? <ul style="list-style-type: none"> Existing national strategies to enhance guarantee instruments including technical assistance? Are you familiar with Sida's development strategy for Ethiopia? (The interviewer will explain key points if the respondent is not aware)

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
		<ul style="list-style-type: none"> ○ If yes, is this aligned with the government priorities? In what way? ○ If not, what are the areas where you see potential future collaboration with Sida?
Did the loan guarantee facility integrate gender into its design?	<ul style="list-style-type: none"> ● How was gender integrated in the Enat Bank Loan Guarantee Facility? ● To what extent has the facility increased access to capital and loans for women-led businesses and enterprises? ● What recommendations would you propose to improve the Facility design to increase the success of the facility in providing increased loans to women-led enterprises? 	<ul style="list-style-type: none"> ● Have you seen an improvement in the access to capital for women-led businesses? <ol style="list-style-type: none"> a. If yes, to what extent do you consider the Sida/USAID project to be a contributor to that change? b. To your knowledge, how well is women's access to finance covered in donor and CSO projects in Ethiopia? ● Does the government subsidize financing instruments for SMEs, start-ups, women-owned enterprises, internally displaced persons, or other vulnerable groups? ● Do you have any recommendations as to how access to capital for women-led businesses could be enhanced? <ol style="list-style-type: none"> a. Do you have any suggestions as to how other groups, e.g. Do IDPs or vulnerable groups, enhance their access to capital?
To what extent has the Guarantee program improved lending terms and outcomes for women-led SMEs?	<ul style="list-style-type: none"> ● To what extent is the guarantee achieving improvements in lending terms, and how does that compare to financial institutions not under a loan guarantee facility? (This question will be critical to exploring the issue of attribution/contribution as it relates to increased lending to small and medium enterprises (SMEs) in Ethiopia, particularly women-led). 	<ul style="list-style-type: none"> ● Are you aware of any loan guarantee or innovative access to finance programs in Ethiopia that can share with us? <ol style="list-style-type: none"> a. Do women have sufficient access to this means, why/why not? b. What about IDPs or vulnerable/marginalised groups? c. Which aspects need to be strengthened? ● Do you see an improvement in access to capital for women in Ethiopia? <ol style="list-style-type: none"> a. Do you see an improvement for other groups? ● What are some of the barriers for access to capital for women? <ol style="list-style-type: none"> a. Are there missed opportunities for women and other groups in Ethiopia? b. Do they have sufficient access to support and information concerning access to capital?

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
	<ul style="list-style-type: none"> • To what extent has the intervention achieved, or is expected to achieve, its objectives and its results? • What factors have facilitated and hindered the loan guarantee facility achievements? • Has the intervention led to unintended positive or negative results? If so, how, and why? • Was the technical assistance support to the partners reliable, adequate, and targeted? If not, how could this be modelled even better to meet the needs of the beneficiaries? 	<ul style="list-style-type: none"> • What technical assistance are required for financial institutions and borrowers to improve access to finance for Women-led, IDP and refugee enterprises?
Are there opportunities to improve program efficiency through expanded partnerships and collaborations?	<ul style="list-style-type: none"> • To what extent is the collaboration between SIDA and USAID through the DFC working, and is there any way to improve impact and efficiency? <p>Stakeholder Mapping</p> <ul style="list-style-type: none"> • Provide a mapping of other access to finance, /loan guarantee, etc., programs currently active in Ethiopia (include information on location, sponsor, funding, activity, etc.) • Which partners/ financial institutions are suitable for potential partnerships 	<ul style="list-style-type: none"> • What are some of the innovative access to finance models and approaches for women-led businesses and vulnerable groups that exist in Ethiopia? <ul style="list-style-type: none"> ○ What are they for IDPs and other vulnerable or marginalised groups? ○ What about loan guarantee programs, revolving funds, etc. ○ What are the top five institutions working in this area? • Are there programs or organizations that you feel that are doing exciting work as it relates to innovative access to financing and loan guarantees. ? <ul style="list-style-type: none"> ○ If yes, why is that the case and what could be done? ○ To what extent have Ethiopian SMEs had difficulties in obtaining financing because of a lack of acceptable collateral? (in case missed above) ○ What are the other challenges to accessing financing for SMEs?

