Development Bank of Ethiopia
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From Reform to Transformation: The Journey of Ethiopia's Finance Forum

Two Forums, One Financial Transformation

When the first Ethiopia Finance Forum was convened in Addis Ababa in May 2025, it came at a defining moment for Ethiopia's financial sector. The country was undertaking significant macroeconomic and financial reforms, while financial institutions, businesses and investors were facing a rapidly changing economic environment.

Organized by the National Bank of Ethiopia (NBE), the inaugural Ethiopia Finance Forum created a platform where policymakers, financial institutions, development partners, investors, technology companies and other stakeholders could come together to discuss the future of Ethiopia's financial system.

A year later, the second Ethiopia Finance Forum, held from September 29 to October 1, 2026, demonstrated

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how far the conversation had evolved. The first forum was largely about understanding and building consensus around reform. The second reflected a growing determination to translate reform into implementation, stronger markets, greater investment and broader economic transformation.

In this sense, the two forums can be seen not as separate events, but as two chapters of the same story: Ethiopia's journey toward a modern, inclusive and competitive financial system.

The Beginning: A Financial Sector at a Turning Point

The 2025 Forum focused on some of the fundamental questions facing Ethiopia's financial sector. How can financial institutions contribute to macroeconomic stability? How can access to finance be expanded? How can digital technology transform financial services? How can the financial system better support agriculture, women, small businesses and investment?

These questions were particularly important as Ethiopia pursued major economic reforms, including changes in monetary policy and the foreign-exchange regime.

The Forum therefore served an important purpose beyond the conference hall. It provided an opportunity for different actors in the financial ecosystem to understand the direction of reform and consider their respective roles in the emerging economic environment.

Financial inclusion was one of the prominent themes. The discussion increasingly moved beyond the simple question of whether people had access to a bank account. The more important question became whether financial services were reaching those who needed them most and whether those services were helping households, farmers and businesses participate productively in the economy.

Women, rural communities, youth and small and medium-sized enterprises were therefore placed more prominently within the financial inclusion conversation.

Agricultural finance was another important area. For a country where agriculture remains central to livelihoods, employment and economic growth, expanding access to appropriate and sustainable agricultural finance is essential. The Forum highlighted the need for mechanisms that can address the particular risks associated with agricultural lending, including risk-sharing arrangements, guarantees and insurance.

At the same time, digitalization was beginning to redefine the meaning of financial access. Digital payments, mobile financial services and financial technology were increasingly seen not simply as technological innovations, but as instruments for expanding access, reducing transaction costs and improving efficiency.

The message from the first Forum was clear: Ethiopia's financial system had to change in order to support a changing economy.

From Stabilization to Transformation

By the time the second Ethiopia Finance Forum was held in 2026, the character of the discussion had changed.

The second Forum was broader, longer and more ambitious. Its agenda covered macroeconomic reform, financial inclusion, agricultural finance, digital finance, banking and insurance, capital markets, investment, financial infrastructure and emerging technologies.

Most importantly, the conversation increasingly shifted from the question of what needs to be reformed to how the reform can produce sustainable economic transformation.

One of the central themes of the 2026 Forum was the transition "from stabilization to transformation."

This represents an important development in Ethiopia's financial-sector narrative.

Stabilization is necessary, but it is not the final destination. A stable financial system must ultimately be capable of mobilizing savings, financing productive investment, supporting businesses, creating employment and contributing to sustainable economic growth.

The second Forum therefore placed greater emphasis on the development of markets and institutions that can support this next phase.

A New Financial Landscape

Perhaps one of the most notable developments in the 2026 Forum was the increasing importance given to capital markets.

For many years, Ethiopia's financial system has been overwhelmingly dominated by banks. The development of capital markets introduces the possibility of a more diversified financial system in which businesses and institutions can access different forms of financing and investors can access a wider range of investment opportunities.

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A stronger capital market could provide long-term financing, improve the allocation of capital and complement traditional bank lending.

For financial institutions, this means that the future financial landscape is likely to become more diverse and competitive.

Banks will not necessarily disappear from the center of the financial system, but they will increasingly operate alongside capital-market institutions, insurance companies, fintech firms, digital platforms and other financial-service providers.

Digital Finance: From Convenience to Infrastructure

Another major development between the two Forums is the growing importance of digital finance.

In 2025, digitalization was largely discussed as a powerful tool for expanding financial access and improving service delivery. By 2026, digital finance had become much more deeply connected with the broader financial infrastructure.

This is an important distinction.

