

INDIVIDUAL CASE STORY | MSE SYSTEM

ACCESS TO NON-COLLATERALISED LOANS HELPS ELSA BOUNCE BACK FROM HARDSHIP AND PROSPER

Lack of access to finance is a critical constraint affecting the performance and growth of women and youth-owned micro and small enterprises (MSEs). Most business loans in Ethiopia cater to medium and large firms that are among the government’s priority sectors and which have assets that can be used as collateral. The high collateral requirements discourage MSEs from applying or lead to loan rejections. While this is a constraint for both women and men, women face greater barriers to accessing credit.

LIWAY designed a non-collateralised loan intervention that primarily targets MSEs and is inclusive of women and youth-owned enterprises. The intervention, implemented with ONE MFI, Ethio-Score, and BelCash, provides MSEs with the opportunity to repeatedly take loans to maintain and grow their businesses.

Elsa, a business owner, and single mom of two children, is one of the women benefitting from the intervention.



Elsa started a small coffee business named “yejebena buna” in front of her mother’s home in 2012. Her business did well, and she was soon able to expand it to include traditional foods. But things took a turn when her mother fell ill. Elsa invested all her savings in medical treatment and care, but her mother sadly passed away. Elsa had lost everything, and she struggled to sustain her business and support her children. That is when she heard about the non-collateralised loans.

“ I was left with only 3,000 ETB in my hand. I could not manage the business and cover my basic household needs for myself and my children. I requested loans from friends and family members, but my effort was fruitless; no one was able to support me. One of my friends who is a HelloMarket user and supplier told me about this non-collateralised loan and rescued me from the verge of collapsing. We went together to the ONE MFI branch and I got the first loan worth 30,000 ETB with a simple procedure; I only had to provide my trade license and residential ID. ”

Elsa was ecstatic as this was her first loan. She used it to reinvigorate her business. She ensures she makes repayments on time and as a result has been able to take loans six times to help grow her business. She has not only diversified her products and added new customers and markets; she has also created employment opportunities for three young women. She pays them a monthly salary of 2,000 ETB each and provides them with living space. Elsa has also been able to rebuild her savings and has saved 340,000 ETB during the year, and she has plans to keep growing.

Elsa is just one example of women business owners who are benefitting from non-collateralised loans. It demonstrates how changing the rules, procedures, and standards for accessing loans can help empower women entrepreneurs.