**FINANCIAL INCLUSION**

**FINANCIAL INCLUSION** is the availability and usage of affordable financial products and services provided by professional institutions to all society segments including vulnerable and low-income population groups, and small businesses.

Financial inclusion is increasingly being recognised by the UN and other development partners as one of the most powerful tools to fight poverty. Access to finance is essential for enabling individuals and families to invest in their lives and shape their future as well as it is essential for businesses to invest, employ people, and grow. Formal financial systems strengthen the financial sector on a national level and enable resource mobilisation at household level.

**FINANCIAL INCLUSION IN RWANDA**

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP Growth</th>
<th>Population</th>
<th>GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>89%</td>
<td>11,609,666</td>
<td>USD 697</td>
</tr>
</tbody>
</table>

**FINANCIAL PRODUCTS AND SERVICES**

<table>
<thead>
<tr>
<th>Service</th>
<th>Usage among adult population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banked</td>
<td>26%</td>
</tr>
<tr>
<td>Other formal (non-bank)</td>
<td>65%</td>
</tr>
<tr>
<td>Informal</td>
<td>72%</td>
</tr>
<tr>
<td>Excluded</td>
<td>11%</td>
</tr>
</tbody>
</table>

**THE BIFSIR PROGRAMME**

**THE BIFSIR PROGRAMME** (2010-2015) seeks to tear down the barriers for financial inclusion in Rwanda by contributing to capacity building of stakeholders at the macro, meso, micro and client levels, with an overall objective to make sustainable, high quality and diversified financial services accessible to the less advantaged. With a total budget of USD 8,038,364, BIFSIR is implemented with support from Republic of Korea-UNDP MDG Trust Fund, UNDP and UNCDF under the leadership of the Ministry of Finance and Economic Planning (MINECOFIN). Key partners include Ministry of Trade and Industry (MINICOM), National Bank of Rwanda (BNR), Rwanda Cooperative Agency (RCA) and private sector players like the Association of Microfinance Institutions (AMIR), Microfinance institutions (MFIs), SACCOs and individual clients.

**BUILDING AN INCLUSIVE FINANCIAL SECTOR in Rwanda**

**ACHIEVEMENTS OF THE BIFSIR PROGRAMME**

**2010-2015**

**Sources:** data.worldbank.org/country/Rwanda and the FinScope Rwanda Report 2016
THEMATIC AREAS

DIGITAL FINANCIAL SERVICES

Mobile phones have evolved to become one of the most user friendly tools of economic empowerment. Mobile Money and Agent Banking systems enable even remotely located communities and very poor people to access and benefit from formal financial services. BIFSIR has supported Urwega Opportunity Bank (UOB) and Umutanghuha Finance (FU) in expanding the availability of branchless digital financial services all over the country. With the support from BIFSIR:

UMURENGE SACCOs

The 416 U-SACCOs have significantly changed the landscape of access to formal financial services in Rwanda. By serving more than two million people, the U-SACCOs have proven to be one of the most effective channels to reduce vulnerability among financially excluded populations. BIFSIR has supported strengthening U-SACCO governance and control systems, and the establishment of sustainable re-financing mechanisms. On a national level:

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  - 2,000,000 U-SACCO members
  - 33% of the Rwandan population use U-SACCOs for saving
  - 55% of the total MFI's deposits are represented by U-SACCOs
  - RWF 58.1 billion (USD 79 million) - U-SACCOs' deposits as of June 2015

VSLAs

For many poor people a Village Savings and Loan Association (VSLA) is the first encounter with financial services and products. VSLAs form an entry point that allows people to develop from being financially excluded to understanding and properly using formal financial services. BIFSIR has supported a local NGO, PAJER, to establish and train new VSLAs in Gatsibo, Bugesera, Musanze and Ngoma districts. With the support from BIFSIR:

  - 38,402 new subscribers have been registered
  - 67% of the subscribers are women
  - 311 new bank agents recruited
  - 311 POS distributed
  - 535 new VSLAs have been formed with a total membership of 14,903 people
  - 70% of the members are women
  - 90% loan repayment rate
  - 15,754 people received financial education

ENTREPRENEUR SKILLS DEVELOPMENT

Creating more and better quality jobs is key to accelerating inclusive growth and reducing poverty. BIFSIR has complimented MINICOM’s Hanga Umurimo Programme since 2013 by equipping primarily women and youth with vocational and entrepreneurship skills to enable them to create small businesses. BIFSIR has also supported the graduates in accessing financial services to obtain seed capital for their new businesses. With the support from BIFSIR:

  - 1,800 people received entrepreneurship training
  - 39% of the beneficiaries are women
  - 1,636 new jobs were created
  - 63 SMEs were created