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## Financing Women-Owned SMEs: A Case Study in Ethiopia

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# FINANCING WOMEN-OWNED SMES:

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## ACRONYMS

AGOA	African Growth and Opportunity Act
CBE	Commercial Bank of Ethiopia
CAWEE	Center for African Women Economic Empowerment
BOA	Bank of Abyssinia
BMO	Business Management Organization
DCA	USAID's Development Credit Authority
FY	Fiscal Year
GPFI	IFC's Global Partnership for Financial Inclusion
GOE	Government of Ethiopia
IESC	International Executive Service Corps
IFC	International Finance Corporation
ILO	International Labor Organization
IMF	International Monetary Fund
MSME	Micro, Small and Medium Enterprises
NBE	National Bank of Ethiopia
NPL	Non Performing Loan
PAR	Portfolio at Risk
SME	Small and Medium Enterprises
TA	Technical Assistance
USAID	United States Agency for International Development
VEGA	Volunteers for Economic Growth Alliance
WEG	Women's Entrepreneurship Group

## EXECUTIVE SUMMARY

Women represent up to 30 percent of all small and medium enterprise (SMEs) owners in Ethiopia, yet have a 78 percent failure rate.<sup>1</sup> This is because women-owned SMEs are particularly disadvantaged in meeting their business growth needs, facing such difficulties as: the inability to secure loans from formal lenders like commercial banks, poor managerial skills, low levels of education,<sup>2</sup> and limited access to networking opportunities and information. Exacerbating these challenges is a cultural bias that lending to women is too risky based on the perception that women do not run businesses as effectively as men. Such biases arise from embedded social norms that prevent Ethiopian commercial banks from seeing women-owned SMEs as a significant, viable, and profitable market segment.<sup>3</sup>

In September 2008, the United States Agency for International Development (USAID) signed a Development Credit Authority (DCA) guarantee with the Bank of Abyssinia (BOA), Ethiopia's third largest bank, to offer loan financing assistance specifically to target women-owned SMEs by guaranteeing up to US\$4.3 million in loans over a 7-year period (2008 – 2014). Since 1999, USAID has used DCA to issue partial credit guarantees to leverage private capital for development objectives. A DCA guarantee is a risk-sharing agreement with partner financial institutions, investors, and development organizations to unlock financing for entrepreneurs in the developing world. DCA guarantees provide a partner financial institution with partial guarantee coverage (typically 50 percent) on a loan or portfolio of loans in a given sector (e.g. agriculture, health, energy) that the lender perceives as too "risky." DCA guarantees mobilize private sector lending with minimal U.S. Government funding that is only used as a set-aside in the case of potential defaults. From FY1999 – FY2012, DCA has mobilized over US\$2.7 billion in private capital with a budgeted subsidy cost of only US\$118 million. Since FY1999, DCA geographic coverage has expanded to over 70 countries. In the case of Ethiopia, a goal of the DCA program is to demonstrate to BOA and the larger banking community that women-owned SMEs are a viable and profitable market.

USAID is interested in creating a body of knowledge to support effective gender integration into future DCA programming.<sup>4</sup> Therefore, this report focuses on the motivation, impact, and lessons learned of utilizing a DCA risk-sharing agreement, coupled with technical assistance, that specifically targets women-owned SMEs.

## FINDINGS

As a result of the DCA Agreement with BOA, several interesting findings emerged. First, BOA reported that the DCA guarantee successfully demonstrated the business case that women are credit worthy. A significant

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<sup>1</sup> Bekele, Eshetu and Worku, Zeleke, 2008

<sup>2</sup> Ibid

<sup>3</sup> IFC-GPFI 2011, Narain, 2009, Global Banking Alliance for Women

<sup>4</sup> To support the work that is being done, and that has already been done, in the areas of gender and SME development, USAID's Microenterprise & Private Enterprise Promotion Office (MPEP) launched the Women's Leadership in SMEs online community platform, [www.wlsme.org](http://www.wlsme.org). The site allows practitioners in the development community to further the discussion around these issues and to generate a growing body of knowledge on how to address limitations to women's SME growth.

factor in changing the perception in BOA was women's comparatively low default rate. Specifically, the bank reports that for every three men, only one woman defaults on a comparable SME loan. Meanwhile, the DCA guarantee has not influenced BOA's credit underwriting policies; they are standard across SME lending activities and based on traditional, preferred fixed-asset collateral. BOA has a strict underwriting process requiring fixed collateral due to an overall restrictive regulatory environment. For example, 85 percent of all loans disbursed by a commercial bank in Ethiopia must be collateralized. Cash-flows are taken into account in the appraisal process, but lending is approved upon the borrower's ability to provide immovable collateral—regardless of gender, business and entrepreneurial characteristics—and demonstrate growth potential.

Second, BOA credit officers reported they prefer working with women more than their male counterparts. Women seek guidance, listen to suggestions, and communicate business risks as day to day managers, they said, which builds confidence that women understand the challenging, external business conditions in Ethiopia.<sup>5</sup>

Third, women in Ethiopia run smaller businesses and are perceived to be more risk averse than their male counterparts. Such perceptions influence their ability to access debt financing. Women tend to own and operate smaller businesses in the domestic trade sector that are less capital intensive. This, in turn, reinforces the belief that women-owned SMEs offer lower returns to creditors. Women in Ethiopia tend to borrow only what they require and are less likely to seek external financing.

Fourth, technical assistance in the form of one-on-one training, coupled with the DCA guarantee, instilled greater confidence among those women who received it compared to those who did not. Generally, women seek an advisory relationship with a financial institution, thereby increasing their own confidence and bankers' willingness to lend.

## LESSONS LEARNED

Based on these findings, several important lessons can be learned. The utilization and the desired impact of a risk-sharing guarantee are greatly influenced by a country's regulatory climate. The challenging fiscal environment in Ethiopia has increased banks' risk aversion and negatively affected SME lending portfolios overall. This research has shown that a risk-sharing mechanism by itself may be insufficient in convincing bank partners to lend to women-owned SMEs. It is crucial to identify the full cross-selling, customer loyalty, and market-share benefits that support the business case. In regard to technical assistance, one-on-one support to women beneficiaries on credit application requirements is most effective, while also serving as a vetting mechanism for the partner bank. Adding this supplement actually serves dual purposes—reducing administrative costs and building confidence in women applicants within the bank.

Challenges faced by the DCA guarantee program included frustration and loss of interest among women-owned SMEs for several reasons. Women cited a lack of communication on loan appraisal and disbursement processes (including the expiration date of the risk-sharing agreement) and the added burden of bank-

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<sup>5</sup> In-country Interviews, Ethiopia 2013



imposed usage fees for DCA guarantee borrowers in the form of higher interest rates. Ultimately, however, the DCA guarantee program can serve as a catalyst for changing the mindset in the financial sector toward the added value of serving women entrepreneurs and for adapting business models within banks to better serve this market.

