BUILDING AN INCLUSIVE FINANCIAL SECTOR in Rwanda

ACHIEVEMENTS OF THE BIFSIR PROGRAMME 2010-2015
WHAT IS FINANCIAL INCLUSION?

Financial inclusion is the availability and usage of financial products and services at affordable costs provided by professional institutions to all society segments including vulnerable and low-income population groups. 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. Therefore, financial inclusion cannot remain the privilege of a few.

THE CHALLENGES OF THE INFORMAL ECONOMY.

Financially excluded people depend on the informal economy for financial services. Without access to bank accounts, formal credit and savings services or insurance, they rely on friends, family, or unregistered money lenders for credit opportunities. However, borrowing money in the informal financial sector is in many cases insufficient, risky and unpredictable. Furthermore, without a deposit account, savings are often kept under the mattress or as cash in the pocket at risk of being stolen or wasted.

FINANCIAL INCLUSION IN DEVELOPING COUNTRIES.

Financial inclusion ensures that economic growth in poor countries is inclusive and sustainable. Financial inclusion is increasingly being recognised as one of the most powerful tools to fight poverty and promote social and economic development. This is because financial inclusion reduces inequalities - particularly for the poor and vulnerable - by strengthening the financial sector on a national level and enabling resource mobilisation at household level.

THE CURRENT STATE OF FINANCIAL INCLUSION.

The recent years' global promotion of financial inclusion by the UN and other development partners has already resulted in a remarkable progress. In just a few years, according to the World Bank, between 2011 and 2014, 700 million financially excluded people worldwide opened up bank accounts increasing the percentage of banked people with 20% (62% in total). However, two billion adults still remain without a bank account and without access to the opportunities provided by the formal financial sector.

Worldwide, 200 billion adult people are FINANCIALLY EXCLUDED

AND MORE THAN 200 million micro, small, and medium sized enterprises (MSMEs) in developing countries

LACK ADEQUATE FINANCING


MAIN BARRIERS FOR OPENING UP A BANK ACCOUNT

1. Lack of money and collateral
2. Distance from a financial service provider
3. Lack of necessary documentation papers
4. Lack of trust in financial service providers
5. Lack of credit history
6. Business informality

FINANCIAL INCLUSION:

Contributes to poverty reduction Tackles inequality Foster inclusive growth

ALLOWING PEOPLE to make day-to-day transactions - SENDING AND RECEIVING MONEY
Safeguarding savings and supporting families to COVER EXPENSES like school fees, and BUILD WORKING CAPITAL
Helping owners INVEST in ASSETS and GROW their BUSINESSES
Mitigating shocks and MANAGING UNEXPECTED EXPENSES such as medical emergencies, theft, or natural disasters

SAFEGUARDING SAVINGS

and supporting families to COVER EXPENSES like school fees, and BUILD WORKING CAPITAL

FINANCIALLY EXCLUDED:

Individuals who manage their financial lives without the use of any financial products or mechanisms external to their personal relationships. If they borrow, they rely on family and friends; and if they save, they save at home.


200 billion adult people are FINANCIALLY EXCLUDED
FINANCIAL INCLUSION IN RWANDA

Since the launch of Vision 2020 in 2000, Rwanda has achieved sustained economic progress with an annual average real GDP increase of 8% which is among the highest average growth rates in Africa. The economic transformation has also resulted in an increased variety of financial products and services available in the country. And although many banks still target ‘safe’ customers, several initiatives are being implemented to enable financially excluded people and businesses to join the new economic movement.

THE FINANCIAL SECTOR development is driven by the government’s Vision 2020 (2000) with an overall aim to advance Rwanda into a knowledge-based middle income country and an economic trade and communications hub. For the promotion of financial inclusion, Vision 2020 is supported by the Economic Development and Poverty Reduction Strategy (EDPRS) II and the Financial Sector Development Programme (FSDP) II. These provide a background for the National Microfinance Policy Implementation Strategy (NMPIS) (2007) designed for promoting a vibrant microfinance industry offering inclusive, diversified, efficient and sustainable financial services. The strategy was extended in 2013 with a distinct focus on deepening and diversifying financial services and making them accessible for the (then) 1.3 million financially excluded Rwandan adults.