Evaluation Criteria & Question	Sub-Question	KII Guide Questions
	<p>within guarantee/innovative financing projects in Ethiopia? Specifically focusing on Internally Displaced Persons (IDPs)</p> <ul style="list-style-type: none"> • What opportunities/barriers do the lenders in the Ethiopian financial market (Banks, MFIs etc) see in reaching poorer and more rural demographics, internally displaced persons, etc.? 	<ul style="list-style-type: none"> ○ In your experience, what are the key factors limiting access to financing for enterprises owned or managed by women in your local market? (in case missed above) ○ What challenges are you having in finding creditworthy SMEs owned or managed by women that you can lend to in your local market? (in case missed above)
To what extent is the program sustainable and how can its impact be improved in future iterations?	<ul style="list-style-type: none"> • What additional knowledge/ competencies would be needed by the intermediary to better serve currently unserved/underserved segments and productive use/income-generating activity? · • What are the key recommendations to be aware of in future innovative financing projects in Ethiopia? 	<ul style="list-style-type: none"> • How can Government and development partners better support women-led businesses, IDPs and other groups in the future? <ul style="list-style-type: none"> ○ Is there anything they need to do differently? • What trends in the National economy need to be considered when designing future programmes for women-led SMEs in Ethiopia? <ul style="list-style-type: none"> ○ Any relevant documents on guarantee instruments and technical assistance we should review? • What technical assistance is required for financial institutions and borrowers to improve access to finance for Women-led, IDP, and refugee enterprises? (Repeat in case missed above) • Do you have any recommendations for improving access to finance for women led enterprises and vulnerable groups in Ethiopia?

Annex 4 – Documentation

1. CFC (Common Fund for Commodities) (2016), "Sustainable Credit Guarantee Scheme to Promote Scaling up of Enhanced Coffee Processing Practices in Ethiopia and Rwanda" - On line: <https://common-fund.org/sustainable-credit-guarantee-scheme-promote-scaling-enhanced-coffee-processing-practices-ethiopia> -
2. Cooperative Bank of Oromia (2021), ‘‘Annual Report 2020/21’’, Addis Ababa, Ethiopia, PDF
3. DAI, "Ethiopia—Enterprise Partners/Private Enterprise Program Ethiopia (PEPE)" - On line: <https://www.dai.com/our-work/projects/ethiopia-private-enterprise> -programme-Ethiopia-pepe
4. Development Bank of Ethiopia (2022), "Export Credit Guarantee", - source: <https://www.dbe.com.et/index.php/services/export-credit-guarantee> -
5. DFC Credit Management System – Enat Transaction Report, Microsoft Excel
6. DFC, U.S. International Development Finance Corporation (July 28, 2020), ‘‘Second Amendment to Loan Portfolio Guarantee Agreement DFC’’, No. 663-DCA-16-012/ Sida No. 54020195, PDF
7. EMBASSY OF SWEDEN (2016-10-18), Enat Bank Guarantee: Decision on contribution, Ethiopia, PDF
8. EMBASSY OF SWEDEN (2019), ‘‘Guarantee Enat Bank (2016-2023)’’, Ethiopia, PDF
9. EMBASSY OF SWEDEN (2020-06-08), Guarantee Enat Bank (2016-2023): Conclusion on Performance - Assessment of performance, Ethiopia, PDF
10. EMBASSY OF SWEDEN (2022-03-22), ‘‘Guarantee Enat Bank (2016-2023): Conclusion on Performance’’, Ethiopia, PDF
11. Enat Bank (2021), ‘‘Annual Report 2020/21’’. Addis Ababa, Ethiopia, PDF
12. Enat Bank (2022), ‘‘Status update on loans against USAID and Sida’’, Addis Ababa, Ethiopia, PDF
13. EP (2020), "Enterprise Partners’ Monitoring and Results Measurement System and DCED Experience", PDF - On line: <https://enterprisepartners.org/> -
14. Ethiopia (2021), ‘‘SOCIAL ASSESSMENT FOR THE WOMEN ENTREPRENEURSHIP DEVELOPMENT PROJECT ADDITIONAL FINANCING (WEDP AF)’’, Addis Ababa, PDF
15. Ethiopia, ‘‘Ethiopia 2030: The Pathway to Prosperity ; Ten Years Perspective Development Plan (2021 – 2030)’’, PDF
16. European Investment Bank (2017), "Ethiopia: Companies to benefit from EIB backing for USD 100m private equity fund" -

