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No. 113 February 2012

"Financial services can put power into the hands of poor households allowing them to progress from hand-to-mouth survival to planning for the future"

በኢትዮጵያ ውስጥ በሥራ ላይ ያሉ የባንክና መድን ተቋማት
BANKS AND INSURANCE INSTITUTIONS OPERATING IN ETHIOPIA

ማዕከላዊ ባንክ Central Bank	የኢትዮጵያ ብሔራዊ ባንክ National Bank of Ethiopia	☎ 011-5-517430	011-5-514588

1	የኢትዮጵያ ንግድ ባንክ (Commercial Bank of Ethiopia)	011-5-511271	011-5-514522
2	ኮንስትራክሽንና ቢዝነስ ባንክ (Construction & Business Bank S.C)	011-5-518171	011-5-515103
3	አዋሽ ኢንተርናሽናል ባንክ አ.ማ (Awash International Bank S.C)	011-6-627828/633120	011-6-614477
4	ዳሽን ባንክ አ.ማ (Dashen Bank S.C)	011-4-654127/654064	011-4-653037
5	አቢሲኒያ ባንክ (Bank of Abyssina S.C.)	011-5-530663	011-5-511575
6	ወጋገን ባንክ አ.ማ (Wegagen Bank S.C)	011-5-523526	011-5-523520
7	ሕብረት ባንክ አ.ማ (United Bank S.C)	011-4-655284/85	011-4-655243
8	ንብ ኢንተርናሽናል ባንክ አ.ማ (Nib Intenational S.C)	011-5-503304	011-5-504349
9	የኦሮሚያ ሕብረት ስራ ባንክ አ.ማ (Cooperative Bank of Oromia S.C)	011-5-506065	011-5-150489
10	አንበሳ ኢንተርናሽናል ባንክ አ.ማ (Lion Iinternational Bank S.C)	011-6-627113	0116-625999
11	ዘመን ባንክ አ.ማ (Zemen Bank S.C)	0911-625747/011-5-539769	---
12	ብርሃን ኢንተርናሽናል ባንክ አ.ማ (Berhan Intenational Bank S.C)	011-6-623430	-----
13	ቡና ኢንተርናሽናል ባንክ አ.ማ (Bunna International Bank S.C)	011-5-158390	011-5-158314
14	አባይ ባንክ አ.ማ (Abay Bank S.C)	011-8-302030	
15	አዲስ ኢንተርናሽናል ባንክ አ.ማ (Addis International Bank S.C)	011-6-627671	

ልማት ባንክ Development Bank	የኢትዮጵያ ልማት ባንክ Development Bank of Ethiopia	☎ 011-5-513120	011-5-506021

የኢንሹራንስ ኩባንያዎች ስም ዝርዝርና አድራሻ
Insurance Companies Name & Address

1	የኢትዮጵያ መድን ድርጅት Ethiopian Insurance Corporation	251 11 551 24 00/51 53 69	251 11 551 74 99	eic.mdxvs@ethionet.et ✉ 2545
2	አዋሽ ኢንሹራንስ ኩባንያ አ.ማ. Awash Insurance Company S.C.	251 11 557 02 05/09	251 11 557 02 18	aic@ethionet.et ✉ 12637
3	ህብረት ኢንሹራንስ ኩባንያ አ.ማ. United Insurance Company S.C.	251 11 465 56 56	251 11 465 32 58	united.insurance@ethionet.et ✉ 1156
4	አፍሪካ ኢንሹራንስ ኩባንያ አ.ማ. Africa Insurance Company S.C.	251 11 663 77 16/ 19/62 45 79	251 11 663 82 53	africains@ethionet.et ✉ 12941
5	ናይል ኢንሹራንስ ኩባንያ አ.ማ. Nile Insurance Company S.C.	251 11 442 60 00/ 42 57 54	251 11 442 60 08	nile@ethionet.et ✉ 12836
6	ብሔራዊ የኢትዮጵያ ኢንሹራንስ ኩባንያ አ.ማ. National Insurance Company of Ethiopia S.C.	251 11 666 11 29/ 65 24 48	251 11 465 06 60	nice@ethionet.et ✉ 12645
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9	ንብ ኢንሹራንስ ኩባንያ አ.ማ. Nib Insurance Company S.C.	251 11 552 81 94-96	251 11 552 81 93	nibinsgm@ethionet.et ✉ 285
10	አንበሳ ኢንሹራንስ ኩባንያ አ.ማ. Lion Insurance Company S.C.	251 11 618 70 00/ 63 29 36/47	251 11 663 29 40	lioninsurance@ethionet.et ✉ 26281/1000
11	ኢትዮ-ላይፍ ኢንሹራንስ አ.ማ. Ethio-Life Insurance S.C.	251 11 554 96 50-52	251 11 554 96 53	elif.insurance@ethionet.et ✉ 170791
12	ኦሮሚያ ኢንሹራንስ ኩባንያ አ.ማ. Oromia Insurance Company S.C.	251 11 895 95 84/ 79	251 11 550 31 92	oromiainsurance@ethionet.et ✉ 10090
13	አባይ ኢንሹራንስ አ.ማ. Abay Insurance S.C	251 11 553 53 00/53 55 50	251 11 515 76 90	abayinsurance@ethionet.et ✉ 1261
14	ብርሃን ኢንሹራንስ አ.ማ. Berhan Insurance S.C.	251 11 467 44 23	251 11 466 87 01	----
15	ኦሮሚያ ኢንሹራንስ ኩባንያ አ.ማ. (Oromia Insurance Company S.C.)	011-1-561834	011-1-561585	----

Editors' Note

Esteemed readers, included in this issue of BIRRITU are:

Four News items:

- Statement by an IMF Staff Mission on the 2012 Article IV Consultation with Ethiopia
- EIFS Organizes Workshop on Finance Sector
- Discussion Held on Final Draft of Mobile & Agent Banking Directive
- NBE Issued Directives on Supervision of Banking Businesses

One research article:

- Financial Inclusion

One educational/informative article:

- የዋጋ ግሽበት (Inflation)

In the miscellany section, two entertainment items:

- Never ask employees to do these things
- Difference b/n Boss & Leader

Your feedbacks are crucial inputs to BIRRITU. Please do not hold back your comments and suggestions, for your feedbacks are guide posts we cannot do without. Also, you can contribute materials focusing on the finance sector for BIRRITU. We hope you will find the items informative. Enjoy!

For your feedback, use the following:

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Statement by an IMF Staff Mission on the 2012 Article IV Consultation with Ethiopia

An International Monetary Fund (IMF) mission visited Addis Ababa May 30-June 13 to conduct discussions for the 2012 Article IV Consultation. The mission met with Prime Minister Meles Zenawi, Minister of Finance and Economic Development Sufian Ahmed, Governor of the National Bank of Ethiopia Teklewold Atnafu, Economic Advisor to the Prime Minister Newai Gebre-ab, other senior officials, as well representatives of the private sector, the international community, and civil society.

At its conclusion, the mission head Mr. Michael Atingi-Ego issued the following statement:

"The Ethiopian economy continues to grow at a robust pace, poverty continues to fall, and inflation, while still high, has been declining. The expansion in economic activity has been supported by robust export growth and public enterprise investments. Tight monetary and fiscal policies have contributed to the deceleration of inflation, which also reflects declining international commodity prices. Monetary tightening, reflected in a contraction of base money, was achieved by terminating central bank financing of the budget and significant sales of foreign exchange. As a result of this foreign exchange intervention, gross official foreign reserves have declined to under two months of import coverage. The budget execution has been prudent, but increased domestic credit to public enterprises has been providing strong fiscal impulse.

"For 2011/12, the mission projects real GDP growth at 7 percent and end-year inflation at about 22 percent. A similar growth rate and single digits inflation are achievable in 2012/13 if implementation of tight monetary and fiscal policies is maintained.

"Going forward, the mission recommends continuing the fight against inflation. Raising interest rates immediately would enhance the activation of the Treasury bill market for liquidity management and monetary policy implementation. Higher interest rates will also support domestic savings mobilization efforts that are key for financing investment to achieve ambitious objectives in the Growth and Transformation Plan (GTP). In addition, the policy of no central bank financing of the budget should remain in place to send a strong signal of the government's commitment to fight inflation.

"The financing of the GTP should strike a balance between seeking to promote growth and ensuring macroeconomic stability. Given the authorities' objective of financing long-term projects by domestic sources and the resulting strong financial real sector linkages, it will be important to increase the oversight of the financial sector to ensure its stability. On the external front, rebuilding gross official foreign reserves will provide a buffer against potential exogenous shocks given the current volatile global environment. A comprehensive monitoring of both external and domestic public debt would help maintain debt sustainability.

"The IMF Executive Board is expected to complete the 2012 Article IV consultation in mid-September 2012."
(IMF Press Release No. 12/224 June 14, 2012)

EIFS Organizes Workshop on Finance Sector

The Ethiopian Institute of Financial Studies (EIFS), hosted in the National Bank of Ethiopia (NBE), organized a workshop on finance sector recently at NBE. Representatives of private banks, insurance companies and micro-finance institutions as well as members of NBE management attended the event.

Topics of presentation included Financial Inclusion: Reaching the Larger Population; Corporate Governance Standards and Current Practices in the Ethiopian Finance Sector; Shortage of Trained and Experienced Workforce: An Immediate Challenge to the Development of a Sound Financial Sector; and Micro-Insurance: Opportunities and Threats.

One of the presenters was from NBE while the rest, including a presenter from Frankfurt School of Finance and Management, Dr. Bunmi Biu, came from outside the Bank.

Ato Yemane Yosef, the V/Governor of Corporate Services in his opening remark highlighted that the essence of the Growth and Transformation Plan (GTP) is broad and includes social transformation, inclusiveness and creating equal opportunity for all to participate in the development process of the nation as key thematic areas of the GTP. Financial inclusiveness involves making financial services accessible and this could include breaking regulatory barriers like collateral requirements.

He touched upon globalization and the positive and negative spillovers from it and Ethiopia should learn from other nations' mistakes. Governance is one such area of lesson to ensure a sound financial system, Ato Yemane underlined.

He also mentioned gaps where more efforts are required and said domestic saving, domestic revenue, and domestic investment are low even by Sub-Saharan standards.

Following the presentation Ato Getahun Nana,V/Governor of NBE and discussant on the theme Financial Inclusion asked: does finance follow growth or finance controls growth? Should regulators of the finance sector get involved in promoting financial inclusion or limit themselves to regulation of soundness of the sector? Are private banks moving out of Addis Ababa to rural areas or just focusing on towns outside of Addis? How could banks reach the larger section of the population; by opening up more branches or employing more innovative ways by making use of new technologies like mobile banking and card technology? Is there a difference between social responsibility and soundness of the finance sector? Is not ensuring soundness a condition for the other? Why are not private banks interested in participating as equity holders in Micro-Finance Institutions? Macro, Meso, and Micro levels are identified in the finance sector; what are the specific roles associated with each in creating access to finance? Is access to finance to be treated as a case of market issue or human right? He reiterated that all these issues need serious thought and answers.

The guest speaker from Frankfurt School of Finance and Management, Dr. Bunmi Biu, spoke on shortage of trained and experienced workforce as an immediate challenge to the development of a sound financial sector. She started her presentation by defining key terms like workforce, talent, right talent and critical talent, shortage in general and talent shortage.

