PRESS RELEASE

Development Bank of Ethiopia and partners validate baseline findings for EU-funded MSME recovery programme

Addis Ababa, 28 July 2026 — The Development Bank of Ethiopia (DBE), together with the European Union, KfW and technical partners, held a validation workshop today to review the baseline assessment findings for *Support for the Recovery of Micro, Small and Medium Enterprises (MSMEs) in Post-Conflict Areas – Enhancing Finance and Financial Inclusion for MSMEs*. The workshop brought together financing partners, financial institutions and stakeholders to confirm the evidence base that will guide how the programme is designed and delivered.

Funded by the European Union with parallel financing from Germany through KfW, the programme supports micro, small and medium enterprises in the Afar, Amhara and Tigray regions to rebuild by restoring access to affordable finance, with particular emphasis on women- and youth-owned businesses that face the widest gaps in access to credit. The European Union has committed EUR 22.1 million, alongside EUR 15 million in parallel financing from KfW, with DBE serving as Executing Agency.

The baseline assessment surveyed enterprises and financial institutions across the three regions to establish where the barriers to recovery are greatest. Its findings point to access to finance as the most binding constraint, compounded by limited collateral, foreign-currency shortages and uneven access to digital financial services. Validating these findings with partners ensures the programme responds to conditions on the ground and can measure its impact credibly over time.

> *"This reflects our collective commitment to improving access to affordable finance for businesses with strong potential for growth and recovery."*
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> — Aida Erkyihun, Vice President, Development Bank of Ethiopia

> *"This programme is about helping enterprises in conflict-affected regions reopen, retain their staff and create new jobs. Validating the evidence with our partners means the support we deliver is grounded in the real needs of MSMEs on the ground."*
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> — Adrián Cano Guerrero, Programme Officer – Economic, Trade, Private Sector Development & Regional Integration Affairs, European Union

The programme is delivered collaboratively across three complementary components. DBE channels concessional wholesale finance through a network of partner financial institutions — with the first participating institutions including Dashen Bank, Abay Bank, Hibret Bank, Enat Bank and Dedebit Microfinance — which on-lend to MSMEs for working capital and investment at rates well below prevailing commercial terms, with at least 30 percent of financing targeted to women-owned micro enterprises and at least 20 percent to youth-owned micro enterprises. Implementing partners GIZ and UNCDF deliver the programme's other two components, strengthening the business performance and management capacity of MSMEs and expanding access to digital financial services, respectively, in conflict-affected areas. A dedicated facility also helps import-dependent businesses access foreign currency for essential equipment, machinery and inputs.

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