Digital transformation is no longer simply about providing customers with mobile or electronic services. It is increasingly about how the entire financial system operates: how payments are made, how information is managed, how customers are served, how credit decisions are made and how institutions manage risk.

Yet digitalization also introduces new challenges. Cybersecurity, data protection, operational resilience, technology dependence and digital fraud become increasingly important as financial services become more interconnected.

Thus, the future financial institution will need not only financial capital, but also technological capacity, skilled human resources and strong risk-management systems.

Inclusion Must Become Meaningful

The evolution of the financial inclusion discussion between the two Forums is particularly significant.

The first Forum emphasized expanding access. The second increasingly emphasized the quality and usefulness of financial services.

This suggests a more mature understanding of inclusion.

Having a bank account is important, but it is not enough. A farmer needs appropriate agricultural finance. A young entrepreneur needs affordable working capital. A woman-owned enterprise needs access to investment finance. A rural household needs convenient and reliable payment services.

Financial inclusion becomes meaningful when financial services help people and businesses participate productively in the economy.

This approach also requires better measurement. The future question should not simply be how many people have access to financial services, but what those services enable them to accomplish.

What Does This Mean for Development Finance?

The evolution of the Ethiopia Finance Forum carries particular significance for development-finance institutions such as the Development Bank of Ethiopia.

The growing emphasis on agricultural finance, MSME development, investment, inclusion and productive sectors reinforces the continuing importance of development finance.

At the same time, the changing financial environment creates new expectations.

Development-finance institutions must increasingly combine their traditional development mandate with stronger risk management, operational efficiency, digital capability, customer service and measurable development impact.

The future of development finance will therefore not be determined only by how much money is lent. It will increasingly be judged by what that financing achieves.

- How many productive enterprises are created?
- How many jobs are generated?
- How much agricultural production is supported?
- How many women and young entrepreneurs gain access to finance?
- How much export capacity is developed?
- How effectively does each birr of financing contribute to national development?

These questions are likely to become increasingly important as Ethiopia's financial system evolves.

Looking Ahead

The Ethiopia Finance Forum has the potential to become an important annual platform for shaping the country's financial future.

As Ethiopia continues its economic transformation, the financial sector will be expected to do more than provide traditional banking services. It will need to mobilize resources, finance productive investment, promote inclusion, support innovation, facilitate trade and investment, and help connect Ethiopia's people and businesses to new economic opportunities.

The two Forums have already demonstrated an important shift in perspective.

The question is no longer simply whether Ethiopia can reform its financial system.

The more important question is how effectively the reformed financial system can contribute to Ethiopia's economic transformation.

That is ultimately the significance of the Ethiopia Finance Forum: it brings together the people and institutions that can help turn financial-sector reform from a policy agenda into a foundation for sustainable economic development.

From Local Waste to National Wealth:

The Success of "Best for Oil"



At a time when industries are struggling with energy shortages and the rising cost of electricity, access to furnace oil—a major fuel source for boilers, cement factories and metal-processing industries—has become increasingly important. Furnace oil is a heavy residual product obtained from crude-oil refining, and countries that cannot produce it domestically are required to spend significant amounts of foreign currency to import it.

Ethiopia has traditionally spent billions of dollars on the importation of petroleum products, including gasoline, diesel and kerosene. Furnace oil has also accounted for millions of dollars in foreign-exchange expenditure.

With the aim of reducing this costly foreign-exchange outflow and creating new economic opportunities, the "Best for Oil" fuel-oil manufacturing plant, established in Adama, has opened a new chapter. Supported through financing and close follow-up by the Development Bank of Ethiopia's Adama District, the factory has already been operating for seven months and has begun contributing to foreign-exchange savings.

Furnace oil is mainly produced in two ways. The first is through the refining of crude oil. The second—and more innovative—method involves processing waste materials, such as used vehicle tires, through a process known as pyrolysis.

Best for Oil has adopted this second approach and applies a number of innovative processes.

High-Temperature Processing:

Used vehicle tires are heated at very high temperatures for several hours. Through this process, the tires are broken down and transformed into gas and heavy oil, which is then processed into fuel.

Large Production Capacity:

The factory has three large tire-processing machines. Each processing cylinder has the capacity to produce approximately 12,000 liters of fuel oil.

A Zero-Waste Approach:

The process is designed to make use of almost every component of the discarded tires. When the vapor generated from the tires is converted into fuel, a black powder known as carbon black is also produced. This material can be reused as an input for various rubber products. In addition, the steel wires recovered from the tires can be supplied as raw material to metal-processing and steel-manufacturing industries.