## INTRODUCTION

With the release of the United States Agency for International Development's (USAID) new Gender Policy,<sup>6</sup> the Agency is promoting gender integration as a means to support effective development assistance across sectors, including broad-based economic growth. The Development Credit Authority (DCA) is a flexible tool that allows USAID to mobilize local financing through U.S. Treasury-backed partial credit guarantees to underserved markets. As part of the Women's Leadership in Small & Medium Enterprises (WLSME) initiative,<sup>7</sup> supported by USAID's Microenterprise & Private Enterprise Promotion (MPEP) Office, two case studies have been commissioned to report on how DCA guarantees and accompanying USAID-supported financial sector projects have impacted women-owned small and medium enterprises (SMEs) in Ethiopia and Ghana. Both case studies document experiences and lessons learned for the purpose of informing the future design of similar donor activities.

This case study concentrates on the DCA Agreement with the Bank of Abyssinia (BOA) in Ethiopia, which specifically targets women-owned SMEs, and the VEGA AGO+ program, focused on financial sector and trade capacity development. The DCA program in Ethiopia was chosen because it is one of very few recent examples that explicitly seeks to benefit women-owned SMEs.<sup>8</sup>

The case study explores the following questions:

- What are the partner bank's motivations for utilizing a DCA guarantee to target women-owned SMEs?
- How do the partner bank's loans to women-owned SMEs differ from men-owned SMEs (in terms of size, sector, number of disbursed loans, repayment patterns, previous experience borrowing), and why? How do women-owned SME borrowing patterns under the DCA guarantee compare to patterns overall in Ethiopia?
- Has the DCA influenced the partner bank's credit underwriting policies, especially with regard to collateral and cash-flow-based lending? How has the DCA influenced the partner bank's business interest towards women-owned SMEs? Has a business case successfully been made?
- What are the unique challenges that women-owned SMEs face under the DCA Agreement compared to men-owned SMEs? How have the two technical assistance projects targeted and supported women-owned SMEs? Did the technical assistance change their behavior?
- What are the unintended consequences of the DCA guarantee?

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<sup>6</sup> [http://transition.usaid.gov/our\\_work/policy\\_planning\\_and\\_learning/documents/GenderEqualityPolicy.pdf](http://transition.usaid.gov/our_work/policy_planning_and_learning/documents/GenderEqualityPolicy.pdf)

<sup>7</sup> For more information, visit the WLSME online community platform at [www.wlsme.org](http://www.wlsme.org).

<sup>8</sup> Other similar projects were not chosen for the case study because USAID has already commissioned performance evaluations to assess those interventions.

# BACKGROUND

## ETHIOPIA: WOMEN-OWNED SMES AND ACCESS TO CREDIT

Ethiopia is the second most populous country in Sub-Saharan Africa with a population of approximately 85 million. The country is one of the poorest in the world with annual per capita income of US\$370, substantially lower than the regional average of US\$1,257.<sup>9</sup> Since women represent about half of the population, initiatives that support women's economic empowerment are critical to Ethiopia's economic development.<sup>10</sup> The Ethiopian Government adopted a National Policy on Ethiopian Women in 1993 with the aim of eliminating gender and cultural biases that hinder women from participating equally in the economic development of the country. In 2000, Ethiopia took steps towards supporting women's economic activities by reforming its family law, eliminating a husband's ability to deny permission for his wife to work outside the home, and requiring both spouses to agree in administering family property. These changes have shifted women's economic activities toward occupations involving higher skills, longer work hours, and more options to work outside the home.<sup>11</sup> Today, women represent 47 percent of the workforce, and 81 percent of women participate in the labor force, compared to 90 percent of men.<sup>12</sup> That said, the majority of women work in the informal sector, representing 60 percent of informal enterprise owners.<sup>13</sup>

Despite the lack of current data on the SME sector, the Ethiopian Central Statistics Agency reports that women own 73.5 percent of microenterprises, 13.7 percent of small enterprises in manufacturing industries,<sup>14</sup> and 30 percent of medium and large enterprises in industrial activities.<sup>15</sup> A 2008 study<sup>16</sup> on women-owned MSMEs in Ethiopia found that 78 percent of all failed businesses were owned or operated by women. Women-led SMEs are particularly disadvantaged in meeting their business growth needs, facing difficulties that include: securing loans from formal lenders such as commercial banks (69 percent), inability to convert part of profit back into investment (66 percent), poor managerial skills (72 percent), shortage of technical skills (74 percent), and low level of education (55 percent).<sup>17</sup> These challenges reinforce the lack of interest by

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<sup>9</sup> World Bank Country Overview, Ethiopia, 2011

<sup>10</sup> World Bank Development Indicators, Ethiopia, 2011

<sup>11</sup> World Bank 2012 World Development Report: Gender Equality and Development

<sup>12</sup> World Bank Development Indicators, Ethiopia, 2011

<sup>13</sup> Haile and Fekade, 2009

<sup>14</sup> Manufacturing is defined as "the physical or chemical transformation of materials or components into new products, whether the work is performed by power — driven machines or by hand, whether it is done in a factory or in the worker's home, and whether the products are sold at wholesale or retail." Small Scale Manufacturing establishments refer to enterprises engaging less than 10 persons and use power machinery. Large and Medium Scale Manufacturing establishments refer to enterprises engaging 10 or more persons and use power machinery. (April 2010 CSA Report)

<sup>15</sup> Central Statistics Agency Reports, 2003, 2010, 2006

<sup>16</sup> This study, comprised of a random sample of 500 MSMEs across 5 regions in Ethiopia, identified factors that influence the long-term survival and viability of MSMEs in Ethiopia. 78% of failed businesses were women-led and female-headed firms had an average life time of 3.2 years versus 3.9 years for male-headed firms. (Bekele, Eshetu and Worku, Zeleke, 2008)

<sup>17</sup> Bekele, Eshetu and Worku, Zeleke, 2008

commercial banks to see women-owned SMEs as a significant, viable, and profitable market segment opportunity.<sup>18</sup>

Neither preparing nor identifying the business case to commercial banks is a simple task. A Center for African Women Economic Empowerment (CAWEE) report cites a study from June 2008 which collected data on women borrowers in commercial bank portfolios. Of the three banks observed, the number of women borrowers was approximately 20 percent for two banks and 47 percent for the third bank. However, the value of loans disbursed account for less than 15 percent of the total loan portfolio.<sup>19</sup> The smaller magnitude of borrowing by women can be attributed to the smaller size of women-owned businesses which tend to concentrate in less growth-oriented and less capital-intensive industries.<sup>20</sup>