TODAY, 89% OF THE ADULT POPULATION IS FINANCIALLY INCLUDED. The extraordinary and steady rise of the financial inclusion rate since 2008 is a result of an increased uptake of financial services and products, specialised financial institutions as well as new innovative financial services. Particularly the development of non-bank formal financial services like Mobile Money (used by 38%) and Umurenge SACCOs (used by 33%) have made a significant contribution in reducing the number of financially excluded people in Rwanda to 700,000.

The Government of Rwanda is committed to continue deepening the financial sector, and to consolidating the results to bring on board the remaining 11%.

UN promotes financial inclusion as a strategy to reduce poverty and vulnerability in the least developed countries. For the UN, financial inclusion is achieved when all individuals and businesses have access to and can effectively use a broad range of financial services that are provided responsibly, and at reasonable cost by sustainable institutions in a well-regulated environment.

UN’S APPROACH.
UN works through financial inclusion programmes to ensure that financial services increasingly are made available to poor people and small businesses. This is done by providing seed capital via flexible grant and loan instruments, policy advice and technical support to enable microfinance institutions reach poor households and businesses.

UN also supports local governments finance capital investments – water supply, roads, schools, irrigation schemes – that will improve poor peoples’ lives.

All of UN’s financial inclusion programmes have elements of replicability and scaleability as well as they are designed to catalyse larger capital flows from the private sector, governments and development partners, toward fulfillment of the the Sustainable Development Goals (SDGs).

TYPE OF SUPPORT.
UN supports a wide range of suppliers including financial service providers (FSPs), banks, cooperatives, money transfer companies, and mobile network operators (MNOs). And it supports development and delivery of financial products and services covering savings, credit, insurance and payment services with a particular attention on the new digital drivers of financial inclusion.

NEW TECHNOLOGIES, NEW OPPORTUNITIES.
Innovative distribution channels and technologies are increasingly being used to promote financial inclusion. The design and the delivery of these services often involve non-traditional actors such as retail owners and MNOs. UN supports this by facilitating and strengthening the new types of partnerships in the sector.

EMPOWERING WOMEN AND YOUTH
Women and youth disproportionately face financial access barriers that prevent them from participating in the economy and from improving their lives. Financial inclusion empowers women and youth by expanding their opportunities and giving them greater control and it is a key contributing factor to help them make their own economic decisions and escape poverty. Bank accounts provide a safe and formal platform to save their earnings for future investments in business operations and build a credit history. As well as being a bank account owner can be an entry point to the use of additional financial services.

BANKED PEOPLE IN SUB-SAHARAN AFRICA

<table>
<thead>
<tr>
<th></th>
<th>WOMEN</th>
<th>MEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>WOMEN</td>
<td>30%</td>
<td>39%</td>
</tr>
<tr>
<td>MNP</td>
<td>0%</td>
<td>50%</td>
</tr>
<tr>
<td>ADULTS</td>
<td>12%</td>
<td>34%</td>
</tr>
</tbody>
</table>


LEVERAGE LOCAL AND EXTERNAL CAPITAL THROUGH INITIAL INVESTMENTS

TRANSFORM CAPABILITIES FOR MORE EFFECTIVE AND EFFICIENT BASIC SERVICE DELIVERY

CREATE ENABLING POLICY ENVIRONMENTS FOR MICROFINANCE INSTITUTIONS AND LOCAL GOVERNMENTS

POLICY ADVICE

TECHNICAL SUPPORT

CATALYTIC CAPITAL

PROGRAMME APPROACH
THE BIFSIR PROGRAMME

The Building an Inclusive Financial Sector in Rwanda 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, quality and diversified financial services accessible to the less advantaged Rwandans - in rural as well as urban areas - and to improving their economic and social status.

THE BIFSIR PROGRAMME is developed within the strategic framework of the National Microfinance Strategy and aims to contribute to poverty reduction and the achievement of the MDGs and SDGs by promoting inclusive finance and entrepreneurship for women and youth. As such, BIFSIR is designed to tackle the most important challenges for financial inclusion in Rwanda including inadequate refinancing mechanisms and weak management capacity of MFIs, lack of available financial services, inadequate policy and regulatory framework, etc.

BIFSIR works at all levels

MACRO LEVEL: Support coordination and regulatory framework of the financial sector.

MESO LEVEL: Build capacity and support consolidation of the microfinance sector, and develop the infrastructure to support the sustainability of financial services.

