

DBE BEGINS DISBURSEMENT OF THE INTEREST RATE SUBSIDY AND RURAL MSMEs GRANT FUND FOR COVID-19 RESPONSE UNDER THE EU and IFAD Joint Action

(Addis Ababa, 17 February 2023) The Development Bank of Ethiopia (DBE) announced today that the European Union (EU) grant of Euro 11.89 million under the EU and the International Fund for Agricultural Development (IFAD) funded COVID-19 response project has begun disbursement .

The Contract Agreement between the EU and IFAD for the COVID-19 response project – Liquidity Support And Debt Relief to RUFIP's I & II Beneficiary Financial Institutions and Clients including Rural MSMEs was signed on April 23, 2021, while, the Grant Financing Agreement between IFAD and Ethiopia's Ministry of Finance (MOF) was signed on November 2, 2021, with the subsequent Subsidiary Financing Agreement between DBE and MOF signed on December 10, 2021.

The strategic objective of the grant is to enhance resilience and sustainability of Ethiopia's rural financial sector and rural micro, small and medium enterprises (MSMEs) in the wake of COVID-19 pandemic. In support of the Government of Ethiopia's (GOE) strategy to mitigate unprecedented COVID-19 impact, DBE, in consultation with IFAD and EU proposed a liquidity support and debt relief to IFAD and GoE's funded program – Rural Financial Intermediation Program's (RUFIP I and II) beneficiary financial institutions and clients including rural MSMEs. The EU grant was to benefit clients of some 21 microfinance institutions and 59 Rural Savings and Credit Corporations (RUSACCOs) and their Unions through grants for interest rate subsidy and grants to MSMEs.