Women business-owners of SMEs claim access to finance as one of their biggest challenges. In Sub-Saharan Africa, about 45 percent of women-owned enterprises are denied credit.<sup>21</sup> An International Labor Organization (ILO) survey conducted in 2005 indicated that 30.5 percent of women entrepreneurs lack access to working capital in Ethiopia. Women-owned enterprises remain small partly due to women's reliance on their own limited resources or borrowing from family and friends. Further compounding this challenge is the fact that 15.6 percent of women entrepreneurs lack management skills, preventing their ability to obtain credit.<sup>22</sup> In Ethiopia, women entrepreneurs' inability to grow their firms and access credit poses a "chicken and egg problem," compounded by the country's patriarchal culture. Such deeply embedded social norms have historically influenced women's lower levels of education, less experience in the workforce, and reduced knowledge of technical and managerial skill sets. On the other hand, start-up and growth capital is needed to overcome these deficits. Women entrepreneurs that do approach banks find that they cannot meet the credit application conditions that banks require, especially regarding the provision of loan guarantees and collateral. From the financial institution side, there is a lack of effective risk-sharing mechanisms that can unlock liquidity, particularly important in countries with strict financial sector regulations.

## PROGRAM HISTORY

In May 2000, the African Growth and Opportunity Act (AGOA) was enacted to expand trade to certain African countries. AGOA encourages exports from developing and least developed African countries by providing quota and duty-free entry for specific products. The underlying purpose of the AGOA legislation is to assist the economies in Sub-Saharan Africa and to improve economic relations between the United States and the region. Ethiopia is a beneficiary of AGOA trade preferences. In support of the AGOA legislation, USAID solicited proposals to facilitate trade-led job creation in Ethiopia in partnership with the private sector and the Government of Ethiopia. The AGOA program was awarded to Volunteers for Economic Growth Alliance (VEGA) and its implementing partner, International Executive Service Corps (IESC), in July 2005. The VEGA AGOA+ program undertook three primary activities: (1) build trade capacity and export

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<sup>18</sup> IFC-GPFI 2011, Narain, 2009, Global Banking Alliance for Women

<sup>19</sup> Haile and Fekade, 2009

<sup>20</sup> In-country Interviews, Ethiopia 2013

<sup>21</sup> IFC-GPFI, 2011

<sup>22</sup> Haile and Fekade, 2009

promotion for firms; (2) strengthen institutional capacity for business membership organizations (BMOs) and government agencies; and (3) promote access to finance – first through investment finance from the global Diaspora, followed by loan finance through USAID’s DCA loan guarantee program. Given that limited access to markets, growth financing, and technical knowledge are major barriers to expansion for women entrepreneurs, particular focus was placed on women-owned SMEs.<sup>23</sup>

In September 2008, USAID signed a DCA Agreement with BOA to offer loan financing assistance specifically targeting women entrepreneurs and Diaspora members. The Agreement included a guarantee, which was in addition to DCA Agreements signed with three other Ethiopian commercial banks—Awash, Dashen, and Nib International—targeting Diaspora members and SMEs in manufacturing, agriculture, and tourism. The DCA Agreements were designed to mitigate the perceived risk of lending to Diaspora and women entrepreneurs by supplying a 50 percent risk-sharing mechanism to cover defaults. In exchange, banks also lowered or eliminated burdensome collateral requirements for loans up to US\$17.12 million.

To help women entrepreneurs take advantage of the DCA guarantee, technical support for women-owned SME beneficiaries was also provided, which included in the VEGA AGOA+ program. That program ended in September 2011 and is now being managed by Serengeti Capital, an Africa-focused asset management and investment advisory firm with headquarters in Accra, Ghana and a satellite office in Addis Ababa, Ethiopia.

## DCA GUARANTEE WITH THE BANK OF ABYSSINIA

BOA was established 17 years ago and is the third largest bank in terms of branch network in Ethiopia, with 57 branches throughout the country. Prior to the DCA guarantee for women-owned SMEs, BOA was already lending to SMEs and was a DCA partner for lending to agricultural SMEs. Executive management supported the idea of lending to women-owned SMEs as an expansion of its existing portfolio with the same terms and conditions. Given BOA’s demonstration as an effective partner in terms of utilization and development impact and its interest in women entrepreneurs as a target market, BOA was selected as partner bank for the DCA guarantee targeting women-owned SMEs. The DCA guarantee was programmed to provide women entrepreneurs with access to commercial bank financing for the first time by reducing collateral requirements with a 50 percent risk share of potential net losses of the principal. By guaranteeing up to US\$4.3 million in loans over seven years with an average tenor of two years and average size of US\$40,000, USAID hoped to demonstrate to BOA and the larger banking community that women-owned SMEs are a viable and profitable sector. The guarantee was also meant to accelerate income and employment generation, complementing USAID’s activities in trade and investment and private sector competitiveness with the AGOA+ program.

## TECHNICAL ASSISTANCE ACTIVITIES

The human capital gap and limited access to information that women face in many developing countries contribute to the idea, real or perceived, that women are unbankable. Low levels of education and financial literacy can prevent women from assessing and understanding financing options for their businesses and

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<sup>23</sup> ILO, Support to Growth-oriented Enterprises in Ethiopia, 2005

successfully navigating loan procedures.<sup>24</sup> To address these challenges, USAID coupled the DCA guarantee with technical assistance (TA). Through the VEGA AGOA+ program, TA was provided in an effort to leverage existing resources already addressing women entrepreneurs' limited access to markets, lack of growth financing, and technical knowledge barriers. Activities included training to improve management and strategic planning skills; business counseling services, including feasibility studies, market analysis, and due diligence support in the course of the loan approval process; and facilitation of market linkages to international markets. In addition, loan packaging and applicant screening to participating banks was also provided. Finally, the VEGA AGOA+ program worked to improve women's association capabilities so they could provide business development services after the program's completion.

On the bank side, TA activities included training for bank partners and other financial institutions, such as financial options and lending mechanisms based on cash flow. Three rounds of training, each with a 5-day session, were conducted in the credit department of the DCA's four partner banks. Through these TA activities, the VEGA AGOA+ program mobilized loans to 24 women-owned businesses.