In this way, used tires that once posed a serious environmental pollution problem are being transformed into valuable industrial resources. What was once considered waste has become an economic asset—making the achievement a double victory for both the economy and the

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DBE Ready to Support the Development of a Housing Finance Ecosystem



The development of a housing finance ecosystem in Ethiopia was among the key issues discussed during the Second Ethiopia Finance Forum, held at the Adwa Victory Memorial Museum.

During the Forum, it was highlighted that the Government is working to transform the country's existing housing finance system. The establishment of a National Housing Fund was identified as one of the key components of this effort. The National Housing Fund is a proposed model designed to address Ethiopia's housing shortage within the framework of the country's economic reform program and the National Bank of Ethiopia's housing finance study. The Fund aims to expand the availability of housing finance, establish a sustainable resource-mobilization mechanism, and align the process with a mortgage refinancing company.

The President of the DBE, Dr. Esayas Kassa, stated that the Bank is ready to provide financial support for the development of this housing finance ecosystem. Dr. Esayas recalled that discussions had been held with housing developers and other stakeholders regarding financing arrangements for the construction of 1.5 million houses over the coming five years. The President also emphasized that the availability of construction materials is a critical component of housing development. He noted that the Development Bank has been financing manufacturers of construction materials for many years.

The Bank is supporting manufacturers of a wide range of construction materials—from construction aggregates and cement to reinforcing steel and prefabricated construction materials—through lease and project financing. According to Dr. Esayas, the Development Bank's continued financing of the construction-materials sector at this level is expected to have a positive impact on both the availability and affordability of housing in the future.

By supporting the housing finance ecosystem on the one hand and strengthening the production capacity of construction-material manufacturers on the other, the Development Bank of Ethiopia is positioning itself to contribute to the development of a more sustainable and accessible housing sector in Ethiopia.

Development Bank of Ethiopia and KfW Hold Productive Discussions to Strengthen Partnership and Joint Initiatives

The Development Bank of Ethiopia (DBE) held a productive discussion with KfW today, reaffirming the strong partnership between the two institutions and reviewing progress across ongoing joint initiatives.

The discussion covered key areas of cooperation, including SME financing, technical assistance, institutional transformation, sustainable finance, and upcoming green financing initiatives. Both sides also exchanged views on implementation priorities and the next steps required to further strengthen the impact of their partnership.

DBE values KfW's continued partnership and looks forward to advancing initiatives that strengthen access to finance, support sustainable economic development, and accelerate the Bank's transformation agenda.

New Hilton Hotel to Be Built in Addis Ababa at a Cost of USD 55 Million



A new hotel is set to be constructed within the premises of the existing Hilton Hotel in Addis Ababa at an estimated cost of USD 55 million.

The new hotel, to be named Hilton Garden Inn, will feature 150 guest rooms as well as a dedicated health and recreational centre.

According to the Ethiopian Investment Holdings, the project aims to enhance the value and utilization of existing assets while contributing to the development and expansion of the country's hospitality and service sector.

Construction of the hotel is being undertaken with the aim of completing the project in time for the COP32 conference, which Addis Ababa is scheduled to host.

The project is also expected to further strengthen Addis Ababa's growing position as an international hub for business, tourism, and major global events.

Elmi Olindo Contractors PLC has been selected as the design and construction contractor for the project, while Zias Architecture and Engineering is serving as the project consultant.

Source: Ethiopian Investment Holdings

EThiopia and Japan Sign Support Agreement to Modernize Rice Development

Ethiopia and Japan have signed a support agreement aimed at modernizing rice production and strengthening agricultural mechanization in Ethiopia.

Under the agreement, ETB 375 million in support will be provided to facilitate the modernization of rice development and the provision of essential agricultural machinery.

The support will help supply key equipment, including harvesting and threshing machines, tractors, rice milling equipment, and land preparation machinery.

The agreement aims to strengthen land preparation, harvesting, and rice processing operations, improve the quality of rice production, and reduce post-harvest losses.

Speaking on the occasion, the former Minister of Finance Ahmed Shide said the support agreement would contribute to the modernization of rice production and help increase productivity in the sector.

Source: Ministry of Finance, Ethiopia



Leading Development Banks in Africa

Development banks play a vital role in Africa's economic transformation by providing long-term financing for sectors that are essential to sustainable development but may not always receive adequate financing from conventional commercial banks. Across the continent, development finance institutions support infrastructure, agriculture, manufacturing, energy, trade, small and medium-sized enterprises, industrialization, and regional economic integration.