The guest speaker indicated the paradox (present) regarding talent gap. She said despite an apparent pool of talent surplus, there is high unemployment rates and shortage of talent globally and in Africa as well. Africa has a significant shortage of management and specialized skills and it is estimated that there will be a 75% increase in the use of expatriate staff over the next three years, she indicated. By way of causes behind the talent shortage, the presenter mentioned environmental/market forces – aging population, low birth rates; increased global competition; applicants' lack of requisite technical competencies; and declining educational standards.

Her presentation also touched upon, among others, talent as key differentiator, a brief look at Ethiopian context, the talent management process, identifying and addressing critical issues, and the need to align talent with business direction strategically.

Similarly, following the presentation on corporate governance and micro-insurance, there were heated discussions after each session.

Discussants and participants of the workshop raised many relevant issues, questions and comments on all the papers presented by drawing on their own respective experiences and perspectives in the course of the one-day session.

Discussion Held on Final Draft of Mobile & Agent Banking Directive

National Bank of Ethiopia (NBE) recently organized a discussion forum on the final draft of mobile and agent banking directive with banking and insurance sectors. The discussion moderated by NBE Vice Governor, H.E. Ato Getahun Nana, Ato Frezer Ayalew, Director of Micro-Finance Supervision Directorate, spoke on the conceptual framework and responded to issues raised by the participants.

Ato Frezer during his presentation, spoke about financial inclusion, that only 20 % of the Ethiopian households are connected to IT network and a large number of people are served by one bank branch even compared to other African countries.

He also reiterated the there are potential risks related to agency and agency management related, safety and security of payment system, identity of customers, technology, consumer production, and so on. He explained that branchless banking is service outside of conventional banking using information and communication technology and non-bank retail agents using existing facilities. He noted that branchless banking improves financial service penetration and accessibility by focusing on the unbanked section of the society. According to Ato Frezer, the service provides cost effective and efficient delivery channel to customers, gives convenience, comfort and working hour flexibility to low income people.

He further stressed the opportunities to Ethiopia in this regard and the challenges anticipated. He mentioned, among others, that un-served market, stable and secure political environment, rapidly growing mobile infrastructure, availability of delivery channels (outlets), safe and sound financial sector are the most important opportunities for Ethiopia.

He said that mobile connection strength, low level of financial literacy of the public, level of readiness and capacity of financial institutions to provide service, infrastructure, insufficient cash flow in rural areas limited potential agents, and presence of a few branches in rural areas are some of the challenges facing the country.

At the end of the presentation, participants raised a number of issues including, among others, the wording of the directive, the need for intermediaries as there is the possibility that the service could be too much for agents to handle, support from other bodies, and whether or not another network provider, other than EthioTelecom is considered.

Legal and related issues, the importance of looking into the role of newly emerging third party technical providers, reconsidering pre-paid balance requirements and widening the scope of mobile banking services were also raised and discussed.

In his concluding remarks H.E. Ato Getahun reassured the participants that the comments and ideas raised during the discussion will be taken into account before the final draft of the directive is produced.

NBE Issued Directives on Supervision of Banking Businesses

The National Bank of Ethiopia (NBE) recently issued (Directive No.SBB/52/2012), which deals with Asset Classification and Provisioning for Development Finance Institutions.
As stated in the preamble, the purpose of this new directive is to provide guidelines to development finance institutions to assure that: loans are regularly reviewed and prudently classified in a manner that appropriately reflect credit risk; loans which are not performing in accordance with contractual repayment terms are timely recognized and reported as past due; accrued but uncollected interest on loans is properly accounted for; and timely and adequate provisions are made to the provisions for loan losses account in order to ensure that disclosed capital and earnings performance are accurately stated.

The directive further states the bodies responsible for loans review in the development finance institutions, types of loans placed on non-accrual status, classification of loans, provisioning requirement for loans, prohibition and review of financial statements of borrowers, loan repayment schedules, and examiner review among other things.

The directive demands development finance institutions to submit a quarterly report on loan classification and provisioning to the Banking Supervision Directorate of NBE in accordance with the format developed for the reporting purpose.

Asset Classification And Provisioning For Development Finance Institutions Directive No. SBB/52/2012 entered into force as of the 19thof January 2012, it was learnt.

In a related development, National Bank of Ethiopia issued (Directive No. SBB/53/2012), concerning Credit Exposure to Single and Related Counterparties

The directive is applicable to credit exposures of all commercial banks licensed by the National Bank of Ethiopia and the main purpose of the directive is to ensure that the banks sufficiently diversify their credit risks so as to minimize losses because of failure of single or related counterparts to repay loans. The directive demands banks to summit reports to the National Bank of Ethiopia showing month-end exposures to every single borrower that exceed 10% of total capital of a bank and all related parties. This directive replaces the previous directives, Directives No SBB/29/2002/ and SBB/30/2002/.

The new directive on Credit Exposure to Single and Related Counterparties entered into force as of the 23rdof January 2012.
(N.B: Full versions of the directives are posted on the NBE's Official Web Site:www.nbe.gov.et)

Financial Inclusion

Buttress incomes, assets, reduce vulnerability to shocks

By Ato Muluneh Alemu

I. Introduction

1.1 Background of the study

Permanent access to financial services can enable poor people to increase incomes, build assets and reduces their vulnerability to external shocks. Financial services can put power into the hands of poor households allowing them to progress from hand-to-mouth survival to planning for the future, acquiring physical and financial assets, and investing in better nutrition, improved living conditions and children's health and education. All in all, it can make a substantial difference in poor people's lives. These will require expanding and establishing sustainable financial institutions that provide production credit, saving facility, consumption credit, efficient and affordable payment system amongst others. Therefore, improving access to financial services for the underserved population is an essential instrument in the governments' development agenda. Be it as it may, the World Bank in its recent report stated, two-thirds of the adult population in developing countries or 2.7billion people lack access to basic formal financial services, such as savings or checking accounts. The largest share of the unbanked live in Sub-Saharan Africa (88%) and south Asia (76%) East Asia, Middle East and North Africa, Latin America, Eastern Europe and central Asia (World Bank Group, 2010).

In this regard, the Ethiopian government has given more emphasis to the development of the financial sector in its five years Growth and Transformation Plan (GTP). The plan aims at establishing an accessible, efficient and competitive financial system. It is expected that the current level of access to finance, which stands at 20%, will reach 67% by the end of the plan period. Moreover, information technology that supports the bank information exchange system will be extended to the Micro-Finance Institutions (MFIs).

1.2 Statement of the problem

Most Ethiopians have very limited access to the formal financial service. Banks are concentrated mostly in major cities although there are some improvements recently. For various reasons the MFIs too do not reach the poor and financially excluded people in the rural and remote areas. As to the SACCOS, they have low capital base. These are very small to support the lending programs and ensure sustainability etc. With these premises, the study will try to suggest possible solution to at least mitigate the problems.

1.3 Objectives of the study

Ethiopia has low geographic and demographic bank branches. The mainstream bank branches are hardly accessible to the rural poor. Moreover, micro-finance institutions meet only about 20% of the demand for financial services for the excluded. In 2010, only about 0.1% of the Ethiopian population has access to insurance services. In the case of SACCOS, their capital base is very small to support the lending programs and ensure sustainability. Consequently, the objective of this study is to assess and identify the limitations of the current Ethiopian financial landscape as a whole and propose alternatives to mitigate the problems as much as possible.

II Review of Relevant Literature

2.1 The concept of financial inclusion

Financial inclusion is the delivery of financial services at affordable cost to sections of low income segment of the society. It is broadly defined as access to a range of quality financial services such as credit, savings, insurance, payment systems and remittance to the excluded from the mainstream financial system through diverse providers. The term "Financial Inclusion" has gained importance since early 2000s, and this is a result of findings about financial exclusion and its direct correlation to poverty. It is now a common objective for some central banks among the developing nations. For example, as cited in this paper, India and South Africa pioneering. Moreover, countries such as Kenya can be cited as another example. Financial inclusion is not an end in itself and hence needs to be translated into investment in productive activities to impact on the livelihoods of the financially excluded.

Benefits of financial inclusion to households and firms

I. Facilitate economic transactions: In the absence of payment services, entrepreneurs and individuals travel long distance and wait in line to make transactions. This can be time-consuming, costly and risky

II. Manage day-to-day resources: Low-income families have small and unpredictable incomes, often seasonal. Credit and savings can help these families take advantage of immediate (business) opportunities and smooth consumption.

III. Improve quality of life: Families use financial services to gain access to education, health care and other necessities that improve their quality of life.

IV. Protect against vulnerability: Low income families face many vulnerabilities, from illness, to theft, to unemployment. Savings, credit, insurance, remittances provide sustainable and low-cost coping strategies.

V. Make productivity-enhancing investments: Enterprise owners can use credit or savings to make investments in productive assets.
VI. Leveraging assets: Low income families own assets. The right financial infrastructure can help with recognition of these assets by the formal sector.

Why are so m any people financially excluded when the benefits of financial inclusion are so well recognized?

Three constraints stand out:

1) Geography or physical access- While technology – phone and internet use- has the potential to alleviate this constraint, physical distance still matters.
2) High prices, minimum account requirements and fees- Many institutions have minimum account requirements and fees that make even opening a simple account out of reach for many potential users.
3) Lack of proper documentation- Financial institutions require one or more documents for identification purposes, but many people in low income countries who live in rural areas and work in the informal sector lack such papers.

2.2 Key dimensions of financial inclusion

The key dimensions of financial inclusion include the products to be delivered, such as payment systems, savings, insurance and credit. These products have to be affordable to the clients amongst other features. Moreover, different channels (example banks, insurance companies and MFIs) are used to meet the target clients. For the detailsplease refer to the next matrix

Products	Features	Channels
• Payments(ATM/debit cards, remittances, e-payments) • Savings (savings accounts, checking/current account, pensions, youth savings) • Insurance(life, health, property, micro insurance, agriculture) • Credit (personal, consumer, credit card, education, mortgage, home improvement, micro-enterprise)	• Affordability(costs, minimum requirements, fees) • Availability and convenience (days to complete transaction, documents required, physical proximity) • Insurance(life, health, property, micro insurance, agriculture) • Quality (consumer protection including price transparency, fair disclosure, responsible finance practices, risk management and assessment with inclusive credit information systems	• Access points: banking beyond branches • Financial infrastructure: payment and settlement systems, credit reporting, collateral registries • Institutions: banks/ non-banks, insurance companies, pension funds, credit cooperatives, MFIs • Clients: everyone who has the demand for the services including the excluded and underserved poor.

Source: World Bank Group, 2010

According to the United Nations, the main goals of inclusive finance are as follows:

1. Access at reasonable cost to all households and enterprises to the range of financial services for which they are "bankable" including saving, credit, insurance, local money transfers and international remittances.

2. Sound institutions, guided by appropriate internal management systems, industry performance standards and performance monitoring by the market, as well as by sound prudential regulation where required .

3. Financial and institutional sustainability as a means of providing access to financial services over time.

4. Multiple providers of financial services wherever feasible, so as to bring cost-effective and wide variety of alternatives to customers. (Wikipedia, the free encyclopedia 2011)

Success in building inclusive financial systems hinges on the contribution of a wide range of actors and their ability to work together effectively. In addition, financial systems for the poor depend on existing conditions, such as infrastructure, access to markets, production technologies, and availability of information to mitigate the risk. The backbone of the financial systems remain retail institutions that provide services directly to clients ("Micro-level")

In addition, a supporting infrastructure comprising quality auditors, rating agencies, professional networks, credit bureaus, information technology, technical service providers and trainers is required to reduce transaction costs, increase outreach, and build capacity and foster transparency among retail institutions. This infrastructure known as "Meso-level" can transcend national boundaries and include regional or global actors. Finally, a conducive and stable macro-economic and policy environment is necessary to underpin a pro-poor financial system. Central banks, Ministries of finance and other national government entities constitute the primary "Macro-level" players.