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<sup>24</sup> IFC-GPFI, 2011

# FINDINGS

## BANK MOTIVATIONS TO PARTNER WITH THE USAID DCA PROGRAM

Since the DCA guarantee program's launch in 2008, the Ethiopian financial sector has grown from eight to 16 banks. BOA has maintained its leadership as Ethiopia's third largest private bank and considers itself a leader in lending to women-owned SMEs. BOA's motivations to utilize a risk-sharing guarantee are three-fold:

1. the presence of gender champions within the bank's leadership
2. the need to find creative financing mechanisms within Ethiopia's unique and conservative regulatory environment, and
3. the existing relationship with USAID

### Gender Champions

Interviews with USAID and BOA suggested that key advocates for the DCA guarantee came from BOA's executive management. The former President of BOA is female and was actively involved with women's entrepreneurship networks in Ethiopia. The Vice President is also a strong supporter of serving women entrepreneurs. For women in business programs to succeed in commercial banks, it is crucial to have full buy-in from the partner bank's management and operational teams.<sup>25</sup>

### Ethiopia's Regulatory Environment

The Ethiopian financial sector remains underdeveloped with weak supporting institutions, such as credit bureaus and registries, and protection of property rights. The lending environment in Ethiopia is highly restrictive. As a result of the global financial crisis, the Government of Ethiopia imposed a lending cap on the financial sector.<sup>26</sup> Although it was removed in April 2011, it was replaced with a similarly restrictive requirement to hold 27 percent of the bank's gross loan extension (regardless of loan tenor) to purchase 4-year government bonds.<sup>27</sup> This directive negatively impacts private bank profitability and lending activities. Banks are extremely risk-averse with strict, collateral-based underwriting, which has reduced credit to SMEs in general, particularly women-owned SMEs.<sup>28</sup>

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<sup>25</sup>Women=Smart Business: Lessons Learned in Gender and Development & Women in Business, 2012

<sup>26</sup> VEGA AGOA+ Final Report, 2011

<sup>27</sup>The directive requires private commercial banks to hold 27% of the gross loan extension (regardless of loan tenor) in a 4-year NBE bill at an annual interest rate of 3%, while deposit rates are approximately 5%. This forces banks to freeze resources at rates lower than the cost of funds and risk profitability. Banks are passing this risk on to borrower's with limited disbursement of loans, longer tenors (despite regulation that 40% of loans must be for working capital), and higher interest rates. (IMF Ethiopia Staff August 2012 Staff Report)

<sup>28</sup> Haile and Fekade, 2009, In-country Interviews, Ethiopia 2013

One of the most significant factors impacting the ability of women-owned SMEs to access commercial bank finance is steep collateral requirements. Regulations require that 85 percent of all loans disbursed by a commercial bank must be collateralized. Ethiopia's family law reform in 2000 and community-land ownership initiatives in 2003 granted women the right to property ownership. However, in practice women still face land ownership barriers and insufficient collateral as the culture has not adapted as quickly as the law.<sup>29</sup>

BOA was motivated to partner with the USAID DCA program to hedge risk and serve women-owned SMEs. BOA viewed the opportunity as a tool to creatively assist with collateral challenges that are more prevalent with women, and with the regulations imposed by the National Bank of Ethiopia (NBE).<sup>30</sup>

### Existing Relationship with USAID

The most successful guarantees can be attributed to collaborative relationships between lenders and guarantors.<sup>31</sup> The DCA Agreement in this study is one of four DCA Agreements that USAID has with BOA.<sup>32</sup> As previously stated, three other Ethiopian commercial banks have Agreements with USAID directed at different sectors and markets. BOA considers the partnership with USAID as a "best" customer in that the DCA guarantee is highly valued and provides bank credibility due to the rigorous due diligence by USAID.

### INFLUENCE ON PARTNER BANK

The DCA guarantee has convinced BOA that women are a credit worthy market segment. Globally, commercial banks with best-in-class women's market programs report that a key factor attracting their business to the women SME segment is that women tend to have better repayment rates than men.<sup>33</sup> Despite the many initiatives promoting gender equality in Ethiopia, there is still resistance from financial institutions to treating women as viable business owners.<sup>34</sup> The DCA guarantee has slowly begun to change this perception. BOA has found, on average, that for every three men, only one woman defaults on a loan.<sup>35</sup> To date, there has only been one default reported under the DCA guarantee portfolio, and credit officers suggested that this default was because her husband was utilizing the loan.<sup>36</sup> In comparison to Bank Enat, a new commercial bank focused solely on the needs of woman in Ethiopia, and regional non performing loan (NPL) averages, BOA's PAR>90 (Portfolio at Risk) is on the higher end of the SME Lending program spectrum. Data repayment patterns for BOA's greater SME Lending portfolio including comparable male beneficiaries were not available for this study.<sup>37</sup> However, according to anecdotal reports from BOA

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<sup>29</sup> Policy Reform toward Gender Equality in Ethiopia, November 2012

<sup>30</sup> Interview with Bank of Abyssinia, 2013

<sup>31</sup> Levitsky, 1997

<sup>32</sup> The four DCA Agreements are Women, Diaspora, Agriculture, and Health.

<sup>33</sup> Global Banking Alliance for Women

<sup>34</sup> Interviews with Bank of Abyssinia, Bank Enat, and CAWEE, 2013

<sup>35</sup> Data on SME loans of male counterparts was not available to analyze for this case study. The default ratio of 3:1 for men to women was anecdotal from interviews with executive management when discussing comparable men- and women-owned SME beneficiaries.

<sup>36</sup> Interview with Bank of Abyssinia, 2013

<sup>37</sup> Further analysis of the DCA portfolio yielded PAR>90 day arrears of 15% and PAR>180 of 4%. According to BOA's 2012 Annual Report, BOA's NPL rate for doubtful loans (PAR>180) and advances is approx. 2.6%;



management and staff, lower NPLs amongst women-owned SME borrowers demonstrated that serving this market was good business. Another factor that contributed to the credit worthiness of women is how the female beneficiaries communicated with the bank. For example, women proactively shared information about their businesses, reached out to discuss risks they were facing, and sought feedback from credit officers on how to mitigate risks in an effort to avoid going into arrears.<sup>38</sup> Credit officers found such interactions helpful, because they were able to communicate early the status of businesses under the DCA guarantee with their branch managers, develop meaningful relationships with the borrowers, and boosted their reputation as a loan officer.<sup>39</sup>

BOA would not have lent to as many women-owned businesses without the DCA guarantee. Because of the liquidity challenges and restrictive regulations in Ethiopia over the past several years, lending to a new market was considered too risky without the support of a 50 percent risk-sharing guarantee provided by the DCA.<sup>40</sup> BOA evaluates all loans under the common lending framework known as the 5 C's of lending: Character, Capacity, Collateral, Capital, and Conditions.<sup>41</sup> Without the DCA guarantee, anecdotal evidence suggests that women-owned SMEs would have faced approval challenges under the Character, Capacity, and Collateral criteria.<sup>42</sup>

### Character Criteria

According to research by CAWEE, Ethiopian financial institutions practice relationship lending.<sup>43</sup> Character refers to the customer's willingness and determination to pay back a debt obligation. Interviews suggested that personal character is one of the most important factors in credit analysis. Considering a borrower's personal character is a common lending practice among commercial banks, and is based on the history of a borrower's relationship with a bank, repayment track record, social and community standing, experience, and education.<sup>44</sup> With less than 1 percent of borrowers in Ethiopia covered by credit registries or bureaus banks must rely heavily on character assessments and their own information gathered over time.<sup>45</sup> Relationships developed through elite networks are critical to conducting business in Ethiopia, and even more so in the financial sector.<sup>46</sup> Since these networks are inherently skewed toward male membership, women entrepreneurs miss out. The assessment of personal character traits (i.e. integrity, reliability, and honesty)

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however, the SME lending portfolio NPL rate was not available. The lower NPL could be attributed to less risky, larger corporate clients.