MICRO LEVEL: Support the professionalisation of MFIs and encourage innovations that promote sustainable access to financial services.

CLIENT LEVEL: Build capacity of women and youth to manage MSMEs and gain access to financial services.

BIFSIR IS IMPLEMENTED with support from the Republic of Korea-UNDP MDG Trust Fund, UNDP and UNCDF under the leadership of the Ministry of Finance and Economic Planning (MINECOFIN). BIFSIR’s key partners include MINECOFIN and Ministry of Trade and Industry (MINICOM), National Bank of Rwanda (BNR), Rwanda Cooperative Agency (RCA) and a number of private sector players like the Association of Microfinance Institutions (AMIR), Microfinance institutions (MFIs), SACCOs and individual clients (primarily women and youth).

BIFSIR IS IMPLEMENTED

EDPRS II

FSDP II

NMPIS II

Sustainable Development Goals

1. No Poverty

2. Zero Hunger

3. Good Health and Well-Being

4. Quality Education

5. Gender Equality

THEMATIC AREAS

- Digital Financial Services
- Umurenge SACCOs
- Village Savings and Loans Groups
- Entrepreneur Skills Development

60% of BIFSIR’s beneficiaries are targeted for women.

BUDGET

UNDP USD 2,000,000

ONE UN FUND USD 273,206

KOREA MDG TRUST FUND USD 3,239,758

TOTAL USD 8,038,364

UNCDF USD 2,425,000

WESTERN PROVINCE

SOUTHERN PROVINCE

NORTHERN PROVINCE

EASTERN PROVINCE

BUDGET

TOTAL REVENUE

UNDP

KOREA MDG TRUST FUND

UNCDF

TOTAL EXPENDITURE

8,038,364

ONE UN FUND

UNDP

KOREA MDG TRUST FUND

UNCDF

TOTAL EXPENDITURE

6,548,674

SUSTAINABLE DEVELOPMENT GOALS

1. No Poverty

2. Zero Hunger

3. Good Health and Well-Being

4. Quality Education

5. Gender Equality

UNDAP

EDPRS II

FSDP II

NMPIS II


Economic and Poverty Reduction Strategy

Financial Sector Development Programme

National Microfinance Policy Implementation Strategy

THEMATIC AREAS

- Digital Financial Services
- Umurenge SACCOs
- Village Savings and Loans Groups
- Entrepreneur Skills Development
THEMATIC AREA 1: DIGITAL FINANCIAL SERVICES

In the last decade, mobile phones have evolved to become one of the most user-friendly tools of economic empowerment for poor people in developing countries. Because mobile phones allow instant and safe transactions through new financial products and services such as Mobile Money and Agent Banking, local and national markets have become more inclusive and efficient. In Rwanda, 2.3 million people use mobile money. 34% of all Rwandan adults are registered for mobile money and further 10% use someone else’s mobile money account.

Mobile Money is a mobile money transfer system based on accounts that are accessible from clients’ mobile phones.

Agent Banking is a branchless banking system under which a business owner or employee can process clients’ transactions on behalf of a financial institution or a mobile network operator. Through agent banking, clients can deposit, withdraw, and transfer funds, pay bills, receive salaries and more.

“In Mobile Money financial services via Bank Agents (mHose) I don’t waste my time. The agent is located near my house and I rarely have to wait for a long time before I’m serviced. I opened up an account with UOB when they introduced mHose. Before, I kept my cash hidden in the living room even though I knew it wasn’t safe - I just didn’t have any other places to store them. Depositing money on a bank account prevents me from wasting them on small useless purchases and it keeps them safe.”

Hassina
Business woman
Kayonza District
(not pictured)

Innovative Banking

Specialised Digital Financial Services are progressively made available to financially excluded people and small businesses. Through Mobile Money and Agent Banking systems, even remotely located communities and very poor people can access and benefit from formal financial services. Commercial banks and MFIs in Rwanda are increasingly offering electronic financial services to complement traditional bank products and to reach hitherto unbanked populations.