Large scale sustainable inclusive finance can be achieved only if financial services for the poor are integrated into all three levels of the financial system: Micro, Meso and macro.

In general, integration allows greater access to capital on the part of institutions serving the poor, better protection of poor peoples' savings and increased legitimacy and professionalism of the sector. Ultimately, integration into the financial system could open financial markets to the majority of people living in developing countries, including poorer and more geographically remote clients than are currently reached (CGAP, 2004)

In the case of Ethiopia, the key players at the macro-level are Ministry of Finance and Economic development, National Bank of Ethiopia and Federal cooperative agency. The key players at the Meso-level are training providers, networks such as Association of Ethiopian Micro-Finance Institutions (AEMFI), auditors, credit bureaus. The Meso-level support focuses on improved sector information and transparency, increased access to re-financing for finance providers and enhancing skill and other capacity building support across the sector. The micro-level institutions are banks, micro-finance institutions, cooperatives, government projects, money lenders, rotating savings and credit associations (ROSCAS), idir etc engaged in the delivery of a range of financial services. The target group or the clients of the inclusive finance providers are typically small holder farmers, self-employed, youth, the disadvantaged groups and those in the informal groups both in rural and urban areas.

2.3 Country Experience

2.3.1 Overview

Over the past years, government interest in financial inclusion has heightened in many countries. The interest spans from promotional activities to encouraging savings or access to other financial services in rural areas to the establishment of new regulations or financial capability programs.

2.3.2 Inclusive financial sector development policies

2.3.2.1 India

The Reserve Bank of India (The Central Bank) has setup a commission (khan commission) in 2004 to look into financial inclusion and recommendations of the commission were incorporated into the mid-term review of the policy (2005-06). In the report, the central bank exhorted the banks with a view of achieving greater financial inclusion. In India financial inclusion first featured in 2005. One of the villages (namely Mangalam) became the first one in India where all households were provided banking facilities. In addition to this KYC,(Know your customer) norms were relaxed for people intending to open accounts with annual deposit of less than RS 50,000. General credit cards (GCC) were issued to the poor and the disadvantaged with a view to help the access easy credits. In January 2006, the Reserve Bank permitted commercial banks to make use of the services of the non-governmental organization (NGOs/SHGs), micro-finance institutions and other civil society organizations as intermediaries for providing financial services. The intermediaries could be used as business facilitators or business correspondents by commercial banks.

The central bank asked the commercial banks in different regions to start 100% financial inclusion campaign on a pilot basis. As a result of the campaign, states like Puducherry, Himachal Pradesh and Kerala have announced 100% financial inclusion in all their districts. The Reserve Bank of India's vision for 2020 is to open nearly 600million new customers' accounts and serve them through a variety of channels by leveraging on IT. However, illiteracy, the low income savings and lack of bank branches in rural areas continue to be a road block to financial inclusion in many states.

Despite heightened focus on financial inclusion Indian banks still somewhat failed to bring the under- and un-banked into the mainstream banking fold. India has currently one of the highest numbers of financially excluded households in the world. Approximately only 40% of the India's population has bank accounts and only about 10% has any kind of life insurance cover, while a meager 0.6%has non-life insurance cover. (Wikipedia, the free encyclopedia, 2011)

2.3.2.2 South Africa – Mzansi Accounts launched in 2004

Mzansi is an entry-level bank account based on a magnetic- stripe debit card platform, developed by South African banking industry and launched collaboratively by the four largest commercial banks together with the state- owned Postbank in October 2004. The Mzansi account was setup as a simple account with minimum and low-fee requirements and since its introduction has achieved a wider reach (6 million account holders) and contributed towards decreasing the financial access gap.
Features (no monthly fees, no minimum balance, maximum account balance of USD 1,875 beyond which clients must graduate to regular saving accounts)
Results

I. More than six million Mzansi accounts (by December 2008), significant number out of a total of 32 million adult populations. Two-thirds of the Mzansi account holders were unbanked.
II. One in six banked people are active Mzansi clients
III. Contributed to increased banked population from 46% (2004) to 64% (2008) **World Bank Group (2010)**

2.3.2.3 United Kingdom (UK)

The UK was one of the first countries to realize the importance of financial inclusion. It published its strategy of financial inclusion in its report "promoting financial inclusion" which was published alongside the pre-budget report of 2004. The UK governments also setup the Financial Inclusion Fund of pound 120m to help bring about financial inclusion.

2.4 Financial Literacy/Education
(For awareness creation)

Financial literacy is defined as the ability to read, analyze, manage and communicate about personal financial conditions that affect material well-being. It includes the ability to discuss financial choices, plan for the future and respond competently to life events that affect everyday financial decisions. Providing financial literacy/education is one of the critical interventions to expand inclusive finance. This involves a service of capacity building activities focused at increasing the knowledge of financial concepts, skills and attitude and to translate this knowledge into behaviors that result in good financial outcomes both for the finance providers and financially excluded people.

In general, the objective of the financial capability program is to raise financial awareness and improve financial behaviors of customers so that they can make the best informed l financial decisions given their economic and social circumstances. There can be multiple channels for delivering financial capability programs. In the case of Ethiopia, the National Bank of Ethiopia, the Ministry of Education, Ministry of finance and Economic Development and the media should play their role to implement the financial literacy/education interventions so that the necessary awareness is created amongst the public at large. (World Bank Group (2010))

2.5 Mobile banking
(As one of the delivery mechanisms of financial services)

Mobile banking (also known as M-banking, Mbanking) is a term used for account transactions, payments, credit application and other banking transaction through a mobile phone. The earliest mobile banking services were offered over SMS, a service known as SMS banking. Delivering financial services to the unbanked via mobile banking technology holds significant progress with an estimated one billion people in emerging markets that have a mobile phone but no bank account.

Benefit of mobile banking

1. Increase market penetration

   It goes for underserved population segment. Mobile banking can serve primarily to reduce the cost of deploying customer touch points into lower income and more remotely located population segments.
2. Easy access to money

   It gives people as easy access to their money as they no longer have to go to the actual banks to make their transactions.
3. Reduce operating cost

   With mobile banking, banks don't need to set many costly customer service desks and call centers.
4. Sell more services to existing customer

   Develop new products that target unmet needs of existing customers.

Mobile banking (World wide experience)

Mobile banking is used in many part of the world with little or no infrastructure, especially remote and rural areas. This aspect of mobile commerce is also popular in countries where most of their population is unbanked. In most of these places, banks can be found in big cities and customers have to travel a long distance to the nearest bank. In this regard we can cite one example (M. Pesa, a mobile money service offered by safaricom in Kenya. It is mainly used to transfer limited amounts of money, but increasingly used to pay utility bills as well.) . This service is very popular. As of April 2010, nine million Kenyans (40% of the population) own an M-Pesa account. Since M-Pesas launch, the number of Kenyans considered financially included has almost doubled.(Wikipedia (2011) The free encyclopedia)

III Assessments of the delivery of financial services to the excluded in Ethiopia

3.1 Background

The financial sector in Ethiopia mainly consists of banks, insurance companies, microfinance institutions and saving and credit cooperatives. In pre 1974 Ethiopia, the financial system operated in a free market economic environment. However, in 1980's the financial system was restructured and reorganized to serve centrally planned economic system which was created following change of government in 1974. During the period, the government nationalized all financial institutions in the country and created three specialized banks (excluding the central bank) and one insurance company. Private ownership of financial institution was prohibited. Following the principle of mono-banking, the three states owned banks and the insurance company were more or less directly administered by the National Bank of Ethiopia. Among the specialized banks The Agricultural and development bank (The current Development Bank) was responsible for financing agricultural and Industrial projects with medium and long gestation period while the then Housing and Saving bank (The current Construction and Business Bank) used to lend for construction of residential and commercial buildings. The third bank, Commercial Bank of Ethiopia, was the only bank engaged in trade and other short term financing activities. The only insurance firm, The Ethiopian Insurance Corporation, was responsible for provision of all types of insurance services. Although, there were efforts to reach the poor through rural and urban cooperatives, particularly, by extending farm inputs loans, access to finance during the socialist oriented regime was virtually not possible for the rural poor. By the end of the socialist oriented regime, because of the failure of most cooperatives to repay their loans, banks totally pulled out of lending to rural farmers.

In 1990's, as a result of the shift from socialist to market economic system Ethiopia reformed its financial service industry. The reform measures included comprehensive restructuring of government owned financial institutions and opening the sector for local private equity participation. The three government owned banks and one insurance company inherited from socialist regime were made autonomous in terms of managing their business and recapitalized. While there was no change in the role of commercial Bank of Ethiopia (as short term financer) Development Bank of Ethiopia(as provider of medium and long term development finance) and Ethiopian Insurance corporation (as provider of both general and life insurance service), construction and Business Bank has been allowed to engage in short term financing activities

Financial sector reform as part of the broad structural adjustment and stabilization program constitute the most remarkable development in the financial sector.

In 1994, laws for licensing and supervision of banks and insurance companies were issued, similarly, in 1996; the law for regulation of MFIs has been promulgated. These three laws allowed local private sector participation in financial sector. The responsibility of enforcing the laws has been vested on the

NBE. Furthermore, the whole approach of cooperative promotion changed after end of the command economy. Proclamation 147/98 and various directives were issued to facilitate the promotional activities based on internationally accepted cooperative principles. The authority for licensing, regulation and promotion of cooperatives was given to one organization. The Cooperative Commission, (since 2006 Cooperative Agency), is in charge of all kinds of cooperatives including agricultural, multipurpose and other cooperatives (Darko, Emmanuel O.et.al.2009).

Opening all the financial services industry for local private equity participation resulted in the establishment of 13 privately owned banks, 13 private insurance companies and 31 microfinance institution up to June 2011.The newly established banks and insurance companies are all owned 100% by local private shareholders. Ownership of the newly established MFIs, however is mixed, some are owned by regional governments and others by local NGOs or private shareholders.

3.2. Banks

The Ethiopian government issued a proclamation (No. 84/94) (currently proclamation no. 592/2008) that allows for introduction of privately owned domestic banks. The number of private banks stood at 13 as at June 30, 2011.The banking sector is dominated by retail commercial banking.

Table 1: Performance of the banking sector

(As at June 30)

(In millions of birr)

	2007	2008	2009	2010	2011
Total assets	66,064	80,519	98,757	124,128	180,471
Total loans and advances	25,585	35,488	38,684	44,995	61,892
Total deposits	51,222	60,387	75,279	94,936	136,286
Total capital	6,641	7,975	9,271	10,968	13,367

Source: National Bank of Ethiopia

Despite the continuous increase in the capital base (amounting to birr 13.8 billion as at June 30, 2011) the Ethiopian banking industry is still small, suggesting the need for further efforts to enhance financial intermediation in the country (NBE, QB 2011). Spurred by branch expansion, deposit liability of the banking system stood at birr 136.3 billion as at 30 June, 2011 reflecting growth rate of 43% in comparison with its position a year earlier. Moreover, total loans and advances stood at birr 61.9 billion showing an increase of birr 16.9 billion or 37.5% in comparison with its level as at June 30, 2010.