<sup>38</sup> Interview with Bank of Abyssinia, and IESC, 2013

<sup>39</sup> Interview with IESC, 2013

<sup>40</sup> In line with IFC-GPFI findings that if women's businesses are perceived to be riskier, creditors will be reluctant to lend to them irrespective of whether the perception of higher risk is based on facts or on conjecture.

<sup>41</sup> Interview with Bank of Abyssinia, 2013

<sup>42</sup> This does not suggest that women tend to have comparable levels of capital. As mentioned earlier in the study, women tend to manage smaller, less-capital intensive businesses for a variety of reasons.

<sup>43</sup> Ethiopian financial institutions use two lending mechanisms or a combination of both, transaction (based on quantitative data) and relationship lending (based on qualitative data gathered through relationships built over time with the business owner/manager). (Haile and Fekade, 2009)

<sup>44</sup> Haile and Fekade, 2009

<sup>45</sup> World Bank Doing Business Report, 2013

<sup>46</sup> Interview with CAWEE, 2013

associated with meeting a loan obligation is influenced through networking and is considered in the loan approval process. In a male dominated society, women find it challenging to socialize. Culturally, it is acceptable for men to socialize with branch managers and credit officers at the end of the day, but the same is not true for women.<sup>47</sup> Moreover, given that the majority of positions in Ethiopian banks are held by men, women have limited opportunity to network and build the base for their personal character.<sup>48</sup> The DCA guarantee facilitated an introduction between the women business-owner and the bank to start building a relationship.

### Capacity Criteria

Ethiopian women's limited access to education has contributed to a gender gap in managerial and technical skills. According to Bank Enat, it is more difficult for women to approach a bank with an idea because they are not taken seriously. Their business plans must be 100 percent complete and demonstrate a strong measure of success.<sup>49</sup> A 2005 CAWEE survey found that unlike men, women do not have the relationships that are often prioritized over the soundness of a business idea. The DCA guarantee coupled with TA addressed this challenge by helping women build business and management skills and a basic knowledge of the lending process.<sup>50</sup> TA providers, VEGA/IESC and Serengeti Capital, not only evaluate each borrower, acting as a vetting partner for a client pipeline, but also help BOA reduce transaction costs in the appraisal process. The BOA still follows its assessment/appraisal requirements, but the TA acts as a pre-screening mechanism, and almost all of the loans are approved. The DCA guarantee has positively influenced the bank's perception of women's business acumen.<sup>51</sup>

### Collateral Criteria

Lack of sufficient collateral is one of the main reasons cited for rejection of loans, which discourages many women from approaching banks.<sup>52</sup> In Ethiopia, women still face the challenge of not owning or having access to sufficient collateral for financing.<sup>53</sup> Consistent with other commercial banks, BOA accepts collateral in the form of land certificates (individuals can lease up to 99 years from the government), buildings, and vehicles, and share certificates of personal and business investments. Often, women will pledge assets owned by a husband if they don't have enough collateral, or if possible, from another third party. Banks prefer buildings as an asset because they tend to appreciate in value, versus other collateral, such as vehicles which depreciate quickly in value. Under the DCA guarantee, 90 percent of loans are collateralized with building assets. The ownership of the collateral is not an important factor. Regulations require that 85 percent of all loans disbursed by a commercial bank must be collateralized. BOA does not take a portion of collateral. Instead, it applies the entire value of pledged collateral against the loan. Consequently, all loans are typically collateralized

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<sup>47</sup> Interviews, with IESC, CAWEE, Bank Enat, and Serengeti Capital, 2013

<sup>48</sup> Haile and Fekade, 2009

<sup>49</sup> Interview with Bank Enat, 2013

<sup>50</sup> Interview with Bank of Abyssinia, 2013

<sup>51</sup> Interview with Bank Enat, 2013

<sup>52</sup> IFC-GPFI, 2011

<sup>53</sup> Policy Reform toward Gender Equality in Ethiopia, November 2012

at 100–200 percent of the loan value.<sup>54</sup> According to the World Bank Enterprise Survey, SMEs in Ethiopia on average finance 7.2 percent of working capital through external sources (i.e. commercial banks), and the value of collateral typically needed is 234 percent of the loan amount.<sup>55</sup> For women that could meet at least 50 percent of the collateral requirements, the DCA guarantee facilitated financing.

The DCA guarantee has had limited influence on BOA's underwriting policies. Across the Bank's SME lending activities, credit underwriting policies are standard, regardless of the DCA guarantee. A critical question that this case study seeks to answer is how the DCA guarantee has influenced BOA's underwriting policies, especially with regard to collateral and cash-flow based lending. Ultimately, BOA has a strict underwriting process that must be followed in light of the conservative fiscal environment. BOA's credit underwriting policies are on a preferred, fixed-asset collateral basis. Cash-flows are taken into account in the appraisal process, but lending is approved upon the borrower's ability to provide immoveable collateral, regardless of gender, business, entrepreneur characteristics, or enterprise growth potential. According to the World Bank's Doing Business Survey, businesses do have the right to use movable assets as collateral while keeping possession of the asset, and any financial institution can accept it. However, Ethiopia does not have a collateral registry in operation to support such activities.<sup>56</sup>

In terms of the women-owned firms that BOA lends to, there are two categories: 1) loans to women-owned SMEs with the ability to provide 100 percent collateral, which are not assigned to the DCA guarantee, and 2) loans to women-owned SMEs who are unable to provide 100 percent of collateral, which do qualify under the DCA guarantee.<sup>57</sup> The DCA guarantee has influenced BOA's procedures in that women who meet at least 50 percent of the collateral requirement are considered for credit financing, whereas before they were not. That said, conversations with bank personnel and financial sector stakeholders suggest that although the risk-sharing agreement is for 50 percent, this entire 50 percent is not passed on as a full collateral substitute for beneficiaries. Research shows that although a guarantee scheme may claim to cover up to the percentage agreed upon, in practice it may cover much less.<sup>58</sup> A 50 percent guarantee means the lending bank has to obtain collateral to cover the other portion of the risk, which could be administratively costly for banks.<sup>59</sup> In general, SMEs in Ethiopia must put down approximately 30 percent up front in an equity contribution. The values of buildings, equipment, and assets are typically taken for their entire appraised amount. This often means collateral requirements of up to 200 percent.<sup>60</sup> Given BOA's traditional focus on immoveable collateral

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<sup>54</sup> Interviews with BOA, Bank Enat, and TA providers, 2013

<sup>55</sup> Ethiopia World Bank Enterprise Survey, 2011

<sup>56</sup> World Bank Enterprise Survey: Getting Credit in Ethiopia, 2012; World Bank Agribusiness Indicators: Ethiopia, April 2012.