The Government of Rwanda has identified technology as a key driver of development and currently new innovative digital products are being rolled out all over the country. To support this, the BIFSIR programme, in 2011, funded Urwego Opportunity Bank (UOB) to implement the “Mobile Banking to Rural Populations Initiative”. The outcome was a new product named mHose (Hose means “everywhere” in Kinyarwanda), which provides not only mobile banking facilities to the poor but also offers a platform for savings and loan repayment transactions. As well as bill payment services for utilities such as electricity, mHose has contributed significantly to expanding UOB’s outreach to new and previously inactive or unbanked customers. With mHose, UOB has reached more than 36,000 subscribers of which 67% are women. In 2014, BIFSIR supported Umutanghuha Finance (UF) to initiate branchless banking and introduce Point of Sale (POS) systems to trained focal points in rural areas.

Through the POS system, remote communities without access to banking are able to deposit funds, in addition to buying cash power for electricity, mobile airtime, and more.

A Tool for Women’s Empowerment

BIFSIR recognises, that digital financial services effectively address the savings barriers that are often experienced by women. These are typically mobility and time constraints, lack of safety, and low levels of financial literacy. The new digital technologies offer accessibility, convenience, privacy and security, and thus represent a huge opportunity for the promotion of women’s financial inclusion.
I have been a Bank Agent for about three years now. We used to travel to Kigali for any types of bank businesses. Back then, depositing or withdrawing money would involve a minimum of three hours of transportation and it would cost you at least RWF 2,000 (USD 2.5), which is a substantial amount of money for most people in this village. Therefore, many people around here did not even consider to open up bank accounts. Today, it is a different story: Even though the banks are still located far from here, Agent Banking has completely changed the way local people use financial services. Because my shop is located right in the centre of the village and since I am always present, it is now easy for them to take out money of their accounts and make other transactions. It is even more safe, because they do not have to travel with the money.

In the beginning people were a little skeptical. You have to understand that we were not used to branchless banking and the new technology was a little difficult to grasp. This is primarily a farming community, people are used to having cash at hand or stowed under the mattresses. But after while, when the benefits really began to appear, several new customers started using mHose for daily or weekly transactions - especially women who used to be challenged by the inaccessibility of the banks before.

Being an agent connects me to the community – and my business is booming because many people also shop for clothes when they make transactions.
THEMATIC AREA 2:
UMURENGE SACCO

The Umurenge Savings and Credit Cooperatives (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 September 2009 and to date 416 U-SACCO are operating across the country with a mission of increasing access to finance to local populations.

A U-SACCO is a member-owned savings and credit cooperative 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. The U-SACCOs are regulated and supervised by the National Bank of Rwanda. U-SACCOs are guided by the Microfinance Law No 40/2008 of August 26, 2008 and the implementing regulation No 02/2009, which govern the organisation of microfinance activities.

“...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

The establishment of the 416 Umurenge SACCOs has significantly changed the landscape of access to formal financial services in Rwanda. By serving more than two million people across the country, the U-SACCOs have proven to be one of the most effective channels to reduce vulnerability among financially excluded populations. However, many divisions face severe managerial and operational challenges that threatens to curb the success of the Rwandan U-SACCOs.

BUILDING CAPACITY
Since the official launch in 2011, the U-SACCOs have played a critical role in providing affordable and suitable formal financial services to unbanked Rwandans. But in spite of the last years’ success, a number of challenges have emerged. Weak governance and weak internal control systems hinder the U-SACCOs operational functionality and sustainability.

To address these challenges, BIFSIR has supported MINECOFIN to standardise policies and procedures of U-SACCOs and to strengthen management and internal protocol systems, including a core banking software. BIFSIR has also supported the development of new savings and loan products. In 2013, BIFSIR provided 88 computers as a basis for computerisation and institutional capacity building. As a result, all of the 416 U-SACCOs have adopted harmonised policies and improved the daily operational procedures.

IMPROVED REFINANCING MECHANISMS
Inadequate refinancing mechanisms and low savings levels among members have led to lack of liquidity preventing the U-SACCOs in meeting the existing loan demand. To fill the gap, BIFSIR has supported two financial institutions, Business Development Partners (BDF) and Société Mutuelle de Garantie et du Financement (SMGF), to establish credit lines to enable U-SACCOs expanding 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. BIFSIR’s support has contributed to a total U-SACCO deposit value at RWF 58.1 billion (USD 71.6 million) as of June 2015 (BNR 2015 Annual Report).
I am a tailor. When I was very young, I got apprenticed to an established tailor who taught me the craftsmanship of good tailoring. I always dreamed of having my own business but I did not have capital for the start-up. In 2012, I decided to approach the local SACCO for credit and I managed to obtain a loan on RWF 200,000 (USD 248). With the money, I bought four sewing machines and rented a space to establish a workshop.