Ethiopia has low geographic and demographic penetration of bank branches. Although the expansion of banks in terms of branching since 1994 is significant, most rural people have to travel very long distance to access bank branches. All banks are head quartered in Addis Ababa. Their branches too are concentrated in the capital. The number of bank branches went up from 215 in 1995 to 970 as at June 30, 2011 and as at December 31, 2011, grew to 1129.

As a result the ratio of bank branch to total population stood at 82,474. This compares with 63000 and 26000 for Kenya and Egypt, respectively.

Out of the total of branches, 36% are located in Addis Ababa, making mainstream branches hardly accessible to the rural area.

However this situation has modestly improved as more bank branches are opened over time. This is particularly true in the case of commercial bank of Ethiopia whose branch network has reached 417 at the end of EFY 2010/11. The bank is still aggressively opening more branches all over the country. Out of the total bank branch network, the share of the private banks reached 50.2%. Furthermore there is a question of affordability for a small farm land holder, living on subsistence, minimum account opening balance which is Eth birr 50 for the bank might be unaffordable. Indeed most small farmers are considered unbankable in the eyes of mainstream banks. Consequently, mainstream banks shy away from extending credit to such farmers without covering their perceived risk by unconditional guarantee (usually from the government or donors).The only financial services they are comfortable to provide the rural poor is limited to remittance and payments.

Table 2: financial access (related to commercial banks)

Comparative table

Country	Deposit (Account per 1000 adults)	Loans (Account per 1000 adults)	Outreach (branches per 100,000 adults)
Ethiopia	95.59	1.7	1.39
Ghana	332.6	-	5.11
Kenya	381.6	75.48	4.38
Uganda	173.21	25.21	2.25
Zambia	27.9	17.81	3.64

Source: CGAP, 2010, Financial Access 2010

The above financial indicators clearly show that the Ethiopian banking industry is relatively smaller even by sub-Saharan African countries' standards. Although certain improvements (especially in the branch networks are observed recently)

Insurance companies

Insurance is a risk transfer mechanism whereby an insured transfers a risk exposure to an insurer in consideration for payment of premium (KPMG consulting, 2003). It is a tool of prime importance in modern economies.

As to the industry's history, the period 1975-1994 has been a period of state monopoly over the insurance business. Only the state owned Ethiopian Insurance Corporation (which was established in 1975 after the then operating 13 private companies were nationalized by proclamation no. 261/1975) was operating in the market.

National Bank of Ethiopia by the virtue of proclamation No.86/1994 (currently revised) is authorized to license and supervise insurance business. The insurance proclamation No.86/1994 was a landmark (turning point) in the history of the Ethiopian industry. Since then 13 private insurance companies have been established.

As at June 30, 2011 there were 14 insurance companies with 221 branches of which 50.1% are located in Addis Ababa. Total capital of the industry also reached birr 946.3 million. The government owned Ethiopian Insurance Corporation (EIC) accounts for 18% of the branch network and 32.1% of the capital share.

The number of branches of the insurance companies reached 227 by the end of December 2011. Insurance providers have introduced new products including weather-index insurance in order to cover the risk of farmers. The weather-index micro-insurance for crop was successfully developed with the participation of Nyala Insurance Company. The company started in 2007, by providing crop insurance (based on weather index), to 120 small holder farmers producing teff, wheat and haricot beans on 246 hectares. In 2008, the number of insured farmers producing teff, wheat, haricot beans, chick peas and lentils on 778 hectares increased to 827. One of the problems of the indexed weather insurance of Nyala insurance company is the existence of multiple small micro-climates and high variability of weather between woredas and within a woreda. The cost of having a network of weather stations is high which will then hampers the replication or scaling up of weather-index in insurance market.

Despite such encouraging initiatives, the Ethiopian insurance industry has not matured as many of the insurance markets around the globe. This could be observed from the levels of insurance density (premium income divided by persons and insurance penetration (the ratio of total premium income to the gross domestic product. In 2010, only about 0.1% of the Ethiopian population has access to insurance services. Moreover, insurance premiums (both for life and general insurance) account for about 0.2% of the GDP, which is very low compared with other African countries.

3.3 Micro-finance institutions (MFIs)

The objective of the MFIs is basically poverty alleviation through the provision of suitable financial services to the poor who actually don't have access to the financial support services of other formal financial institutions. To this effect, the delivery of microfinance service to the poor in Ethiopia is one of the main effective instruments of insuring food security, reducing poverty and increasing employment in both urban and rural areas. This could only be realized by developing capable and suitable microfinance institutions (Wolday Amha, 2008)

The history of formal establishment of Ethiopian micro-finance institutions does not go more than fifteen years. The first group of few MFIs was established in the early 1997 following the issuance of proclamation No. 40/1996 (in July 1996) (Muluneh Alemu, 2009).

The National Bank of Ethiopia is empowered to regulate, license and supervise the delivery of financial services to the rural and urban poor through MFIs. The proclamation allows MFIs to mobilize public savings. Since the issuance of the microfinance law (1996) 31 MFIs have been registered by the NBE to deliver financial services to the poor. A large number of these MFIs have achieved a significant progress in terms of both outreach and sustainability.

As at June 30, 2011 the MFIs mobilized birr 3.8 billion in the forms of voluntary and compulsory savings. Moreover, total outstanding loan reached birr 7.0 billion. Furthermore, total assets amounted to birr 10.2 billion. At the same time total number of active clients reached 2.7 million. However, the aforementioned performance is primarily attributable to the five regionally backed MFIs, namely ACSI, DECSI, OCSSCO, ADCSI, and OMFI.

In spite of the success of MFIs in the last few years, they have to deal with seasonality issues, high covariate production such as drought and market risks, inadequate information, irregular cash flows, difficult terrain, illiterate clients, high diversity and sparse population increasing the transaction costs of providing financial services to small holder farmers particularly those residing in remote rural areas. As a result, the very poor or the vulnerable food insecure households are excluded from the programs/ services of MFIs for the following reasons:

A. Self-exclusion of the poorest households
   Poor people think that taking loans will hurt rather than benefit them. They don't take the risk and some of the fears may be about confidence rather than the reality.
B. The group lending methodology (self-selection methodology to insure group liability (on the basis of group guarantee) which is widely used by Ethiopian MFIs, systematically excludes the poorest without assets such as land, livestock and regular income.
C. The policy of MFIs to stay sustainable implies that they should avoid providing loans to high risk clients.

Consequently, the MFIs operating in the country meet only about 20% of the demand of financial services for the excluded section of the population.
Despite a conducive regulatory framework and considerable government and donor support for MFIs, there is a lack of innovative demand-driven financial services that cater for the huge unmet demand of households, micro and small enterprises and small farmers (Pfister, Martina Wiedmaier et.al, 2007)

Table 3: Micro-finance institutions consolidated data

(As at June 30)

Particulars	2007	2008	2009	2010	2011
Total assets (in thousands)	3,482,657	5,340,509	6,620,631	7,942,283	10,156,364
Gross outstanding loan (in thousands)	2,735,660	4,474,977	4,936,135	5,817,172	6,991,807
Total capital (in thousands)	979,265	1,339,952	1,737,403	2,366,816	2,945,948
Total savings/deposits (in thousands)	1,039,962	1,560,971	2,098,742	2,656,804	3,779,090
MFIs (in number)	28	28	30	30	31
Branches (in number)	349	355	430	433	498
Sub-branches (in number)	504	487	583	598	635
Active clients (in number)	1,712,081	2,162,819	2,192,365	2,435,643	2,651,374

Source: National Bank of Ethiopia

3.4 Business linkages between commercial banks and the MFIs

There is mutually advantageous business partnership between commercial banks and the MFIs. The four potential linkages (amongst others) include:

a) Credit linkage where the bank provides loans to MFIs. This option will benefit the bank from gaining a reasonably secure entry into the growing microfinance market while MFIs would benefit from gaining access to loan-able fund.

b) Equity linkage where a bank takes a direct equity stake in the MFI. The bank will secure dividends depending on the profitability of the MFI and the MFI will secure flexible form of financing.

c) Banks hiring MFIs as their brokers a bank contracts an MFI to field operations (for originating, evaluating, recommending and serving the loans). The model has the potential of expanding the outreach of banks to the underserved market while benefiting MFIs to boost their income through commissions and service fees

d) Establishing an internal microfinance unit under this model, the bank provides microfinance services within its existing institutional structure. It may form a specialized unit within the bank (The internal unit) to manage microfinance related operations. Banks may give further autonomy to the internal unit by creating separate systems, loan procedures, staffing policies etc.

Among the various forms of business linkage models, the credit linkage model, where commercial banks provide loans to MFIs, has the potential for immediate implementation. Banks and MFIs in

Ethiopia have good experience with this linkage model. (Partners, Consultancy and information services, 2009)

3.5 Saving and credit cooperative societies (SACCOS)

Cooperatives are key grass roots level organizations which are very critical instruments in implementing the objectives of the various development programs such as Rural Development Strategy, Poverty Reduction Programs, and Food Security Programs.

Establishment of saving and credit cooperative societies in Ethiopia started in the mid-1960s. From 1964-1973, there were 28 saving and credit cooperative societies and these societies formed their own national apex body known as Ethiopian Thrift and Cooperative Societies Limited.

During the Derg regime (1974-1991), different types of cooperative societies (Agricultural Cooperatives, Housing Cooperatives, Saving and Credit cooperatives and Mining Cooperatives) were organized, promoted, regulated and inspected by different ministries and institutions.

After the fall of the Derg regime in 1991, adoption of Economic Reform Program helped the organization, promotion and development of cooperative societies within the framework of free market economy. This opportunity opened to turn cooperative societies into real people's organizations and the number of saving and credit cooperative societies mushrooming up both in urban and rural areas have increased tremendously.

Generally, the poor are considered credit risk to the conventional banks and hence excluded from the credit market. SACCOS, (along with other institutions such as MFIs) emerge to fill the financial service gap to the poor not attended by the banking system. Savings from members are the principal sources of lending operations to members, and this is viewed as foundation for rural financial services to support the unbankable rural poor to engage in productive economic activities.

The number of urban SACCOS organized in all the national regional states of the country as at June 30, 2011 was 4286 with membership size of 393, 658 (229, 893 male and 163, 765 females).

The number of RUSACCOS organized and operating in all the National Regional states of the country as at June 30,2011 was 5300 with membership size of 443,287 (227,225 male and 216,062 female) and total capital of Br 66,459,550. Moreover the total amount of saving also reached Br 120,197,388 (FCA, 2011).

AS at the end of EFY 2010/11, 61 RUSACCO unions were established in five regions as indicated in the following table.

Table 4: RUSACCO Unions Establishments Status, at the end of EFY (2010/2011)

S/N	Region	No. of RUSACCO unions	No. of member RUSACCOs	Savings	Share capital
1	Tigray	9	216	6,793,068	1,020,544
2	Amhara	17	591	66,602,184	12,751,141
3	Oromia	21	522	4,524,959	2,699,770
4	SNNPR	11	250	13,273,552	3,405,606
5	BSG	3	21	188,078	99,222
6	Total	61	1,596	91,381,841	19,976,283

Source: Federal Cooperative Agency

In spite of the significant increase in the number of primary RUSACCOS and unions in the last seven years, their capacity is very weak. However, there are some advantages in the case of RUSACCOS. As they are within the localities of the communities and are owned by community members, they are the appropriate finance providers to deliver financial services to small holder farmers. The transaction cost of cooperatives is relatively lower because they are managed and supervised by elected members on a voluntary basis.

