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Program Highlights

Over the past many years, a great amount of financial resource has been provided in the form of credit to support agricultural production and increase productivity as well as to create employment opportunity in urban and semi-urban areas.

Delivering financial service to poor households, by increasing income, consumption and empowerment of disadvantaged groups have been viewed as one of the tools to break the vicious cycle of poverty. Thus, the Government of Ethiopia had secured loans and grants from International Fund for Agricultural Development (IFAD) and the African Development Bank (AfDB) to implement the seven years Rural Financial Intermediation Program I (RUFIP I) which had been started in July, 2003 and completed by June 30, 2010.

Development Bank of Ethiopia (DBE) has been designed as a lead program implementing agency by both parties. i. e, the Government of Ethiopia and the Financer to coordinate and manage the

RUFIP I through PCMU, an office established for this purpose within the Bank and has achieved the intended results as witnessed by subsequent interim and project completion evaluation made by the financer as well as the Government of Ethiopia.

Rural Financial Intermediation Program II (RUFIP II) has been designed to scale up the significant progress in access to financial services made RUFIP I successful.

It is generally aimed at enhancing access to demand driven financial services for 6.9 million poor rural households in Ethiopia through nationwide network of formal Micro Finance Institutions (MFIs) and Rural saving and Credit cooperatives (RUSACCOs) as well as their unions providing credit support so as to bridge their liquidity gap, support the growth of savings and loan portfolios of rural Financial Institutions.

RUFIP II has two major components; credit line and capacity building and the total cost of the program in the seven years is Birr 4.2 billion (USD 248.05 million). IFAD contributes 41% of the total cost

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RUFIP-II Program Coordination & Management Unit (PCMU) in collaboration with Association of Ethiopian Micro Finance Institution (AEMFI) had conducted a case study on RUFIP-II loan beneficiaries on May, 2 & 3, 2017. Accordingly, one cooperative which is the client of Addis credit & saving institution (ADCSI) and four individual clients of Poverty Eradication & Community Empowerment (PEACE) which have benefited from a special program known as “lenege” for tomorrow have been visited. “Lenege” or for tomorrow is a special program provided by PEACE MFI to youths. The program’s main priority is delivering financial education, saving and loan products.

Mekane Biruh Tesfa cooperative is among the clients of ADCSI which has benefited from RUFIP II financial service. The cooperative has been established in 1986 E.C with affiliated member ship size of 345 individuals. It has started its operation with initial capital of Birr 5,000.00 and operating different agricultural activities at Gelan area with a land size of 37 hectare. The cooperative produces cereal crops like; Teff and Wheat as well as different vegetables. In addition animal fattening and dairy productions are its common activities. “At

a normal weather condition we can produce twice a year however due to its geographical vulnerability we face several harsh conditions like; drought and flooding” said the cooperative’s chair person W/ro Shewaye Adefirs.

“Although I couldn’t remember that the cooperative had borrowed due to the data is found on the hands of the cooperative’s accountant, it has borrowed a loan from ADCSI with an interest rate of 10% and 2% service charge for a loan duration period of 1-2 years including four months grace period” replied the chair person.

Currently, the cooperatives total asset and capital position have reached 1.5 million and 600,000.00 ETB respectively. However, the member of controlling committee 50 aleka Sherif Mehamed expressed that, the number of individual membership has decreased to 53 individuals as most of its affiliated members were colonels of Derg regime and switched the cooperative due to different personal circumstances.

“Now days the cooperative has recruited 2 permanent employees. However, about 500 people have been benefited from the project” said the controlling committee Amsa Aleka Sherif Mehamed.

The annual income of the cooperative is 250,000.00-300,000.00 ETB in average.



The cooperative's Beetroot

W/ro Belaynesh and her child Tsehay are residence of Bereh Alelitu Woreda and clients of PEACE MFI. They are engaged in a business of traditional cloths.