I am grateful for that first loan as it allowed me to progress from being an employee to becoming a business owner. Between 2012-2015, I borrowed a total of RWF 1,050,000 (USD 1,278) from the SACCO. The loans made it possible to economically progress and realise my business plans. My income has increased many times over the years. As an apprentice, I earned RWF 10,000 (USD 12) in a month but now I easily make RWF 80,000 (USD 99) or more.

I can provide basic necessities for my family. We all have health insurance and I can send my children to school without worrying about the costs. My growing business makes me proud. It has opened my mind to think big and pursue my dreams - and that is what I will teach my kids when they grow up. With the right mindset and access to credit, everything is possible.

Jean Damascene
Tailor and workshop owner, Burea District

ON A NATIONAL LEVEL:

2,000,000
U-SACCO members

55.5%
of the total MFI’s deposits are represented by U-SACCOs.

33%
of the Rwandan population use U-SACCOs for saving.

RWF 58.1 billion
(USD 79 million)
U-SACCO’s deposits as of June 2015

Village Savings and Loan Associations (VSLAs) have proven to be very effective in generating growth and building local capacity. A VSLA is a micro-credit model under which 25-30 members meet in a self-managed group once a week to save and borrow money. Members can take out smaller loans to invest in income generating activities such as commercialised farming and small businesses, or they can use the loans to meet expenses like school fees and medical bills. All members pay 10% interest and have three months to repay the loans, resulting in a steady growing pool of money, which is distributed among the members once a year in a share-out ceremony.

The VSLA methodology is designed to reach the poorest of the poor. The members are provided with security against unforeseen emergencies and they have access to means to invest in the future. As a result, VSLA members experience pronounced economic and social progress leading to an overall increased well-being and enhanced quality of life.

VSLAs provide simple savings and loan facilities for poor and vulnerable people who do not have easy access to formal financial services. The model enhances individual savings and it promotes a culture of saving within the communities. VSLA members are trained in financial management and budget preparation enabling them to manage their funds wisely and make investments in viable businesses ventures. The VSLAs have demonstrated that even with very little funds, big results can be achieved.

The VSLA methodology is designed to reach the poorest of the poor. The members are provided with security against unforeseen emergencies and they have access to means to invest in the future. As a result, VSLA members experience pronounced economic and social progress leading to an overall increased well-being and enhanced quality of life.

The VSLA methodology is designed to reach the poorest of the poor. The members are provided with security against unforeseen emergencies and they have access to means to invest in the future. As a result, VSLA members experience pronounced economic and social progress leading to an overall increased well-being and enhanced quality of life.

"My husband and I own a small retail shop. Before we joined the VSLA, we depended on the harvest for having money to spend. At the time, we could only afford to buy small amounts of stock for our shop - not for more than RWF 10,000 (USD 12) but now I regularly buy for RWF 50,000 (USD 62) and above. Because we can access loans at the VSLA, we have been able to make larger investments and our income has increased considerably. We can cover for our expenses; our children have health insurance and when they are old enough we can send them to school. We have bought a piece of land and we are planning to build a house for our family."

Clematine
VSLA member and shop owner
Gatsibo District

GROWING WITHIN COMMUNITIES

THE FIRST STEP TOWARDS FINANCIAL INCLUSION.
For many poor people a 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 supports the formation of VSLAs through the local NGO, PAJER, that has been procured to establish and train new VSLAs in Gatsibo, Bugesera, Musanze, and Ngoma districts.

Up till now 535 VSLAs have been formed serving 14,903 members (70% women).

FINANCIAL EDUCATION AND LOCAL ENTREPRENEURSHIP DEVELOPMENT.
The low level of financial literacy in Rwanda is not only a barrier to financial inclusion in general but also poses a significant risk to the country’s investment market and sustainable economic growth in the long term. Lack of knowledge, skills, and self-efficacy to be fully financially capable continues to be a challenge. Although the availability of formal financial services is significantly increasing, there is a gap between uptake and usage of formal products and services. This is largely because the many people are not aware of the financial services offered and the opportunities they represent. BIFSIR, in partnership with the Association of Microfinance Institutions in Rwanda (AMIR) and PAJER, provided financial education to 400 VSLA members (62% women), 14,998 SACCO staff and 356 Technical and Vocational Education and Training (TVET) graduates. The financial training focused on goal setting, budgeting, responsible borrowing, and consumer rights. The financial training focused on goal setting, budgeting, responsible borrowing, and consumer rights. The training has effectively enhanced local entrepreneurship capacity across the country.
I joined a VSLA in 2011. At first, I did not really believe in it as it almost sounded too good to be true! This community is poor and our resources are scarce so we do not embrace new ideas quickly. But after a while, when we started to see the results, I began to understand the value and the great potential of the group.