Unfortunately, SACCOS face various challenges which undermine their institutional and financial sustainability in Ethiopia. The major challenges include:

a. Inadequate legal, regulatory and supervisory framework

   SACCOS as financial cooperatives offering near banking products and services lack a specialized legal, regulatory and supervisory framework. Saving and credit societies are involved in financial intermediary role that requires special Act and policy that supports the specific roles. The absence of such a law permits corruption and mismanagement of financial resource of members and eventually erodes confidence of members. Realizing the significance of SACCOS regulatory framework, world counsel of credit union (WOCCU) recommends to its members the adoption of separate law. Some countries such as Kenya which has a long history of cooperative movement has adopted a separate SACCOS law which enables effective supervision of SACCOS from the financial point of view (Darko, Emmanuel O. et.al 2009). This can be an important lesson to Ethiopia which doesn't have a specific financial cooperative law in place yet.

b. Low capital base

Members' capital subscription, registration fees, regular and voluntary savings are the principal sources of the primary society's capital base. These are very small to support the lending programs and ensure sustainability.

c. Weak governance

Board members have no knowledge of banking business. In some cases SACCOS are unable to employ high caliber management staff and the burden of due diligence is left to SACCO members who may have limited education on financial management and cooperatives

d. Poor infrastructure facilities

Most of the RUSACCOs have no adequate infrastructure facilities including office space and office facilities necessary to run their operations. The security system in place to protect the risk of theft and burglary is also loose. (Darko, Emmanuel O. et.al. 2009)

Generally, there is still doubt about sustainability, credibility and reliability of financial cooperatives as a result of the past cooperative crisis hangover. The maturity of the governance, the committee management, the limited financial products, the absence of sustainable funding programs etc. are still threats to the growth of the SACCOS. All these lead to the low public confidence in SACCOS.

3.6 Government and donor food security programs

The governments at various levels have been supportive in creating an enabling policy and regulatory environment. Donors also have been providing seed capital and building the capacity of finance providers especially the MFIs in the last 15 years or so. However, the quality of aid in a country is highly influenced by how funders complement each other. Hence, coordination among donors is crucial to avoid duplication between programs or even the emergence of conflicting programs.

As to the food security programs, there were two parallel programs implemented by the government and donors. Both programs use the delivery of credit as a key component to build assets of chronically food insecure households. The credit component of the government funded food security program focuses on providing loans for different household food security packages (crop, livestock, beehives, poultry etc.) developed by the government at different levels.

The beneficiaries of the program were provided with credit which they should pay back both the principal and interest. The overall objective of the food security programs in Ethiopia is to enable chronically food insecure people (essentially productive safety net program beneficiaries) to attain food security position.

A significant proportion of the project fund was mainly allocated to income generating activities or funds for communities. The fund was provided as a revolving fund to households. The revolving funds in Ethiopia have the following weaknesses, amongst others:

a. Delivery of limited financial products, mostly agricultural production credit
b. Low repayment rates due to poor follow-up of beneficiaries
c. Unrealistic terms of credit including subsidized interest rates and limited opportunities for greater and step up loans
d. Channeling credit through inappropriate and unsustainable finance providers such as multi-purpose cooperatives etc.

Unless the government/donor projects/programs are handled in the right way, they may stifle all the efforts that have been exerted in the last fifteen years to build sustainable microfinance institutions.

3.7 Informal finance providers

The term 'informal' refers to the provision of services which is generally not regulated by law but which relies on self-regulating mechanisms. The informal financial services address those areas not covered by the formal financial sector.

3.7.1 Informal associations (iddir, iqqub)

3.7.1.1 Iddir

Iddir is a type of traditional organization made up of a group of persons united by family ties and friendship, living in the same district, by jobs or belonging to the same ethnic group. Its aim is to provide assistance at the time of mourning. Besides under certain circumstances it also helps its poorer members by giving the opportunity of borrowing when they encounter difficulties. As noted by Dejene (1993), Iddir is informal financial and social institution that is almost ubiquitous throughout Ethiopia. In practice iddir is a sort of insurance program run by community or a group to meet emergencies.

The functions of iddir are not limited to the provision of insurance and psychological support to its members but often involved in community development programs such as construction of roads or schools and installation of public utilities. Dejene (1993) suggest that the iddir unlike the insurance system is very popular among the people. It is attractive because it is culturally appropriate, flexible, easily accessible and cost-effective. Unlike the insurance system it is basically a non-profit making institution based on solidarity, friendship and mutual assistance among members.

3.7.1.2 Iqqub:

Iqqub is traditional money saving mechanism in which a group of people contribute cash at a regular interval on a fixed day every week or month or other span of time depending upon the target group has in mind. Iqqub consists of homogenous groups: people from the same work place, ethnic background, school background or neighborhood. Besides the saving function, iqqub provides credit to its members.

The normal practice is that members contribute money on a regular period of time and lots are drawn so that the one who wins the chance gets the total sum. The process continues at a regular period until the last member receives his/ her share.

3.7.2 Informal credit providers

3.7.2.1 Money lenders (known as 'arataabedari')

Loans from money lenders are typically of short-term nature. The money lenders usually exploit the poor through usurious interest rate and unfair seizure of collateral.

Before 1974 money lenders were often rich land owners but following the nationalization of land, landlords disappeared as a social class and their roles as money lenders were replaced by rich traders (Dejene, 1993)

3.7.2.2 Friends and relatives

In Ethiopia, where there is a strong tradition of mutual assistance and reciprocity, individuals who need funds call on the friends and relatives for help. Lending between friends and relatives often carries low interest rates or no explicit interest charge. An oral promise, confidence, trust and mutuality are frequently all that is needed as collateral or security.

3.7.2.3 Pawn brokers

Since they are involved in many kinds of pawning or exchanging cash for something like gold or land or anything of value which is the quickest way for people with a problem to get funds. A farmer in need of cash will allow the lender to occupy and make use of his land until the principal is repaid. The borrower may not reoccupy the land at least a stipulated of minimum of two or three years has elapsed.

3.7.2.4 Tradesmen

Credit is an important component of marketing transaction between traders and farmers. Contractual linkage is prevalent in many forms. This include pledging of standing crops as collateral, committing all or part of a crop or crops at harvest time, the forward sale of future crop etc. This kind of credit is mostly extended as a short-term loan for consumption goods and farm inputs. Loans repayments are made at the end of cropping season.

3.7.2.5 Legal framework of informal finance in Ethiopia

Informal finance in most case is linked with usury and usury relates to charging illegal rates of interest. A usurious loan is a loan whose interest rate is exorbitantly higher than the rates charged by the formal financial institutions. The official maximum interest rate is fixed by 1960 civil code of Ethiopia. The civil code and the penal code prohibit usurious loan. In practice however, private money lenders provide loans charging higher rates than the rates charged by banks. Private money lenders operate secretly due to the above laws of the country. Although it is done secretly, informal money lending plays significant role in the economy of the country. Last but not least, it should be stated that the Ethiopian government through the support of cooperatives and MFIs is making efforts to curb the roles of the usurious money lenders.

IV. Conclusions and Recommendations

On the basis of the foregoing, the following concluding remarks and recommendations are forwarded.

4.1 Conclusions

- Delivering financial services to the poor has been identified as an important instrument capable of beating the vicious cycle of poverty, as it would increase employment, income, consumption and employment of disadvantaged groups. Improving access to financial resources for the poor would also facilitate economic growth by easing liquidity constraints and providing capital to start up new production related activities.
- The development of inclusive finance in Ethiopia can play an important role in reducing risk and vulnerability and increase the ability of Ethiopians to access basic service like health and education through having more direct impact on growth, employment and poverty reduction.
- Building inclusive finance system will require
  - i. Enabling policies, strategies and regulatory framework and infrastructure development
  - ii. Supportive Meso-level infrastructure and financial service providers
  - iii. Efficient and sustainable financial systems or institutions
  - iv. Productive clients who are the targets in building inclusive finance system
- More poor people can be reached through building of competitive, sustainable financial system providing a wide range of small-scale financial transactions than through narrowly targeted programs.
- In Ethiopia, financial service for the low income population and poor farmers are still characterized by limited outreach, high transaction cost for clients, a generally weak institutional base, weak governance as well as dependence on government and donors.

- The most important pre-requisite for growth and development in Ethiopia is the existence of suitable, vibrant inclusive financial system that converts savings into investments and deliver additional demand-driven financial services such as insurance and efficient payment system etc.
- A sound and well performing finance system is quite essential for the overall development of a modern economy. This is due to the fact that the financial system helps in mobilizing savings and directing financial resources for productive investments as well as in financing firms and consumer activities
- Inclusive finance will have the vision of achieving economic empowerment of Ethiopians who are excluded or have no financial access from the mainstream formal financial system.

4.2 Recommendations

- Revisit the policy framework for the financial sector for improving broad-based inclusive access finance.
- In addressing the poorest and reaching the very remote villages attempts must be made to optimally use the existing MFIs to get involved in the delivery of financial service to small holder farmers in the remote areas.
- Strengthen the support institutions, in terms of number, service lines and geographical presence (raising the number and quality of training providers and institutions, opening up credit bureaus for MFIs etc.)
- Identify viable solution to reduce the financing gap (by evaluating the feasibility of whole sale apex facility, by establishing a sustainable guaranteed facility etc.)
- Increase saving mobilization and range of products. Savings will increasingly have to replace government and other "easy" funds as growth continues.
- Mobile banking (as one of the alternatives for financial delivery service) should be introduced in Ethiopia so that the unbanked and the underserved segment of the population can have access to the financial services more conveniently.
- Raise public confidence in the sustainability and credibility of SACCOs. Poor public perception is partly related to the past cooperative crisis but doubts are also raised, due to the many inherent weaknesses of SACCOs. Dependence on donor driven and government support need to be replaced by a primary emphasis on member-based governance and increase saving mobilization.
- Strengthen business relationship between MFIs and commercial banks. MFIs can borrow from commercial banks when a need arises and commercial banks can channel financial resource to the rural areas either by lending to the MFIs directly or by using the later as agent. In short, MFIs can provide and important link between commercial banks and the rural areas.
- Financial inclusion/education should be provided to the clients of finance providers/public at large so that they may make best informed decisions and protect and boost their assets.

- There should be improved donor coordination. To better collaborate on new programs, donors need to revitalize their coordination mechanisms. In this regard, common vision should be developed. The institutions such as the World Bank or any other institution/ country designated by the donors themselves can coordinate the efforts.
- Pass a separate law for SACCOs which recognizes them as specialized financial cooperatives. The absence of such a law permits corruption and mismanagement of financial resources of members and eventually erodes confidence of members.

የዋጋ ግሽበት:- ምንነት፣ መገለጫ፣ እርምጃ

የብሪቱ መጽሔት የዝግጅት ክፍል በኢትዮጵያ ብሔራዊ ባንክ ለሞኒተሪ እና ፋይናንስ አናሊስስ ዳይሬክቶሬት ስለ ዋጋ ግሽበት ምንነት፣ መገለጫዎች፣ ምክንያቶች፣ በኢትዮጵያ ያለው ገጽታ፣ መንስኤ፣ ተጽእኖ፣መፍትሔና እርምጃዎችን እንዲሁም ተያያዥ የሆኑ ጉዳዩች ማብራሪያ እንዲሰጥባቸው ጥያቄዎችን አቅርባ ነበር።በባንኩ ባሉሙያዎች የተሰጡ ማብራሪያዎች እንደሚከተለው ቀርበዋል። መልካም ንባብ:-

1. የዋጋ ግሽበት (Inflation) ትርጉም፣ ምንነትና መገለጫዎቹን ቢያብራሩልን?