<sup>57</sup> Data on how many women are outside of the DCA guarantee program could not be provided.

<sup>58</sup> The amount of risk coverage passed on depends on the individual financial institution and is determined on a case by case basis. In this study, the amount of risk coverage passed on to beneficiaries is unknown and is suggested to be less than 50%.

<sup>59</sup> Levitsky, 1997

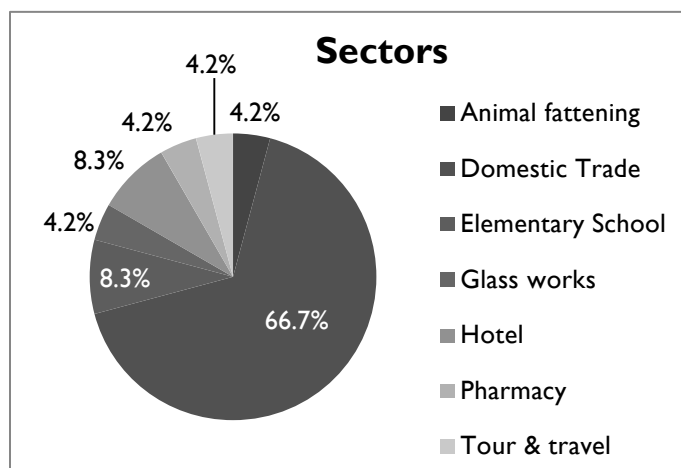
<sup>60</sup> Interviews with Bank of Abyssinia, Bank Enat, and Serengeti Capital, 2013

and the NBE regulations, some women entrepreneurs have been rejected for financing because they could not meet the remaining collateral requirements beyond the 50 percent DCA loan guarantee.<sup>61</sup>

In comparison to men, women generally face a disproportionately larger number of challenges when applying for loan financing. Aligned with IFC-GPFI findings that female and male entrepreneurs running large, formal firms are both able to reach their growth potential and are equally likely to have access to finance,<sup>62</sup> BOA has also observed no real differences in the financing needs for men and women-owned firms of large businesses with similar growth potential.<sup>63</sup> However, this group of women entrepreneurs is in the minority. The majority of women beneficiaries under the DCA guarantee face distinct limitations in the size of their business, sector in which they are operating, previous borrowing experience, business and financial management skills, and willingness to take on risk.

### Size and Sector

All stakeholders interviewed emphasized that women in Ethiopia tend to own and manage smaller businesses than men and tend to operate in the domestic trade sector. Of the 24 women beneficiaries covered under the DCA guarantee, approximately 67 percent operate in this sector. Furthermore, CAWEE has also found that women in Ethiopia operate business activities that are less capital-intensive.<sup>64</sup> This can be attributed to the lower barriers of entry required in such business activities.<sup>65</sup> In terms of size, BOA considered all guaranteed borrowers to be small businesses in terms of number of years in business and loan volume. The average loan size for women beneficiaries under the DCA guarantee is US\$48,597 (median=US\$48,086). According to the IFC’s loan proxy methodology, such businesses are categorized as small in emerging markets.<sup>66</sup> It is interesting to note the partner bank’s use of number of years in business, which then classifies women-owned SMEs as smaller, given that women generally have fewer years of experience in business than men. Firm size has an important influence on credit worthiness. The types of businesses women are likely to run, such as in domestic trade, offer lower returns to creditors.<sup>67</sup> Actual returns on the



<sup>61</sup> Interview with Bank of Abyssinia, 2013. BOA could not provide actual figures on the number of these women, but suggested it was enough women to cause concern. The bank requested that future guarantees claim more than 50 percent. Up to 70 percent is preferred given the market.

<sup>62</sup> IFC-GPFI, 2011

<sup>63</sup> Interview with Bank of Abyssinia, 2013

<sup>64</sup> Haile and Fekade, 2009

<sup>65</sup> Interviews with Bank of Abyssinia, Bank Enat, IESC, and Serengeti Capital, 2013

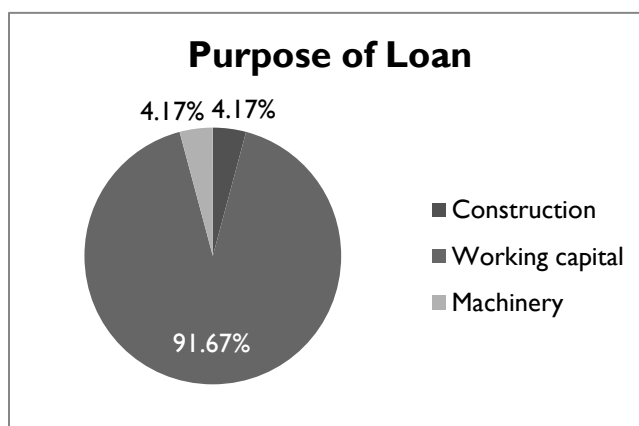
<sup>66</sup> IFC MSME Loan Size Proxies: Micro: US\$1,000 to US\$10,000, Small: US\$10,000 - US\$100,000, Medium: US\$100,000 to 2 million

<sup>67</sup> IFC-GPFI, 2011

DCA guarantee portfolio were not assessed because comparison information on the partner bank's greater SME lending portfolio and SME loans disbursed to male counterparts was not available.