Whenever a member takes out a loan he or she explains the purpose of the loan to the group. We are encouraged to invest in small businesses to make our money grow. Personally, I have taken out several smaller loans to buy matoke (cooking bananas) and other food items for resale. Being a business woman – even though it is still small scale – is a big improvement in my life. Before I was working as a day-labourer on other people’s land but the payment was only very little and it was difficult for me to cover expenses like school fees and medical bills. I used to worry about the future, about what would happen to us. We were very poor and sometimes I could not even afford soap.

Last year, I bought a cow with the money from the VSLA share-out. My husband milks it each morning and then he sells it to the local dairy, which earns us an extra income. I also bought goats and chickens. I am most proud of the well-being of my family, the children are in school uniforms and we are all covered by medical insurance.

Olive Marie
VSLA member
Gatsibo District

WITH THE SUPPORT OF BIFSIR

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
Creating more and better quality jobs is key to accelerating inclusive growth and reducing poverty. In Rwanda, 40% of the population is below 30 years old and with a current youth unemployment rate at 15.9%, youth unemployment has become one of the major threats to the achieved poverty reduction gains in the country. But by equipping youth with vocational and entrepreneurship skills, they will have the potential to become the generation that lifts Rwanda out of poverty.

**PROMOTION OF ENTREPRENEURSHIP AMONG WOMEN AND YOUTH**

During the course of the programme, 1,800 people - primarily women and youth - have been equipped with vocational and entrepreneurship skills to enable them to create small jobs and businesses. All participants have undergone three-months training courses in professions such as welding, tailoring, carpentry and masonry from where they obtained a diploma as a prove of completion. Access to job and entrepreneurship opportunities requires not only improved technical and vocational skills but also access to financial services to obtain investment capital for the start-up and the development of their enterprises. To accommodate this, the graduates have been provided with basic financial education on how to manage finances and access credit. As well as a number of SACCOs have been trained in MSME lending.

BIFSIR’s entrepreneur skills development initiative has contributed to a significant improvement in life quality and many of the graduates have acquired a brighter attitude towards the future. By enabling poor and vulnerable women and youth to become economically independent to a degree where they can cover all expenses and (in many cases) hire employees, they have mentally developed from being victimised to being self-confident and innovative. The beneficiaries were selected based on income level, social vulnerability and geographical location.

---

**Sources:** 5: FinScope Rwanda Report 2016. 6: 2016 Labour Force Survey Pilot, June 2016, NISR

---

“I was only seven years old when I dropped out of school and became a cattle herder. Later, at the age of 13, I started to work here at the Kamonyi Craft Centre as an unskilled worker and although the monthly income (about RWF 10,000/USD 12) was better, it was still not enough to make ends meet. I was so excited when I qualified for BIFSIR’s training! I immediately knew that it was my chance to turn around my life. Today, I am a professional carpenter with a daily income of at least RWF 5,000 (USD 6). My business is growing and I am planning to hire an employee in the nearby future.”

Pierre
Carpenter and business owner
Kamonyi District
I always liked tailoring so learning the skill properly was like a dream coming through. I applied for the training because I wanted to develop myself and do something with my life. My life before the training was not easy! I did not own any assets like land or livestock. My only income derived from working as a house cleaner and field worker. The work was physically hard and often people refused to pay me my salary but since I was hired on a daily basis without any official contract or terms of payment, I could not do anything to chase my money.

The training lasted for three months and besides learning the basic skills of tailoring, I was educated in preparing business proposals for smaller projects. I received RWF 100,000 (USD 124) as a grant and additional RWF 100,000 (USD 124) as a SACCO loan. The money enabled me to settle down as a tailor. My business is still small but now I can buy food, clothes, pay rent and I can support myself. I no longer have to beg for money and I can even afford personal items like soap and other toiletries. But most importantly, my self-esteem is high. I can generate my own income and that makes me incredibly proud!