የዋጋ ግሽበት

የዋጋ ግሽበት ስንል አጠቃላይ የሸቀጦች እና የአገልግሎቶች ዋጋ በአማካይ ሲሰላ ከዚህ በፊት ከነበረበት ደረጃ መጨመር ነው። ይህንን ሃሳብ በአግባቡ ለመረዳት እንዲቻል የዋጋ ግሽበት እንዴት ይሰላል የሚለውን መረዳት አስፈላጊ ይሆናል። የዋጋ ግሽበት በአንድ ወቅት ምን ደረጃ ላይ እንዳለ ለማስላት ባለሙያዎች መሠረት የሚያደርጉት በአንፃራዊ ሁኔታ ኢኮኖሚው የተረጋጋ የሆነበትን ዓመት (Base Year) ነው። በመሆኑም የዋጋ ግሽበት አለ ስንል በተነፃፃሪ ሁኔታ አጠቃላይ ለፍጆታ እና ለሌሎች ኢኮኖሚያዊ ተግባራት የሚያስፈልጉ ግብዓቶች ቀድሞ ከነበረበት የዋጋ መጠን በመቶኛ ጭማሪ ማሳየታቸውን ያመለክታል።በተለምዶ የዋጋ ግሽበት በየወሩ የሚሰላ ሲሆን እንደ አስፈላጊነቱ በግማሽ ዓመት፣ በሩብ ዓመት እና በዓመት ሊሰላ ይችላል።ይህ በእንዲህ እንዳለ የዋጋ ግሽበትን ከሸቀጦች አንፃር ወይም ከተለያዩ የኢኮኖሚ ክንውኖችና ክፍፍሎች አኳያ ማየት አጠቃላይ የዋጋ ግሽበት ምክንያትን ከመረዳት በተጨማሪ የተለያዩ የመፍትሔ እርምጃዎችን ለመውሰድ ያስችላል። ለምሳሌ የምግብ ፍጆታ የዋጋ ግሽበት መሠረታዊ የሆኑ እና በአገራችን ውስጥ በአብዛኛው ማህበረሰቡ ዘንድ ለምግብነት የሚውሉ ሸቀጦችን ያካትታል። በሌላ በኩል ደግሞ በኢንዱስትሪ ዙሪያ ያሉትን አቅርቦትና ሸቀጦችን በዚሁ መልኩ ማስላት ይቻላል።

የዋጋ ግሽበት ምንነትና መገለጫዎቹ

የዋጋ ግሽበት፣ ከላይ ለመግለፅ እንደተሞከረው፣ በአንድ አገር ወይም በአንድ ኢኮኖሚ ውስጥ ተከታታይነት ያለው ለፍጆታ፣ ለምርት፣ ለኢንቨስትመንት እና ለአገልግሎት የሚውሉ ሸቀጦችና ግብዓቶች ዋጋ መጨመር ነው። በመሆኑም የዋጋ ግሽበት ወሳኝ ከሚባሉት ማክሮ ኢኮኖሚክ ፅንሰ ሃሳቦች አንዱ እና ዋነኛው ነው ማለት ይቻላል። የዋጋ ግሽበት ሁሉንም የኢኮኖሚ እንቅስቃሴዎችና የኢኮኖሚ ተዋናዮችን በተለያየ መልኩ የሚነካ ሲሆን ከቁጥጥር ውጭ ከሆነ በአጠቃላይ የማክሮ ኢኮኖሚ ሁኔታ ላይ አሉታዊ ተፅዕኖ ይኖረዋል።

የዋጋ ግሽበት የተለያዩ መገለጫዎች ቢኖሩትም፤ በመሠረታዊ ደረጃ የሚገለፀው በመግዛት አቅም እና በእውነተኛ የገቢ መጠን (Real Income) ነው። ይህም ማለት የዋጋ ግሽበት ባለበት ሁኔታ የተጠቃሚዎች የመግዛት አቅም በከፍተኛ ደረጃ ይቀንሳል፤በዕቃዎች እና በአገልግሎቶች መጠን የሚገለፀው እውነተኛ የገቢ መጠንም (Real Income) በተነፃፃሪ መልኩ ይቀንሳል። በመሆኑም የገቢ መጠን ባለበት ሁኔታ ከቀጠለ የህብረተሰቡን የኑሮ ደረጃ በፊት ከነበረበት እና በተነፃፃሪ የዋጋ መረጋጋት ከነበረበት ሁኔታ ጋር ሲነፃፀር ዝቅ እንደሚያደርገው ይታመናል።

2. በዓለማችን ለሚከሰት የዋጋ ግሽበት በዋነኛነት የሚጠቀሱ ምክንያቶች ምን ምን ናቸው?

በዓለማችን ለሚከሰቱ የዋጋ ግሽበቶች በዋናነት የሚጠቀሱ ምክንያቶች እንደ አገሩ ተጨባጭ ሁኔታ የሚለያዩ ቢሆንም የሚከተሉት በዋናነት ይጠቀሳሉ፡፡

በሸቀጦችና አገልግሎቶች አቅርቦት እና ፍላጎት መካከል በሚፈጠር ክፍተት ምክንያት በገበያ ላይ ተከታታይ የዋጋ መጨመር አንዱ ነው፡፡ ይህ ክፍተት በተለያዩ ምክንያቶች በአቅርቦት እጥረት እና በፍላጎት በኩል ያልተጠበቀ መጨመር ሲኖር ሊከሰት ይችላል፡፡ ለምሳሌ አቅርቦት በማምረቻ ግብዓቶች ዋጋ መጨመር ምክንያት ውድ በሚሆንበት ጊዜ ከአጠቃላይ ፍላጎት ጋር ተመጣጣኝ ላይሆን ስለሚችል የዋጋ ግሽበት ሊያስከትል ይችላል፡፡ በሌላ በኩል አጠቃላይ ፍላጎት በኢኮኖሚ ዕድገት፣ በገቢ መጨመር እና የመንግሥት የመሠረተ ልማቶችም ሆነ ሌሎች ወጪዎች መጨመር ሳቢያ ሊከሰት ይችላል፡፡ እነዚህ ክስተቶች እንግዲህ በተለያየ አጋጣሚ በአንድ አገር ውስጥ ውስጣዊም ሆነ ውጫዊ በሆኑ የኢኮኖሚ ክስተቶች ሊፈጠሩ ይችላሉ፡፡ ለምሳሌ የዓለም የነዳጅ ዋጋ መጨመር የነዳጅ አምራች አገሮችን ቢጠቅምም የነዳጅ ተጠቃሚ አገሮችን የማምረቻ ወጪ ከፍ በማድረግ ምርት ላይ እና የዋጋ ንረት ላይ አሉታዊ ተፅዕኖ ይኖረዋል፡፡ ይህም በምጣኔ ሐብት ትምህርት መሠረት Cost-push inflation የተባለውን የዋጋ ንረት ዓይነት ያስከትላል፡፡

- ሌላው የዋጋ ግሽበት ምንጭ በኢኮኖሚ ውስጥ የሚዘዋወረው ገንዘብ በኢኮኖሚው ውስጥ ካለው የምርት እና የአገልግሎት አቅርቦት ጋር ተመጣጣኝ በማይሆንበት ወቅት የሚፈጠር የዋጋ ግሽበት ነው፡፡ ይህም በዋናነት ከፍተኛ የገንዘብ መጠን በኢኮኖሚ ውስጥ በሚኖርበት ጊዜ ብዙ ገንዘብ ውስን ሸቀጦችንና አገልግሎቶችን ለመግዛት ስለሚውል የዋጋ ግሽበትን ያስከትላል፡፡ ይህም demand-pull inflation የሚባለው የዋጋ ንረት ዓይነት ሲሆን ዋና ምንጩም ከአቅርቦት በላይ እያደገ የሚሄድ ከፍተኛ የሆነ የሸቀጦችና የአገልግሎቶች ፍላጐት ነው፡፡
- የዋጋ ግሽበት ከላይ ከተጠቀሱት ምክንያቶች በተጨማሪ በኢኮኖሚው ውስጥ ባሉ ተዋናዮች የዋጋ ግሽበት የወደፊት ዕይታ (Inflation Expectation) ሊመጣ ይችላል፡፡ እንደሚታወቀው ሰዎች ወደፊት የሸቀጦች ዋጋ ይጨምራል ብለው በሚያስቡበት ጊዜ ያላቸውን ገንዘብ ይዘው ወደ ገበያ ይወጣሉ፤ ሻጮች ደግሞ የዋጋ መጨመር ይኖራል የሚል መላምት ካላቸው ሸቀጦችን ይዘው መቆየት ሊመርጡ ይችላሉ፡፡ ይህ በሚሆንበት ወቅት የዋጋ ግሽበት ሊባባስ ይችላል፡፡
- ከላይ ከተዘረዘሩት ምክንያቶች በተጨማሪ የዋጋ ግሽበት በኢኮኖሚ ውስጥ ባለው የገበያ መዋቅር (Market Structure)፣ የምርት እና የአገልግሎት የስርጭት ሰንሰለት (Distribution Channel)፣ በገበያ ውስጥ ባለው የዋጋ የመረጃ ፍሰት መዛባት (Information Asymmetry)፣ በአቅራቢዎች መካከል የሚፈጠር አላስፈላጊ ድርድር እና የንግድ ትስስር እንዲሁም በሌሎች መሰል ምክንያቶች ሊፈጠር ወይም ሊባባስ ይችላል፡፡ በመሆኑም በአንዳንድ ሁኔታዎች በቂ ምርት እና አቅርቦት እያለ አምራቾችም ሆኑ ጅምላ ሻጮች የሞኖፖሊ አቅም በሚኖራቸው ወቅት ገበያውን ሙሉ ለሙሉ ስለሚቆጣጠሩት የፈለጉትን ዋጋ የመጠየቅ አዝማሚያ ይታይባቸዋል፡፡ በተጨማሪም ያለውን ውሱን የገበያ ሰንሰለትን በመጠቀም ሸማቹን አማራጭ በማሳጣት እና የተጠየቀውን ዋጋ እንዲከፍል በማድረግ የዋጋ ግሽበት ሊከሰት ወይም ሊባባስ ይችላል፡፡

3. በአገራችን የተከሰተው የዋጋ ግሽበት መንስኤው ምንድን ነው? የኢትዮጵያ ብቻ ችግር ነው ወይ? ክስተቱስ ኢትዮጵያን ምን ያህል ዋጋ አስከፍሏታል?