### Risk Aversion

A common perception of women entrepreneurs is that they tend to be risk averse. Women in Ethiopia tend to only borrow what they require at the moment, and promptly pay it back when compared to their male counterparts<sup>68</sup>. According to Serengeti capital, women invest 100 percent of funding received in the business, whereas men allocate 20–25 percent for other business activities. In the eyes of IESC, requesting only what is necessary is more prudent financial management. Moreover, women are less likely to seek external financing, partly because they lack the experience and business and financial management skills. All stakeholders expressed that the women beneficiaries need advisory support on a variety of topics, such as bank processes, appropriate types of financing, business and financial management, and growth versus working capital financing. All of the women under the DCA guarantee are repeat borrowers with BOA, and approximately 92 percent of the loans were for working capital needs. BOA suggested that as the women built assets with the utilization of previous loans, they requested increased loan amounts aligned with their business growth, and graduated to loans outside of the DCA Agreement.<sup>69</sup>



In comparison to men, women invest more in the relationship with credit officers, creating a preference for banks to work with women. IESC observed the trend that although women were borrowing smaller amounts in comparison to men within the VEGA AGOA+ program, banks preferred working with women for multiple reasons. As clients, women seek guidance from their credit officers, listen to suggestions, and do not question the credit officers as much as male counterparts often do. Women want an advisory relationship with their credit officer, including site visits.<sup>70</sup> Furthermore, women beneficiaries acknowledged risks and communicated such risk as experienced day to day managers. This made an impactful difference to the bankers, instilling confidence that women are aware of the external challenging business conditions in Ethiopia and can manage risk.<sup>71</sup>

### EFFECT OF TECHNICAL ASSISTANCE ON WOMEN-OWNED SMES

Women beneficiaries who received TA were more knowledgeable about bank processes and credit management. According to the TA providers, this service was critical to women's ability to interact with the

<sup>68</sup> Haile and Fekade, 2009

<sup>69</sup> BOA could not provide the exact figures, but suggested this was a trend they were noticing.

<sup>70</sup> Interviews with Bank of Abyssinia and IESC, 2013

<sup>71</sup> Interview with IESC, 2013

bank. Often, women wanted to apply for a loan, but didn't know how to present their growth strategies, which line of business to focus on, and how to prepare a sound business plan. According to BOA, women understood the restrictive business climate they operate under; however, they needed assistance in understanding how to quantify their business risks. Both the partner bank and TA providers address the improvement of the credit culture among potential women clients. Although progress has been made, this challenge still persists. Loan officers reported they must invest more time than they have in educating women beneficiaries on the differences between grant and debt financing.

There is growing comfort with external financing among women borrowers. As previously mentioned in the study, women tend to be more comfortable with financing their business through internal funding. With exposure to debt financing through the DCA guarantee, women beneficiaries are more comfortable with financing their businesses externally. This is evidenced by reports that women are asking for loans outside of the DCA guarantee. Women beneficiaries under the DCA guarantee expressed a strong interest in applying for a second loan, or a "top up" to their original loan, to fund new growth. The business growth resulting from the first loan increased their fixed-asset pool, so now they can pledge more collateral.

BOA has noticed an increase in confidence among women borrowers. BOA management and staff observed that the TA provided to women greatly increased their knowledge and comfort level with bank processes. Most women did not have a previous loan relationship with a bank. Some, including the women beneficiaries interviewed, had experience with microfinance lending, but all had been wary of commercial banks. Interviews suggest that the DCA guarantee and TA have helped women become comfortable speaking with bankers, and women have a better idea of the next steps in growing their business.

Targeted outreach and one-on-one training with women SME entrepreneurs is most effective in the context of the DCA guarantee. This particular DCA guarantee is unique in that all stakeholders were aware of the 50 percent risk-sharing agreement for women-owned SMEs. This is partly because the leadership of the Women's Entrepreneurship Group (WEG) and CAWEE, local women's entrepreneurship networks, identified the need and lobbied for the DCA Agreement. The most effective method of outreach was word of mouth. All women beneficiaries interviewed mentioned that they learned of the DCA Agreement through a friend and then went directly to the TA providers. According to BOA and the TA providers, BOA did not conduct outreach; it relied upon the TA providers for referrals. One-on-one TA was provided on a first-come-first-served basis. In addition, training workshops were provided for general skills in business and financial management. VEGA, one of the TA providers, found that women entrepreneurs preferred one-on-one training, and that it was more effective.

## LESSONS LEARNED

1. There are limitations to what a risk-sharing guarantee can accomplish within a restrictive regulatory environment for lending. The effectiveness of risk-sharing agreements is often measured against the utilization rate. Since the utilization rate was less than 30 percent, it may appear that the DCA guarantee with BOA did not meet performance goals.<sup>72</sup> As has been shown, the DCA guarantee was effective within the small group of 24 women who could meet the 50 percent collateral requirement; however, this has not really made an impact on women's access to finance broadly.<sup>73</sup> The low utilization may be attributed to restrictive financial regulations, such as the 27 percent bond purchase requirement and 85 percent collateral minimum.
2. A risk-sharing mechanism may not by itself be sufficient to make the business case for a targeted segment to partner lenders. The need for a risk-hedging tool to boost SME lending in Ethiopia's complex regulatory environment is clear; however, TA providers reported that convincing commercial banks that serving women SMEs segment is a significant, untapped market opportunity is a real challenge. This requires a change of mindset. It is crucial for stakeholders and USAID to identify and present the full cross-selling, customer loyalty, and market-share benefits to win banks over.
3. One-on-one technical assistance for women beneficiaries on credit application requirements is most effective and serves as a vetting mechanism. Women beneficiaries reported a preference for one-on-one training because they felt more comfortable with sharing information. TA providers echoed a preference for one-on-one training. They suggested that advice on preparing loan application documents, determining when a company is ready for financing, and indentifying appropriate forms of financing were most important. These topics must be bridged with information on loan requirements and how that translates into actionable steps for women.<sup>74</sup> Women have demonstrated noticeably improved confidence in interactions with loan officers. In addressing these topics, TA providers focused on building the business and financial management capacity of women SME entrepreneurs, while vetting candidates for the DCA guarantee client pipeline.<sup>75</sup> Both the partner bank and TA providers recognized the need for referral activities since outreach would have fallen on the partner bank, where the capacity to conduct outreach is limited or nonexistent. This vetting role was an important, yet unexpected benefit to the bank of the DCA guarantee.
4. Different expectations regarding timelines of the loan approval process under the DCA guarantee negatively affected women beneficiaries' perception of the program. The application processing time varied between TA providers. The time ranged from three weeks to a year for a female beneficiary to

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<sup>72</sup> USAID DCA guarantees portfolio data, 2012.