I am currently considering to take out a new loan from the SACCO for additional training in Kigali. As it is now, I can only offer basic tailoring services to my customers and I would like to enhance my skills.

Candide
Tailor and business owner
Kamuny District
**ABOUT UNDP AND UNCDF**

**UNDP • THE UNITED NATIONS DEVELOPMENT PROGRAMME** is the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. UNDP works in 170 countries and territories, supporting their own solutions to development challenges and developing national and local capacities that will help them achieve human development and the Sustainable Development Goals. UNDP's work is concentrated on three main focus areas: (1) Sustainable development, (2) Democratic governance and peacebuilding, and (3) Climate and disaster resilience. UNDP helps countries attract and use aid effectively. In all our activities, we promote gender equality and the protection of human rights.

**UNCDF • THE UNITED NATIONS CAPITAL DEVELOPMENT FUND** has a unique financial mandate within the UN system. It provides investment capital and technical support to both the public and the private sector. The ability to provide capital financing - in the forms of grants, soft loans and credit enhancement - and the technical expertise in preparing portfolios of sustainable and resilient capacity building and infrastructure projects, makes its mandate a very useful complement to the mandates of other UN agencies. It also positions UNCDF as an early stage investor to de-risk opportunities that can later be scaled up by institutional financial partners and increasingly by philanthropic foundations and private sector investors.

**ABBREVIATIONS**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMIR</td>
<td>Association of Microfinance Institutions</td>
</tr>
<tr>
<td>BDF</td>
<td>Business Development Partners</td>
</tr>
<tr>
<td>BIFSR</td>
<td>Building an Inclusive Financial Sector in Rwanda</td>
</tr>
<tr>
<td>BNR</td>
<td>National Bank of Rwanda</td>
</tr>
<tr>
<td>EDPRS</td>
<td>Economic Development and Poverty Reduction Strategy</td>
</tr>
<tr>
<td>FSDP</td>
<td>Financial Sector Development Programme</td>
</tr>
<tr>
<td>FSP</td>
<td>Financial Service Provider</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>MDG</td>
<td>Millennium Development Goals</td>
</tr>
<tr>
<td>MINECOFIN</td>
<td>Ministry of Finance and Economic Planning</td>
</tr>
<tr>
<td>MINICOM</td>
<td>Ministry of Trade and Industry</td>
</tr>
<tr>
<td>MNOs</td>
<td>Mobile Network Operators</td>
</tr>
<tr>
<td>MSMEs</td>
<td>Micro, Small and Medium Enterprises</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Institution</td>
</tr>
<tr>
<td>NMPS</td>
<td>National Microfinance Policy Implementation Strategy</td>
</tr>
<tr>
<td>PAJER</td>
<td>Parlement des Jeunes Rwandais</td>
</tr>
<tr>
<td>POS</td>
<td>Point of Sale</td>
</tr>
<tr>
<td>RCA</td>
<td>Rwanda Cooperative Agency</td>
</tr>
<tr>
<td>ROK</td>
<td>Republic of Korea</td>
</tr>
<tr>
<td>RWF</td>
<td>Rwandan Franc</td>
</tr>
<tr>
<td>Sacco</td>
<td>Savings and credit cooperative</td>
</tr>
<tr>
<td>SDG</td>
<td>Sustainable Development Goals</td>
</tr>
<tr>
<td>SMGF</td>
<td>Société Mutuelle de Garantie et du Financement</td>
</tr>
<tr>
<td>TVET</td>
<td>Technical and Vocational Education and Training</td>
</tr>
<tr>
<td>U-SACCO</td>
<td>Umurenge Savings and Credit Cooperative</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNCDF</td>
<td>United Nations Capital Development Fund</td>
</tr>
<tr>
<td>UNDAP</td>
<td>Rwanda United Nations Development Assistance Plan</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UOB</td>
<td>Urwego Opportunity Bank</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollars</td>
</tr>
<tr>
<td>VSLA</td>
<td>Village Savings and Loan Association</td>
</tr>
</tbody>
</table>

© 2016 One UN Rwanda
The BIFSIR project is made possible through a partnership between the Government of Rwanda, the Government of the Republic of Korea, UNDP and UNCDF.