በአገራችን ለተከሰተው የዋጋ ግሽበት ምክንያቶች በተለያዩ ጊዜ ለመግለፅ እንደተሞከረው በዋናነት በዓለም አቀፍ ገበያ በነዳጅ፣ በምግብ እና ሌሎች ጥሬ ዕቃዎች ላይ የታየው የዋጋ ጭማሪ (Cost-push inflation)፣ በአጠቃላይ አቅርቦትና ፍላጎት መካከል ያለው ልዩነት የፈጠሩት የገበያ አወቃቀር (Market Structure)፣ አግባብ ያልሆነ የገበያ ውድድር እና የንግድ ትስስር፣ በኢኮኖሚ ዕድገቱ ምክንያት የመጣው የገቢ መጨመር እና በኢኮኖሚው ውስጥ ያለው ገንዘብ ዝውውር መጨመር ናቸው፡፡ይህ የማያሳየው የዋጋ ግሽበት ውስጣዊ እና ውጫዊ በሆኑ ምክንያቶች ሊከሰት እንደሚችል ነው፡፡በመሆኑም ከላይ ከዘረዘርናቸው ምክንያቶች ውስጥ አንዱ በዓለም አቀፍ ገበያ ላይ የታየው የነዳጅ እና የሌሎች ሸቀጦች ዋጋ መናር ሌሎችንም አገሮች በተለይ ደግሞ ነዳጅ እና የምግብ ሸቀጥ በሚያስገቡ አገሮች ላይ የዋጋ ግሽበት ፈጥሯል፡፡ለምሳሌ በምስራቅ አፍሪካ የሚገኙ አገሮችን የሚያዝያ ወር ዓመታዊ አማካይ የዋጋ ግሽበት ስንመለከት ታንዛኒያ 18.7 በመቶ፣ ኬንያ 16.5 በመቶ፣ ኡጋንዳ 20.3 በመቶ እና ሱዳን 28.6 በመቶ እንደሆነ መረጃዎች ይጠቁማሉ፡፡ ይህም አገሮቹ ካስቀመጡት የነጠላ አሀዝ የዋጋ ግሽበት ጋር ሲነፃፀር ከፍተኛ እንደሆነ ያሳያል፡፡ እነዚህ አገሮች የዋጋ ንረትን ለመዋጋት በማሰብ የወለድ ተመናቸውን በከፍተኛ ደረጃ ከፍ ቢያደርጉም የዋጋ ንረቱ ግን በሚፈለገው መልኩ እና ባስቀመጡት ግብ ልክ ሊወርድ አልቻለም፡፡ይህ የሚያሳየው የዋጋ ንረቱ መንስኤ የገንዘብ አቅርቦት ሳይሆን ከውጭ የመጣ በመሆኑ መፍትሄውም የገንዘብ ፖሊሲ ሳይሆን የአቅርቦት ጉዳይ እንደሆነ ያመለክታል፡፡

በአጠቃላይ የዋጋ ንረት መንስኤ የገንዘብ መጨመር መሆኑ በትክክል ሳይረጋገጥ የወለድ ተመንን ከፍ ማድረግ ኢንቨስትመንትን በማዳከም ለዋጋ ንረት መባባስ አስተዋፅኦ ሊያደርግ ይችላል፡፡ በመሆኑም የዋጋ ንረትን ለመከላከል የሚወሰዱ የፖሊሲ ዕርምጃዎች በጥንቃቄና አጠቃላይ የማክሮኢኮኖሚ ሁኔታን ባገናዘበ መልኩ መሆን ይኖርበታል፡፡ በመሆኑም የኢትዮጵያ ብሔራዊ ባንክ የዋጋ ንረትን ለመዋጋት የወሰዳቸውና ወደፊትም የሚወስዳቸው የገንዘብ ፖሊሲ ዕርምጃዎች በዚሁ መሠረተ ሃሳብ ላይ የተቃኙ ናቸው፡፡

በሌላ በኩል የተሰከተው የዋጋ ንረት ኢትዮጵያን ምን ያክል ዋጋ አስከፍሏታል? ለሚለው ጥያቄ በአሁኑ ሰዓት በአሃዝ የተደገፈ መልስ ለመስጠት ቢያስቸግርም በህብረተሰቡ የኑሮ ሁኔታ፣ በመንግሥት የልማት ሥራዎች እና በግሉ ዘርፍ የኢኮኖሚ እንቅስቃሴ ላይ አሉታዎ ሚና እንደሚኖረው ይታመናል፡፡

4. ይህ ክስተት ባለፉት ወራት በሀገራችን የነበረበት ሁኔታ ምን ይመስላል? ይህን ክስተት ለመቋቋም በመንግሥት ብሎም በባንኩ በኩል የተወሰዱ ርምጃዎችና የተገኙ ውጤቶች ምን ይመስላሉ?

የዋጋ ግሽበት ባለፉት ተከታታይ ወራት መጠነኛ መሻሻል አሳይቷል፡፡በዚሁ መሠረት ዓመታዊ አጠቃላይ የዋጋ ግሽበት ከነሐሴ ወር 2003 ዓ.ም. እስከ ጥር ወር 2004 ዓ.ም. ድረስ በአማካይ በ1.7 በመቶ በመቀነስ ነሐሴ ወር ከነበረበት 40.6 በመቶ በመጋቢት ወር ላይ 32.5 በመቶ ሊደርስ ችሏል፡ ይኸው ቅናሽ በሚያዝያ ወርም ወደ 29.8 በመቶ ዝቅ ያለ ሲሆን በግንቦት ወር ላይ የ4.8 በመቶ ቅናሽ በማሳየት 25 በመቶ ደርሷል፡፡ይህም ቅናሽ በሚቀጥሉት ወራት እንደሚቀጥል ይጠበቃል፡፡

በተመሳሳይ መልኩ ምግብ ነክ የሆኑ ሸቀጦች ዓመታዊ አማካይ የዋጋ ግሽበት በነሐሴ ወር ከነበረበት 49.9 በመቶ በግንቦት ወር መጨረሻ ላይ ወደ 29.2 በመቶ ዝቅ ያለ ሲሆን፤ ምግብ ነክ ያልሆነ ሸቀጦች ዓመታዊ አማካይ የዋጋ ግሽበት ደግሞ በተመሳሳይ ወቅት ከ27.6 በመቶ ወደ 19.6 በመቶ ዝቅ ብሏል፡፡

እንደሚታወቀው ከኢትዮጵያ ብሔራዊ ባንክ ዋና ዓላማዎች አንዱ የአገር ውስጥ ዋጋን ማረጋጋት ነው፡፡ለዚህም ባንኩ የዋጋ ግሽበት ነጠላ አሃዝ (ከ10 በመቶ በታች) እንዲሆን ያላሰለሰ ጥረት ያደርጋል፡፡በዚሁ መሠረት ባንኩ ከገንዘብ አቅርቦት ጋር የተገናኙ የዋጋ ንረት ምንጮችን ለማድረቅ የሚከተሉትን አበይት ተግባራት ከመንግሥት ጋር በመሆን እያከናወነ ይገኛል፤ ወደፊትም አስፈላጊውን ሁሉ ያደርጋል፡፡ በዚሁ መሠረት የሚከተሉት የፖሊሲ ዕርምጃዎች ተወስደዋል፡፡

ሀ) ለመንግሥት የሚሰጥ ቀጥተኛ ብድር እ.ኤ.አ. ከሰኔ 2011 ጀምሮ እንዲቆም ተደርጓል፡፡

ለ) የገንዘብ ፖሊሲ የክዋኔ ግብ (Operational Target) የሆነውን መሠረታዊ ገንዘብ (Reserve Money) በ2004 ዓ.ም. በጀት ዓመት መጨረሻ ላይ በ2003 ከነበረበት መጠን በ3.9 በመቶ እንዲቀንስ ዕቅድ ይዞ አፈጻጸሙን በየቀኑ እየተከታተለ እና በጥናት ላይ የተመሠረተ አስቸኳይና አፋጣኝ የፖሊሲ ማስተካከያ በማድረግ ላይ ይገኛል፡፡

ሐ) እንደሚታወቀው መሠረታዊ ገንዘብ በዋናነት የተጣራ የውጭ ምንዛሪ ክምችት (Net Foreign Asset) እና የተጣራ የአገር ውስጥ ብድር (Domestic Credit) ድምር ነው፡፡ በመሆኑም ባንኩ የመሠረታዊ ገንዘብን ግብ ለማሳካት የተጣራ የውጭ ምንዛሪ ክምችትን የማምከን ተግባር (Foreign Exchange Sterilization) ተግባር በማከናወን ላይ ይገኛል፡፡

መ)የግምጃ ቤት ሰነድ ግብይትን በማጠናከር የመንግሥትን የበጀት ጉድለት ከመደጎም በተጨማሪ ለገንዘብ ፖሊሲ መጠቀም እንዲቻል በአስራ አምስት ቀን የነበረውን ሽያጭ በየሳምንቱ እንዲሆን አድርጓል፤ በመሆኑም ፤ በፊት ከነበሩት የ28፣ የ90 እና የ181 ቀን ሰነዶች በተጨማሪ የ364 ቀን የሰነድ ዓይነት ለገበያ እንዲቀርብ ተደርጎ እየተሸጠ ይገኛል፡፡

ሠ) የባንኮች የመጠባበቂያ ክምችት (Reserve Requirement) የኢትዮጵያ ብሔራዊ ባንክ ለፖሊሲ ከሚጠቀምባቸው መሣሪያዎች አንዱ ነው፡፡ በመሆኑም ባንኮች በብሔራዊ ባንክ የሚያስቀምጡት የመጠባበቂያ ክምችት እንደ አስፈላጊነቱ ለአጠቃላይ ኢኮኖሚው እና ለኢትዮጵያ ብሔራዊ ባንክ ፖሊሲ ማስፈፀሚያነት ይውላል፡፡ የባንኮች የመጠባበቂያ ገንዘብ ክምችት ከፍ እና ዝቅ ማለት የባንኮችን የማበደር አቅም ይወስናል፡፡ በዚሁ መሠረት ባሳለፍነው ጥር ወር የመጠባበቂያ ክምችቱ ከ15 በመቶ ወደ 10 በመቶ ዝቅ እንዲል ተደርጓል፡፡ ይህም የባንኮችን የማበደር አቅም ያሳድጋል፡፡ምንም እንኳን በአጭር ጊዜ ሲታይ ይህ እርምጃ በኢኮኖሚ ውስጥ ያለው የገንዘብ መጠን ከፍ እንደሚያደርገው ቢታመንም በመካከለኛ ጊዜ እና በረጅም ጊዜ ከአቅርቦት ጋር የተገናኙ ችግሮች ላይ አዎንታዊ አስተዋፅኦ ስለሚኖረው ለዋጋ ግሽበት ያለው አስተዋፅኤ ውስን ነው፡፡በተጨማሪም ባንኮች ከክምችት ቅናሹ ያገኙትን ተጨማሪ ገንዘብ የውጭ ምንዛሪ ከብሔራዊ ባንክ እንዲገዙበት በመደረጉ ለዋጋ ግሽበት የሚኖረውን አስተዋፅኦ ለማምከን ተችሏል፡፡

Never ask employees to do these things

Kill the post-work social events -- among other things -- that might be rubbing your staff the wrong way.

You're the boss. You have the power.

Awesome. Just don't use your power to do things like this:

Pressure employees to attend "social" events. Any time your employees are with people they work with, it's like they're at work. Worst case, whatever happens there doesn't stay there; it comes back to work.

Embarrassing behavior aside, some people just don't want to socialize outside work. And that's their choice… unless you do something that can make them feel like they should attend. Then it no longer feels like they have a choice, and what you intended as a positive get-together is anything but.

And keep in mind that "pressure" can be as simple as saying, "Hey, Mark, I hope you can come to the Christmas party… I hope we see you there…" While you may simply be letting Mark know how much you enjoy his company, if he doesn't want to go he hears, "Mark, you better be at the party or I will be very disappointed in you."