<sup>73</sup> Interview with CAWEE, 2013

<sup>74</sup> Interviews with CAWEE, Bank of Abyssinia, IESC, and VEGA, 2013

<sup>75</sup> Interviews with Bank of Abyssinia, Serengeti Capital, VEGA, IESC, and USAID, 2013

participate in TA activities, prepare her business plan and loan application, and wait for the TA provider to review and approve her application. This is before the application reached the partner bank, at which point she then waited for the partner bank to conduct an appraisal and underwrite the loan for disbursement, if approved. Paperwork completion, approvals from offices located outside of Ethiopia, and training were all reasons for delays. Delays caused frustration and loss of interest among some women borrowers.<sup>76</sup> Managing expectations around realistic timelines through outreach and vetting is a critical function of program management. Finally, another point of frustration is that applications are currently being held because the tenor of loans that women are applying for will be beyond the eligibility for the DCA Agreement.<sup>77</sup> Currently, an alternative or transition plan is not available to provide guidance. Interviews suggest that a clear exit strategy for TA providers and a continuity plan for the partner bank were not considered in the program design.

5. Usage fees being passed to women beneficiaries increases their burden. Stakeholders have expressed a concern that interest rates are typically higher for women under the DCA guarantee versus loans disbursed to comparable borrowers outside of it. Interviews suggest that banks are charging the client for taking advantage of the 50 percent collateral requirement by building the utilization and upfront fees into the interest rates. Women beneficiaries themselves are aware of this, and in some cases, have been issued two loans with two different rates at the same time.<sup>78</sup>
6. The DCA Agreement is the first step towards a culture change in the financial sector toward women borrowers. The DCA guarantee has positively influenced the perception of women's capacity as clients by initiating a commercial bank's involvement in the women-owned SME market. Although a demonstration effect cannot be directly attributed to the DCA Agreement, interviews with stakeholders suggest that since the DCA Agreement was a result of WEG's lobbying efforts to the United States Embassy and USAID, the program has sparked a broader sectoral interest in women-owned SMEs. Financial institutions are more open to conversations regarding women's access to finance. Some banks, such as Awash, Nib, and CBE, are supplying separate tellers for female customers. According to CAWEE and Bank Enat, some banks are hiring gender experts. Finally, Bank Enat, a new commercial bank focused solely on the needs of woman, has been successfully launched.

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<sup>76</sup> Interview with Bank of Abyssinia, 2013

<sup>77</sup> Interview with Serengeti Capital, 2013

<sup>78</sup> Interviews with women beneficiaries, TA providers, and USAID, 2013. Data was not available to review interest rates on loans under the DCA portfolio against other comparable portfolios within the partner bank and its competitors.



## RECOMMENDATIONS

1. Develop an outreach strategy to women-owned SMEs as part of program design. Women's limited access to networks, markets, and information creates a challenging environment to market donor program activities to women-owned SMEs. According to IESC, blanket outreach to women was not successful. Instead, targeted linkages to women's associations, local governments, local business development services, and other donor-funded programs focused on gender were more fruitful. The most effective outreach was informed by previous DCA guarantee beneficiaries and current women beneficiaries. According to Serengeti Capital, using successful women borrowers as ambassadors to recruit new customers is very effective.
2. Provide TA to financial institutions on SME Lending mechanisms and lending to women. Stakeholders expressed the need to build SME lending capacity within financial institutions prior to providing mechanisms, such as risk-sharing guarantees, that focus on specific SME segments (e.g. women, agriculture, health, etc.). Although some financial institutions may have experience lending to SMEs, interviews suggest Ethiopian banks do not understand the basics and benefits of how to prioritize segments in terms of customer management, marketing, and profitability. Especially for women business-owners, this group could have great potential when their specific needs are addressed.<sup>79</sup> If the bank does not have a firm grasp of SME lending basics, then lending to women-owned SMEs will be hindered. Incentives such as the DCA guarantee are excellent for pilots and for building a business case, but they are not sustainable as long as there insufficient technical experience in SME lending.<sup>80</sup> Interviews and program documentation revealed that TA was provided to banks to build the capacity to perform SME credit analysis outside of traditional methods.<sup>81</sup> However, future programs should consider expanding this assistance. SME capacity building TA activities require an advisory program that should be customized to the individual bank's strategy and current operations (i.e. risk management, market segmentation, product and service offerings, sales culture and delivery channels), including the market in which the bank operates.<sup>82</sup>
3. Consider a 60–70 percent risk sharing agreement with partner banks within strict regulatory climates like Ethiopia. All stakeholders expressed the concern that many women are still ineligible for credit financing because they can't produce the residual collateral requirement after the DCA guarantee. One solution is to raise the collateral level of the guarantee.<sup>83</sup> It would be particularly effective, given that solutions such as regulatory reform, enhanced financial infrastructure, and banks' understanding of utilizing moveable collateral are slow to change and often unpredictable. Moral hazard is an argument against raising the percentage of shared risk. This DCA guarantee is unique in that all

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<sup>79</sup> IFC Best-In-Class Guide for Customer Management in SME Banking, 2012

<sup>80</sup> Interview with Serengeti Capital, 2013

<sup>81</sup> Interview with TA Providers, 2013 VEGA AGOA+ Final report, 2011

<sup>82</sup> The SME Banking Knowledge Guide, IFC Advisory Services, 2010

<sup>83</sup> Interviews with Bank of Abyssinia, CAWEE, Bank Enat, Serengeti Capital, and women beneficiaries, 2013

stakeholders are aware of the Agreement. Also, given the strict regulations and that competent lending banks have a vested interest in maintaining high loan portfolio performance, they will make strenuous efforts to avoid loan defaults.<sup>84</sup>

4. Assess a country or market's regulatory environment during project design and how it can influence program success. A country must have a supportive legal and regulatory environment that enables entrepreneurship in order for programs strengthening women-owned SMEs to be successful. Challenges such as limited or no access to property rights, limited access to education, and lack of awareness of legal rights influence the degree to which a women-owned SME can grow. Understanding a country's property laws, gender gap in the implementation of legal rights, and financial infrastructure, coupled with an awareness of the financial sector's regulatory environment and reforms in banking supervision are all critical to develop realistic expectations customized to the local context of what a gender integrated program can accomplish.

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<sup>84</sup> Levitsky, 1997

# ANNEX

## INTERVIEW LIST

INSTITUTION	TITLE
Bank of Abyssinia	Director of Credit Analysis and Relationship Management
	Branch Manager
	Loan Officer
	3 women beneficiaries
Bank Enat	President
	Director of Operations
	Director of Credit
CAWEE	Director
USAID Ethiopia	Fasika Jiffar , Senior SME Specialist
	Garry Robins, Office Chief, Economic Growth & Trade
USAID DCA	Joseph Obi , USAID Portfolio Manager
IESC	Associate Vice President
	Program Manager
VEGA	Former Chief of Party, VEGA AGOA+ Program
Serengeti Capital	Program Manager

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USAID's Women's Leadership in Small & Medium Enterprises initiative, supported by the Microenterprise and Private Enterprise Promotion Office, was designed to generate new learning about which business models for women's entrepreneurship in SMEs work best in different developing country contexts.