For the 1st time, W/ro Belaynesh has borrowed 1000.00 ETB from PEACE MFI and bought a cow with 450.00 ETB. After 3 months, she had sold the cow with 1,200.00 ETB and earned a profit of 750.00 ETB. Then, she has bought another cow with 350.00 ETB, 5 sheep with the remaining amount and began rearing these sheep in her compound. "Besides, I had produce onion in my compound however that was challenging as the sheep destroys the onion" said W/ro Belaynesh. "Due to this, I have enforced to give those sheep to another person in the consent of offering equal to the shepherd as the lambs born" she added.

The educational background of W/ro Belaynesh couldn't go beyond grade 12 however her child Tsehay has got her BA in journalism at Arba Minch University. However, after graduation Tsehay couldn't get job as expected and finally she had decided to sell fast foods like; potato cheeps. Fortunately, Tsehay has got working place for her project.

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Then after, W/ro Belaynesh, her child Tsehay and W/ro Zewdnesh who has engaged in Enjera distribution have made a group of three and borrowed 24,000.00 ETB which is 8,000.00 ETB each. “After, we had got a loan of 16,000.00 with my child Tsehay, we have began this business in 2006 E.C which is selling of traditional cloths” said W/ro Belaynesh.



W/ro Belaynesh at her business shop

“The loan has made a crucial impact in our livelihood and currently the total asset of our business is about 60,000.00-70,000.00 ETB. In addition, I have provided 14 sheep to peasants in a similar consent which I have mentioned so far” W/ro Belaynesh indicated.

Another client of PEACE MFI is a 36- years old female whose name is Furno Girma. She lives in Bereh Aleltu Woreda at Beki Aleltu kebele.

Ten years ago, Furno had borrowed 850.00 ETB and began her business which is preparing traditional drinks.



W/ro Furno Girma

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At the 2nd round, Furno had borrowed 1,500.00 ETB and she has bought 2 cows with 1,000.00 ETB. After feeding a certain months, she has sold one cow with 1,500.00 ETB and repaid her loan to the institution. However, the 2nd cow has given a calf and in the mean time it has been sold with 1,200.00 ETB which is encouraging her to get additional loan.

Furno said, “For the third round, I have borrowed 2000.00 ETB and buy a cow expecting to get more profit from that of I had achieved so far. However, unfortunately, the cow has been stolen which leads to a divorce from my husband. Nevertheless, a person who has stolen my cow has been identified and he has refund 1000.00 ETB and a cow to compensate his fraud action. Then after, I rejoin with my husband and continue to bring up my 5 children.”

After repaid her third round loan, Furno had borrowed 5000.00 ETB and strengthened her business which is preparing and selling of traditional drinks like; Tella & alcohol.

“Even though my husband has not got his permanent job, our livelihood is being improved from time to time since I began this business. Thus, besides the business, the loan is the back bone of our livelihood which is to educate our 5 children and fulfill

our basic needs,” said Furno. She added that,” I regularly save 522.00 ETB per month at the institution and ambitious to get additional loan and expand my business via baking & distributing Enjera in addition to my current business.”

Another beneficiary of RUFIP II loan via PEACE MFI is a 24 years old female whose name is W/ro Hiwot Getnet.

“After I had graduated in information technology at 10+2 level, I have engaged in this business which is stationary shop and provided different services like; photo copy, writing etc” said Hiwot



W/ro Hiwot Getnet at her stationary shop

In order to strength her business; she had borrowed 10,000.00 ETB before 4 months for a loan duration period of one year.

Hiwot has started her business with initial capital of 20,000.00 ETB however the total asset of her business is currently about 80,000.00 ETB.

Tsehay Mengesha is another beneficiary of the loan which has engaged in a petty trade coffee and Tea. She is a disable and shy girl whose age is 22 years old.

Nevertheless her disability, Tsehay is a very hard worker girl and works her Coffee and Tea business with her sister. She had borrowed 10,000.00 ETB from PEACE MFI for the first time which is a very crucial loan to improve her business capacity.

“After I have got this loan, I could strength my business as well as continued my distance education at Mandela distance school. In addition, I’m being eager to get additional loan and expand my business”, said Tsehay fighting against her shyness.



Tsehay Mengesha