If you really want to hold outside social events, pick themes that work for your employees. Have Santa attend a kids' Christmas party. Have a picnic at a theme park. Take anyone who wants to go to a ballgame. Pick one or two themes that cover the majority of your employees' interests, and let that be that. Never try to force togetherness or camaraderie. It doesn't work.

Ask an employee to do something you already asked another employee to do. You assign Joe a project. The day you needed it completed you realize Joe hasn't finished... and probably won't. You're frustrated with Joe, and you really need it done, so you plop it on Mary's desk. You know she'll get it done.

Maybe so, but she'll resent it.

Leave Mary alone. Deal with Joe.

Pressure employees to donate to a charity. The United Way was the charity of choice at a previous employer. Participation was measured; the stated company goal was 100 percent participation.

Pressure enough? It got worse; every supervisor reported results from their direct reports to the head of the fundraising effort… who happened to be the plant manager.

I’m sure the United Way is a great charity, one worthy of our support.
But don’t, even implicitly, pressure employees to donate to a charity. Sure, make it easy. Match their contributions if you like. But make donating voluntary, and never leave the impression that results are monitored on an individual basis.

And don't do the "support my kid's fundraiser" thing either. That's tacky.
What employees do with their money is their business, not yours. Make sure they feel that way.

Make employees go without food at mealtime hours. Say you go to a wedding that starts at 5 p.m. If there's a reception you expect a meal to be served instead of just hors d' oeuvres, right?So don't invite employees out for after-work drinks at 6 p.m. That's a company dinner, not company drinks.

The same is true of lunchtime meetings. If you plan a working lunch, provide food. Some employees go out to eat; if so, they're stuck. Plus others might bring food you would, um, prefer not to smell the rest of the afternoon.

Always err on the side of caution. If you order pizza for a group and you run out, some employees won't remember they had two great slices; they'll only remember that they wanted a third... and you were too "cheap" to provide it.

Ask employees to evaluate themselves. Employees who do a great job always question why they need to evaluate themselves. Shouldn’t you already know they do a great job? Employees who do a poor job rarely rate themselves as poor, turning what could have been a constructive feedback session into an argument.

Self-evaluations may sound empowering or inclusive but are almost always a waste of time. If you want feedback from the employee, ask them what more you can do to help them further develop their skills or their career.

Ask employees to evaluate their peers. I’ve done peer evaluations. It sucks. “Peer” means “work together.” Who wants to criticize someone they have to work with afterwards? Claim evaluations are confidential all you want; people figure out who said what about whom.

You should know their performance inside-out. If you don’t, don’t use the employee’s peers as a crutch. Dig in, pay attention, and truly know the people you claim to lead.

Reveal personal information in the interest of “teambuilding.” I once took part in a transformational leadership offsite. We were asked to make small boxes out of cardboard. (Why do offsites always seem to involve arts and crafts?) Then we were asked to cut pictures out of magazines that represented the “outer” us, the part we show to the world.

Then we were asked to write down things no one knew about us on slips of paper, put them inside our box (get it?), and reveal our slips to the group when it was our turn.

I was okay with putting pictures on the outside of my poorly constructed box, even though my lack of scissor skills was a tad embarrassing. I didn’t want to create “reveal” strips, though, and said so.
“But why not?” the facilitator asked.
“Because it’s private,” I said.
“That’s the point!” he cried. “The goal is to reveal things people don’t know about you.”
“They don’t know those things about me because I don’t want them to know those things about me,” I said.
“But think about how much better you will be able to work together when you truly know each other as individuals,” he said.
“Sometimes I think it’s possible to know too much,” I said. “If Joe likes to dress up as a Star Wars character in his spare time, that’s cool, but I’d really rather not know.”

I didn’t end up participating, a potentially career-limiting move that turned out fine when upper management's focus soon shifted from “transformational leadership” to “Back to Basics.” And with that, I was back in vogue.

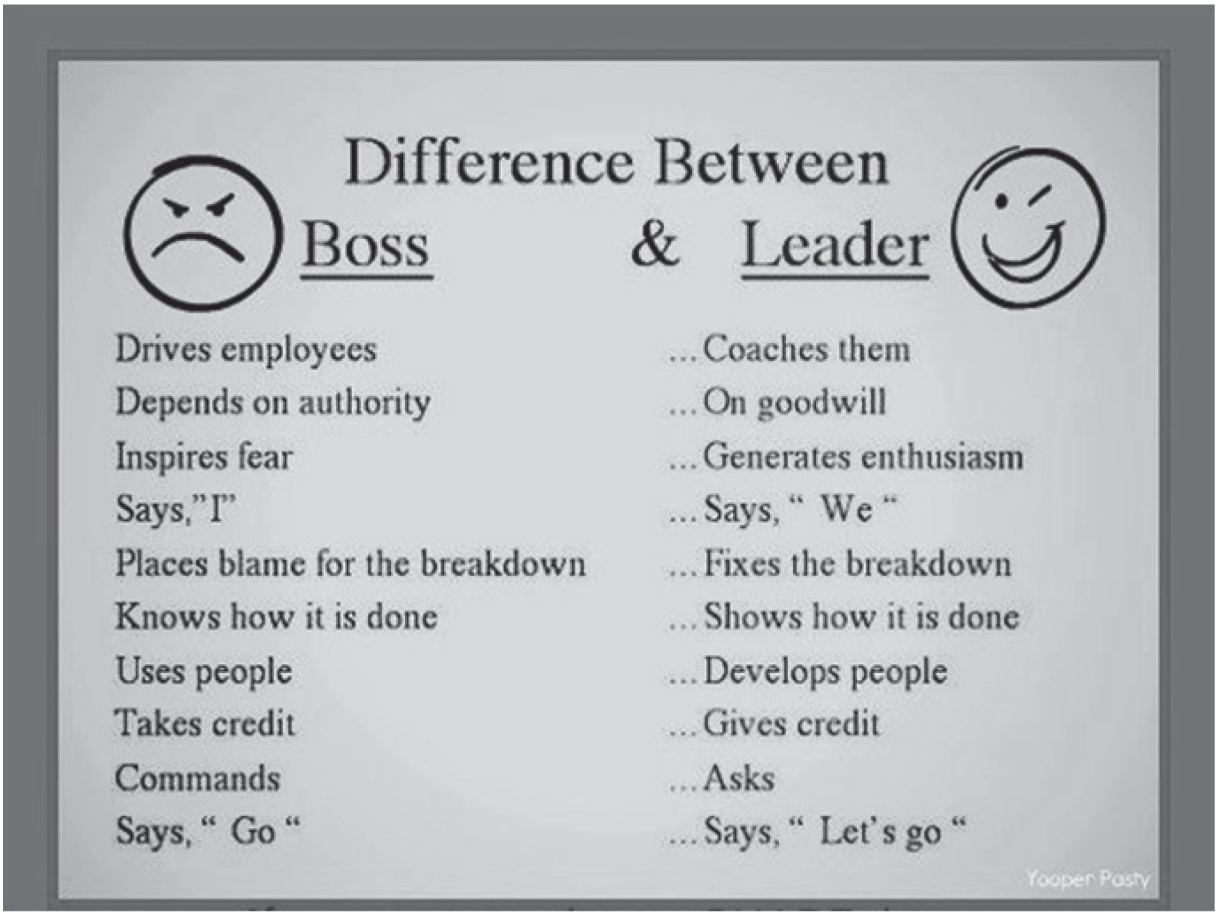
You don’t need to know your employees’ innermost thoughts and feelings. Even if you did, you have no right to their thoughts and feelings. You do have a right to expect acceptable performance.
Talk about performance, and leave all the deep dark secrets where they belong.

Ask employees to alert you when you “veer off course.” One of my bosses was really long-winded. He knew it, and he asked me to signal him when I thought he was monopolizing a meeting. I did it a couple times; each time he waved me off, probably because what he was saying was just too darned important.

Never ask employees to monitor your performance. To the employee, it’s a no-win situation.
Ask employees to do something you don’t do. Not something you “wouldn’t” do, but that you don’t do. Would is irrelevant. Actions are everything.

Lead by example. Help out on the crappiest jobs. Stay later. Come in earlier. Not every time, but definitely some of the time. Employees will never care as much as you do—and, really, they shouldn't—but they will care a lot more when they know you do whatever it takes.

(By Jeff Haden - Inc)



Micro Finance Institutions

No.	Name of Institutions	☎	📠
1	Amhara Credit and Saving Institution S.Co.	058-2201652	251-058-2201733
2	Dedebit Credit and Saving Institution S. Co.	034-4409306/034-4410996	251-034-4406099
3	Oromia Credit and Saving Institution S. Co.	011-552465344	251-011-5534871
4	Omo Micro Finance Institution S. Co.	046-2202053	251-046-2202052
5	Specialized Financial and Promotional Institution S. Co.	011-6622780/1	251-011-6614804
6	Gasha Micro Financing S. Co.	011-6558830-34	251-011-2756399
7	Wisdom Micro Financing Institution S. Co.	011-6463569	251-011-6293346
8	Sidama Micro Financing Institution S. Co.	046-2204704	251-046-2204704
9	Africa Village Financial Services S. Co.	011-6532052	251-011-3728771
10	Buusaa Gonofaa Micro Financing S. Co.	011-5544072/93/96	251-011-4654045
11	Poverty Eradication & Community Empowerment Micro Financing Institution S. Co.	011-6521541/42 6616985	251-011-6616985 251-011-4654088
12	Meket Micro Financing Institution S. Co.	033-2110082/033-2110037	033-211-0019/82
13	Addis Credit and Saving Institution S. Co.	011-1572720/110919	251-011-1573124
14	Meklit Micro Finance Institution S. Co.	011-5512109/5507964/ 132393	251-011-5504941
15	ESHET Micro Finance Institution S. Co.	011-3206451	251-011-3206452
16	Wasasa Micro Finance Institution S. Co.	0911673822	---
17	Benishangul-Gumuz Micro Financing S. Co.	057-7750666/057-7752466	251-057-7751734 251-057-7750060
18	Shashemene Eddirs Yelimat Agar Micro Financing Institution S. Co.	0461102052/1103881	251-046-1101534
19	Metemamen Micro Financing Institution S. Co.	011-6615398	251-011-6186140
20	Dire Micro Finance Institution S. Co.	025-1119246/47	251-025-119246/47
21	Aggar Micro Finance Institution S. Co.	011-6183382	251-011-6183383
22	Letta Micro Finance Institution S. Co.	011-6636947	---
23	Harbu Micro Financing Institution S. Co.	011-610016/0911306554	251-011-6180654
24	Ghion Micro Financing Institution S. Co.	011-504408/1238338/226771	251-011-5504409
25	Digaf Micro Credit Provider S. Co.	011-2132928 / 2787390	251-011-277211
26	Harar Micro Finance Institution S. Co.	025-6663745/025-6664078	251-025-6661628
27	Lefayeda Credit and Saving S. Co.	011-6296976	251-011-6620827
28	Tesfa Micro Finance Institution S. Co.	011-5526205/0911234229	251-011-5512763
29	Gambella Micro Financing S. Co.	047-5511271	251-047-5510892 510277
30	Dynamic Micro Finance S. Co. (Approved 23/03/09)	011-5526205/5540390	251-011-6623685
31	Somali Micro Financing S. Co.	257-752122	257752099

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