Among the most prominent institutions is the African Development Bank (AfDB), the continent's leading pan-African development finance institution. Headquartered in Abidjan, Côte d'Ivoire, the Bank finances major development projects across Africa, with a focus on infrastructure, energy, agriculture, industrialization, private-sector development, and regional integration. Its continental mandate and extensive membership make it one of the most influential development institutions in Africa.

The Development Bank of Southern Africa (DBSA) is another major development finance institution, particularly recognized for its role in infrastructure development. Based in South Africa, the Bank finances projects in areas such as energy, transport, water, information and communications technology, and social infrastructure, both in South Africa and elsewhere on the continent.

The Trade and Development Bank (TDB) is a major regional development finance institution serving Eastern and Southern Africa. Headquartered in Nairobi, Kenya, TDB promotes trade, investment, regional integration, and sustainable development by providing loans, equity, guarantees, and other financial solutions to governments and businesses.

In West Africa, the West African Development Bank (BOAD) serves as an important regional development institution. Based in Lomé, Togo, it supports economic development and regional integration by financing projects in infrastructure, agriculture, energy, health, education, and other productive sectors.

The East African Development Bank (EADB) contributes to economic development and regional integration in East Africa by providing long-term financing and financial services to businesses and development projects. Its activities support private-sector growth and productive investment across its member countries.

In Central Africa, the Central African States Development Bank (BDEAC) plays a key role in financing development projects within the Central African region. Its support focuses on infrastructure, productive sectors, and initiatives that strengthen regional economic integration.

At the national level, institutions such as the Development Bank of Nigeria (DBN) and the Bank of Industry (BOI) contribute significantly to Nigeria's economic development. DBN focuses particularly on improving access to long-term finance for micro, small, and medium-sized enterprises, while BOI supports industrialization, manufacturing, entrepreneurship, and enterprise development.

South Africa's Industrial Development Corporation (IDC) is another important development finance institution, supporting industrial development, economic diversification, investment, and job creation. Through financing and investment, it contributes to the development of productive industries and the broader African economy.

In Ethiopia, the Development Bank of Ethiopia (DBE) serves as the country's specialized development finance institution. The Bank provides long-term financing to priority economic sectors, including agriculture, manufacturing, agro-processing, and other productive investments. Through its development-oriented financing mandate, DBE contributes to economic transformation, private-sector development, employment creation, import substitution, and sustainable investment.

Taken together, these institutions demonstrate the diverse role of development banks across Africa. While their mandates and geographical coverage differ, they share a common objective: mobilizing and directing financial resources toward investments that contribute to economic transformation, inclusive growth, job creation, and sustainable development.

The Development Bank of Ethiopia and the National Financial Role of the RUFIP III Programme





Ethiopia has undertaken a number of strategic measures to transform the lives of rural communities whose livelihoods are largely dependent on agriculture, one of the country's most vital economic sectors, and to promote sustainable economic growth. Among these initiatives, the Third Rural Financial Intermediation Programme (RUFIP III) stands out as one of the country's major national initiatives designed to expand access to rural financial services and enable smallholder farmers and pastoralists to actively participate in the economy.

The programme aims to facilitate adequate access to diverse financial services and modern financial products for rural households, thereby contributing to Ethiopia's agricultural transformation. Its success is closely linked to the multifaceted and strategic leadership role played by the Development Bank of Ethiopia (DBE).

Accelerating economic development in rural areas requires not only substantial investment but also strong institutional leadership capable of managing financial resources effectively. In this regard, the Development Bank of Ethiopia has been playing an ownership and leadership role by managing the programme's funds and coordinating its overall implementation.

With a substantial financial framework of more than USD 300 million, RUFIP III has been implemented under a framework agreement signed with the Ministry of Finance on December 10, 2021 (Tahsas 1, 2014 E.C.). Since then, DBE has served as a central driving force of the programme. In collaboration with the International Fund for Agricultural Development (IFAD), the European Union (EU), the European Investment Bank (EIB), and the Federal Government of Ethiopia, the Bank has been coordinating and strengthening the programme's financial ecosystem.



Credit Delivery Approach

To ensure that the programme reaches smallholder farmers across the country and ultimately benefits approximately 13.5 million people, the Development Bank of Ethiopia has adopted a carefully structured financial delivery mechanism. Rather than lending directly to individual beneficiaries, the Bank provides wholesale financing to eligible Partner Financial Institutions (PFIs) through the Credit Line Component.