- <https://www.eib.org/en/press/all/2017-270-ethiopian-companies-to-benefit-from-eib-backing-for-usd-100m-private-equity-fund> -
17. Government of Canada (2021), “Accelerating business growth in Ethiopia” - <https://www.international.gc.ca/world-monde/stories-histoires/2021/business-growth-ethiopia-ethiopie-croissance-entreprises.aspx?lang=eng> -
 18. Government Offices of Sweden: Ministry for Foreign Affairs, “Strategy for Sweden’s development cooperation with Ethiopia 2022-2026”, PDF
 19. IFAD (2022), “Rural Financial Intermediation Program III: Supervision Report”, Report No. 6077-ET, Ethiopia, PDF
 20. Klapper, L., M, El-Zoghbi., & Hess, J. (2016), Achieving the Sustainable Development Goals: The Role of Financial Inclusion, CGAP, UNSGSA, PDF - SOURCE: www.cgap.org -
 21. Leora Klapper, Mayada El-Zoghbi, and Jake Hess (2016), Achieving the Sustainable Development Goals: The Role of Financial Inclusion. CGAP Working Paper. Washington, D.C. CGAP
 22. Mapping data: First consult Ethiopia - https://firstconsultet.com/our_work -
 23. Mónica, M. & Patricia R., “ILO, SIDA: Developing an Impact Monitoring Framework for Sida’s guarantee portfolio: Intermediary results and planning next steps”, PDF - www.ilo.org/socialfinance -
 24. National Bank of Ethiopia (2017), Ethiopian National Financial Inclusion Strategy. Addis Ababa, Ethiopia.
 25. National Bank of Ethiopia (2021), National Digital Payments Strategy (2021 - 2024). Addis Ababa, Ethiopia.
 26. National Bank of Ethiopia (2021), NBE Annual Report 2020/21. Addis Ababa, Ethiopia.
 27. National Bank of Ethiopia, “Annual Report 2020-2021”, PDF
 28. “Number of staff”, Microsoft Excel
 29. Planning and Development Commission (2020), “Ten Years Development Plan: A Pathway to Prosperity (2021-2030)”, Addis Ababa, Ethiopia, PDF
 30. Sellin J. (2016), “Estimation of expected losses for certain guarantees to Sida’s full year financial statements”, Ref. No. 2016/ 1302, PDF
 31. Sida (2016), “Guarantee Enat Bank -Guarantee part: Appraisal of Intervention final”, PDF
 32. SIDA (2017), “First Amendment to loan Portfolio Guarantee No. 663-DCA-16-012”, PDF
 33. Svend, E. S., Mastroianni K., Tamrat, I., Svedberg, M., (2019, "Sida Decentralised Evaluation 2019: Mid-term Review of the Strategy for Sweden’s Development Cooperation with Ethiopia, 2016–2020" - <https://cdn.sida.se/publications/files/sida62225en-mid-term-review-of-the-strategy-for-swedens-development-cooperation-with-ethiopia-20162020.pdf>
 34. WIDU - on line: <https://widu.africa/fr/ethiopie> -

35. Wolday, A., William, M. B., Fasika. J., & Ahlstrom, L. (2016), “Opening Doors: A Performance Evaluation of the Development Credit Authority (DCA) in Ethiopia”, USAID/Ethiopia, Addis Ababa, PDF
36. World Bank (2022), ‘Ethiopia's great transition – the next mile, a Country Economic Memorandum’, Washington, D.C.: World Bank.
37. WORLD BANK. 2019. Ethiopia Financial Sector Development: THE PATH TO AN EFFICIENT STABLE AND INCLUSIVE FINANCIAL SECTOR. © World Bank

Annex 5 – List of Interviewees

List of interviewees				
Name	Position	Organization	Date of interview	Gender
1. Feleke Borga	Deputy CEO	PEACE Microfinance (Mapping)	Sept 19, 2022	M
2. Samuel Assefa	Manager SME's Credit Analysis & Appraisal Division	Enat Bank, Head Office	Sept 19, 2022	M
3. Takele Tibibe	Branch Credit Officer	Enat Bank, Abebech Gobena Branch	Sept 20, 2022	M
4. Yeromnesh Tadesse	Branch Manager	Enat Bank, Bole Branch	Sept 20, 2022	W
5. Eleni Melesse 6. Sehul Truesaw	Investment and Trade	USAID-EGT	Sept 20, 2022	W M
7. Lelise Temesgen	Credit Department Manager	Enat Bank, Head Office	Sept 21, 2022	W
8. Woodwessen Assefa 9. Sintayehu Girum	Vice President Operation and Director Credit Department	Addis International Bank (Mapping)	Sept 21, 2022	M
10. Meliku Yirga	Country Director	Mercy Corps (Mapping)	Sept 22, 2022	M
11. Henok Tenna	Team Leader BRIDGES Programme	First Consult (Mapping)	Sept 22, 2022	M
12. Leul Woodmeneh	Program Manager, Private Sector, Market Systems Development (M4P), Livelihood	Embassy of Sweden	Sept 23, 2022 & Sept 26, 2022 (15 :00)	M

