

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.

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.



FINANCIAL INCLUSION IN RWANDA



FINANCIAL PRODUCTS AND SERVICES

Usage among adult population



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

PROGRAMME APPROACH:

CATALYTIC CAPITAL LEVERAGE LOCAL AND EXTERNAL CAPITAL THROUGH INITIAL INVESTMENTS	POLICY ADVICE CREATE ENABLING POLICY ENVIRONMENTS FOR MICROFINANCE INSTITUTIONS AND LOCAL GOVERNMENTS	TECHNICAL SUPPORT TRANSFORM CAPABILITIES FOR MORE EFFECTIVE AND EFFICIENT BASIC SERVICE DELIVERY
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BIFSIR IS ALIGNED TO:

UNDAP RWANDA UNITED NATIONS DEVELOPMENT ASSISTANCE PLAN (2013-2018)	EDPRS II ECONOMIC DEVELOPMENT AND POVERTY REDUCTION STRATEGY	FSDP II FINANCIAL SECTOR DEVELOPMENT PROGRAMME	NMPIS II NATIONAL MICROFINANCE POLICY IMPLEMENTATION STRATEGY
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SUSTAINABLE DEVELOPMENT GOALS

United Nations Rwanda

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The BIFSIR project is made possible through a partnership between the Government of Rwanda, the Government of the Republic of Korea, UNDP and UNCDF.

BUILDING AN INCLUSIVE FINANCIAL SECTOR *in Rwanda*

BIFSIR THEMATIC AREA:
UMERENGE SACCO



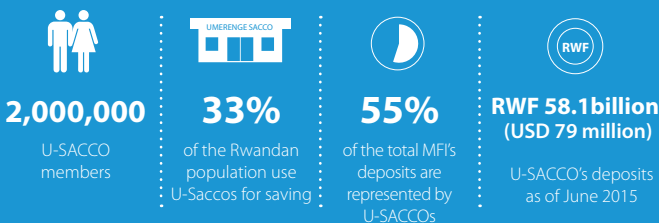


THEMATIC AREA

UMURENGE SACCO

BUILDING CAPACITY

To professionalise the U-SACCOs, BIFSIR supported the Central Bank to establish a U-SACCO supervision unit and MINECOFIN to standardise policies and procedures of all U-SACCOs. Furthermore, BIFSIR supported the procurement and implementation of a core banking software, data cleaning and financial education of U-SACCO staff through AMIR. As a result, the U-SACCOs have adopted harmonised policies and improved the daily operational procedures. On a national level:



Sources: FinScope Rwanda Report 2016 and BNR 2015 Annual Report



INTRODUCTION

The Umurenge (U-) SACCOs form a part of the National Savings Mobilisation Strategy adopted for creating inclusive financial systems in Rwanda. The first U-SACCO was established in 2009 and to date 416 U-SACCO are operating across the country with a mission of increasing access to finance to local populations. U-SACCOs are member-owned savings and credit cooperatives with an overall objective to pool savings for the members and in turn provide them with credit facilities. Other objectives include encouragement of cooperation among members, and provision of financial education by teaching members on proper money management and investment practices. Unlike commercial banks, the U-SACCOs are primarily formed to raise the social welfare of their members.

IMPROVED RE-FINANCING

BIFSIR has provided grants to two financial institutions, Business Development Partners (BDF) and Société Mutuelle de Garantie et du Financement (SMGF), to establish credit lines to enable U-SACCOs to expand their loan portfolios. The loans are aligned with current interbank rates to avoid market distortion and to provide low-cost loans for the final borrowers.

By serving more than **2,000,000 people** across the country, the **U-SACCOs** have proven to be one of the most **effective** channels to **reduce vulnerability** among **financially excluded populations**.

IMPACT OF BIFSIR'S SUPPORT

"In 2015, Iyungure SACCO Cyanika received a RWF 14 million (USD 17,350) loan from BDF for financing loans to our members. The injection of liquidity increased our loan portfolio by 10% and many new local jobs have been created by members who have been able to expand or open up new business. At the same time, the management and staff were trained on financial statements, loan assessment, book keeping, etc. resulting in a much more professional organisation. Today, the SACCO is thriving and we have experienced a member influx on 15% raising the total number of members to 5746."

Phocus

SACCO Manager, Burera District