Under this DBE-led system, eligible Microfinance Institutions (MFIs), microfinance institutions that have graduated to become banks, and rural savings and credit cooperatives/unions can access the programme's financing.

The Development Bank of Ethiopia strengthens these institutions financially and ensures that the funds reach productive and climate-resilient agricultural subsectors. These include agricultural input supply, horticulture and fruit production, livestock fattening, crop production enhancement, and livestock development.

Multifaceted Coordination and Institutional Capacity Building

Beyond managing the financial resources, the Development Bank of Ethiopia has the significant responsibility of coordinating the various initiatives under RUFIP III to ensure their integrated and effective implementation.

To help the programme achieve its development objectives, DBE has established a strong capacity-building framework in collaboration with the National Bank of Ethiopia, the Ethiopian Cooperative Commission, the Association of Ethiopian Microfinance Institutions (AEMFI), and regional cooperative promotion agencies.

Within this broader ecosystem, DBE serves as a central coordinating institution, helping participating institutions operate effectively, comply with regulatory and policy frameworks, and ensure that rural communities gain access to the modern financial services they need.

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The National Role of the Development Bank of Ethiopia

At the national level, large-scale

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rural financial inclusion programmes such as RUFIP III are expected to generate tangible results particularly in crop production enhancement, livestock fattening for domestic and export markets, horticulture and fruit production, and the supply of agricultural inputs.

These sectors can make a significant contribution to improving farmers' livelihoods, expanding their sources of income, and strengthening food security.

Within these strategic areas, the role of the Development Bank of Ethiopia extends beyond conventional financing. The Bank serves as a strategic provider of finance and a resource mobilizer at the national level. By providing wholesale financing to various Partner Financial Institutions, DBE helps direct financial resources toward productive sectors of the economy.

Furthermore, by financing modern and climate-resilient agricultural technologies and supporting institutional capacity building, the Bank is contributing to the transformation of Ethiopia's rural economy from traditional production systems toward more modern, productive, and market-oriented agricultural and agro-industrial systems.

Conclusion

The Third Rural Financial Intermediation Programme (RUFIP III) represents an important national framework aimed at supporting Ethiopia's transition from traditional agriculture toward a more modern, productive, and market-oriented agricultural system.

At the centre of this effort, the Development Bank of Ethiopia has played a significant role by managing the programme's financial resources, establishing wholesale financing mechanisms, and coordinating the overall implementation of the programme.

Through these efforts, DBE is contributing to the expansion of rural financial inclusion, strengthening productive agricultural sectors, building the capacity of financial institutions, and supporting the transformation of rural livelihoods. Its contribution to rural economic development therefore forms an important part of Ethiopia's broader efforts toward sustainable economic growth and future prosperity.



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environment.

According to Mr. Tuji Gemeda, Manager of the Development Bank of Ethiopia's Adama District, turning innovative business ideas into practical investments is an important part of the Bank's mission.

"Among the projects submitted to the District, we selected the one that could extract fuel from used tires. We took the risk and helped turn the project into an investment that can generate lasting value for the country," he explains.

The Bank's financial support and close follow-up have helped the project move from an innovative business concept to an operating industrial enterprise.

The investment has already contributed to reducing the foreign currency previously required to import furnace oil. According to the District Manager, there is potential to further expand domestic production and eventually eliminate a substantial portion of the foreign-exchange expenditure associated with importing the product.

The significance of Best for Oil goes beyond the production of furnace oil. The factory represents a new approach to industrial production in which waste management, technological innovation, import substitution and job creation come together in a single investment.

By converting discarded tires into useful industrial products, the factory contributes to environmental protection while creating economic value. It also demonstrates how locally available resources and waste materials can be transformed into productive inputs for other industries.

The technology introduced by the factory and the employment opportunities it creates are therefore making a broader contribution to the national economy.

The Best for Oil project illustrates the role that development finance can play in supporting innovative industries that may otherwise face difficulties in obtaining financing.

Through its financing and project follow-up, the Development Bank of Ethiopia has helped bridge an important gap between innovative ideas and productive investment.

The project demonstrates that development finance is not simply about providing loans. It is also about identifying promising investments, accepting calculated risks, supporting entrepreneurs and helping projects that address national economic challenges become operational.

From discarded tires that once polluted the environment to locally produced fuel that can reduce dependence on imports, Best for Oil presents a compelling example of how innovation, finance and environmental responsibility can come together to create national value.

What was once regarded as waste is now being transformed into fuel, employment and industrial opportunity—turning a local environmental challenge into a source of national wealth.