ANNEX 5 – LIST OF INTERVIEWEES

13. Lejalem Getaneh	Manager, Policy & Strategy Analytics	Ministry of Labour and Skills (Mapping) (changed to Virtual at respondent request)	Sept 23, 2022	M
14. Ephrem Bogale	Director- Personal & SME Banking Directorate	Awash Bank	Sept 26, 2022	M
15. Khadar Abdi	CEO	Shabelle Bank (Mapping)	Sept 28, 2022 (9 :30)	M
16. Vera Obare		Sida	Sept 29, 2022 (9 :30 - 10 :30)	W
17. Ato Mesfin Dabi (Nigist Eleni Branch Manager- 18. (Mr. Mindaye and Mrs. Haregewoin _ Tamra Techno Packaging PLCLGF Borrower & Business visit)		Sida	Sept 29, 2022 (13:30 -15:30)	M W M
19. Meron Seid	Owner and Creative Director	Meron Addis Ababa	Oct 3, 2022 (10:00-11:00)	W
20. Fasika Jiffar	Project Management Specialist	USAID	Oct 4, 2022 (10:30-12:30)	M
21. Schadrack Dusabe 22. Enat Shiferaw 23. Amen Deneke	Deputy Representative/ National Planning/ GRB Team	UNWOMEN	Oct 4, 2022 (16:00-17:00)	M W W
24. Eleni Kyrou	Head of Representation to Ethiopia & the African Union	European Investment Bank	Oct 5, 2022 (10:30-11:30)	W
25. Martha Woyessa	Executive Directress	Women Empowerment Action (WE- Action)	Oct 5, 2022 (13:00-14:00)	W

ANNEX 5 – LIST OF INTERVIEWEES

26. Tesfaye Dheressa	Deputy Chief Officer, Credit Operation Manager	Oromia International Bank	Oct 6, 2022 (8:00-9:00)	M
27. Habtamu Mengistu	Branch Manager	Enat Bank, Mexico Branch	Oct 6, 2022 (9:30-10:30)	M
28. Sue Clark 29. Alisson Clarke 30. Daniel	Country Director/ Protection Manager/ Ethiopiam Immigration Programme	Danish Refugee Council	Oct 6, 2022 (12:00-13:00)	W W M
31. Solomon Kebede 32. Zemichael Tesfamariam	Branch Manager/ Manager	Enat Bank Main branch/ Enat Bank Bole branch	Oct 6, 2022 (14:00-15:00)	M M
33. Tsehay Tuji 34. Sara Mohammed	Owner / Owner	Tsetu Food Packaging Materials Industry/ Next Fashion Design	Oct 7, 2022 (9:00-10:30)	W W
35. Tamiru Abitew	Branch Manager	Enat Bank, Sengatera Branch	Oct 7, 2022 (13:00-14:00)	M
36. Zelalem	General Manager	Zelalem Firehiwot & Friends Manufacturing Cooperative	Oct 10, 2022 (09:00 -10:00)	M
38. Fisha	Deputy General Manager	Alebachew & Mastewal Garment Share Company	Oct 10, 2022 (10:30 -11:30)	M
39. Bernabas Mekete	Production Head/Expert	Kokeb Aluminum General Trading	Oct 10, 2022 (10:30 -11:30)	M
40. Fitsum Mulugeta	Branch Manger	Enat Bank, BahirDar Branch	Oct 10, 2022 (14:00 -15:00)	M
41. Abdillahi Aden 42. Mesfin Guaguro	Programme Lead (both)	Mastercard Foundation (virtual meeting)	Oct 10, 2022 (11:00-12:00)	M

Annex 6 – Innovative Financing Mapping

See separate attached excel file.



Evaluation of Guarantee Instrument and Technical Assistance Offered to Enat Bank to Increase Access to Capital For Women-Owned/Managed Small and Medium Enterprises in Ethiopia

This report presents the findings of the mid-term evaluation of the Swedish-supported Enat Bank Loan Guarantee Facility (LGF) in Ethiopia. Commissioned by Sida and undertaken by Tana Copenhagen, it assesses the performance of the facility thus far and provides recommendations for future improvement of the support to women-led Small-Medium Enterprises (SMEs). LGF is a key component of the operationalization of Sida's new development assistance strategy in Ethiopia. The team found that the LGF only supports women-owned SMEs in the formal sectors, and the number of loans processed is still relatively low. As such, including enterprises located in the informal sector or with creditworthiness challenges would be a critical step in significantly expanding the access of women-owned SMEs to financing, and subsequently, transitioning many into the formal sector by providing crucial support for formalization, financial literacy, bookkeeping and tax status regulations. Recommendations are given for Sida to continue its support of the LGF, with a focus on expansion and programme design, in an effort for women entrepreneurs to experience economic growth and financial freedom.

SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Visiting address: Rissneleden 110, 174 57 Sundbyberg
Postal address: Box 2025, SE-174 02 Sundbyberg, Sweden
Telephone: +46 [0]8-698 50 00. Telefax: +46 [0]8-20 88 64
E-mail: sida@sida.se Web: sida.se/en

