

ANNUAL REPORT

Summary
2019





Foreword



This year was another transformative year for Access to Finance Rwanda (AFR)

Our efforts expanded from designing and piloting projects to realising key impacts within the financial sector specifically benefiting farmers, women and refugees in Rwanda. Since 2010, we have pioneered development of inclusive insurance, Long Term Savings Scheme, financing to agriculture and financing targeting vulnerable groups like women and refugees. Today there are signs of vibrant and competitive market for all these unique innovations.

Our research has found many ways in which a variety of financial services have a positive and empowering impact in people's lives. But overall it there is a lot that could be done including making digital financial services interoperable and less costly to the masses. Additionally financing for inclusive human development remains a challenge in Rwanda. The 2019 report shares some of the stories of our work with partners aimed at exploring the frontiers of how we can enhance financing as part of a braver movement to realise a big vision for the financial system as an enabler of sustainable economic development.

In 2019, AFR engaged with the FSD Network, Board and Investment Committee to pave way for a new strategic direction of FSD 2.0. This approach provides a more appropriate response towards financial sector development challenges, enhancing financing mechanisms that support inclusive growth of African economies in priority sectors such health, education, housing among others. Furthermore an FSD Network business case was completed and submitted to DFID for GBP 320 Million funding to expand DFID's financial sector development work into new markets and scale-up existing support in Africa.

In partnership with key stakeholders, AFR continued to drive growth of the financial sector through the development of innovative and client centric products reaching 935,518 clients (363,221 women) as of December 2019. To achieve this AFR supported 24 Financial Service Providers (FSPs) to develop 52 inclusive financial products mainly credit or saving products targeting vulnerable people such as women and refugees as well as micro insurance products for farmers.

Research and Data Analytics continues to be at the heart of AFR's programming as well as advocacy agenda. In partnership with key stakeholders, AFR commissioned the fourth Finscope survey. This survey provides demand side information on the determinants of financial inclusion for different segments of Rwanda's population including women, youth, farmers, SMEs. In addition we supported training of analysts to improve local capacity in analysis and interpretation of this important dataset. The final report is expected to be launched early 2020 and is expected to support data driven decisions in the financial sector.

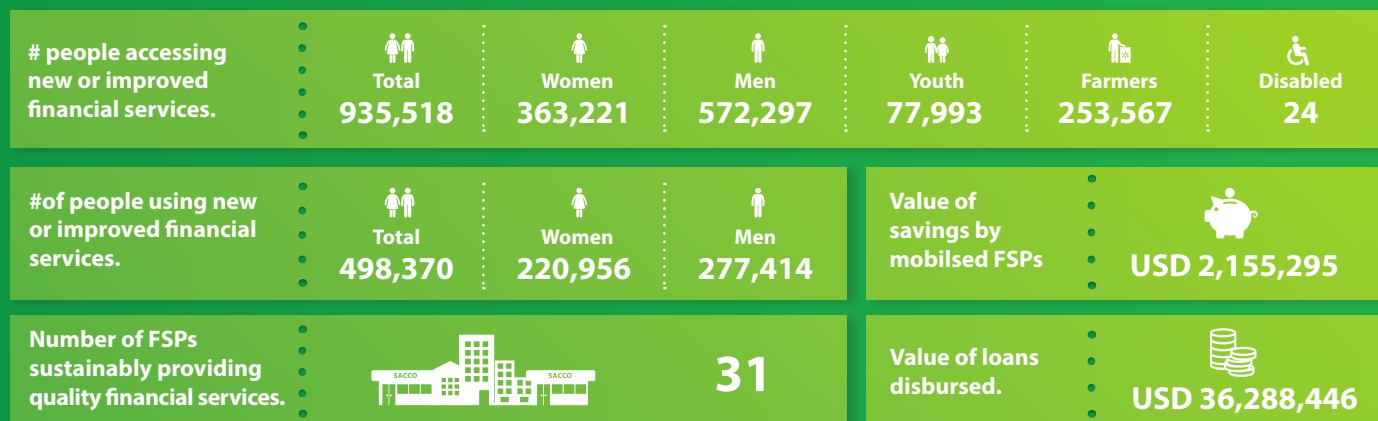
During the same period, AFR adopted a Knowledge Management Strategy. The strategy's objective is to support AFR to become a recognised knowledge leader for inclusive Financial Sector Development in Rwanda. As part of implementing the strategy, AFR actively showcased its work at international conferences held in Rwanda such as Alliance for Financial Global Policy Forum held in September and GSMA 360 Africa Conference held in July 2019.

Waringa Kibe
Country Director

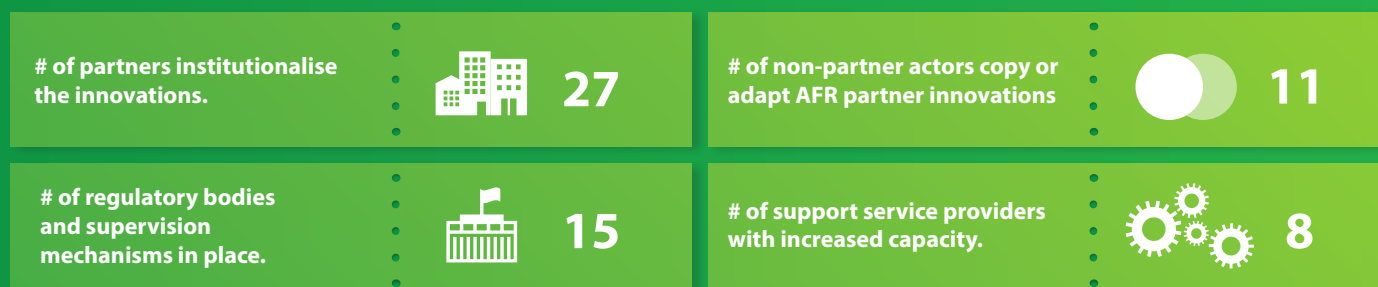


Performance in 2019

FINANCIAL SECTOR OUTCOME



MARKET SYSTEM CHANGE INDICATOR



INTERMEDIATE OUTCOME INDICATOR



AFR OUTPUTS





Key Highlights of 2019

Key Result Areas

KRA 1 • Underserved and marginalised segments

AFR has engaged the microfinance sector by building capacity of SACCOs and MFIs to better serve marginalized and underserved populations specifically women and refugees. As a result, AFR and partners have reached 81,935 clients of which 70% are women, mobilising savings of over USD 1 million as well as loans of USD 5 million to clients. This has resulted into development and roll-out of 36 savings and credit products by 12 FSPs. The products include innovative products targeting farmers to access loans or loans for women who do not have collateral. Additionally, these interventions have led to crowding in of 10 FSPs mostly SACCOs who have started to lend to farmers grouped in savings groups. Specific project examples contributing to the above achievements:

Development of women centric financial products

3 FSPs

with technical assistance from
Microsave



Bank of Kigali

5 branches



Copedu

9 branches



Umwalimu SACCO

5 branches



have developed women-centric financial products responding to the findings from the market assessment.

Results:

3,880 people reached



2,891
women

989
men

a total of **USD 54,716** saved and
USD 1,694,041 disbursed as loans.

The promising results from the eight months pilot project have motivated the FSPs to carry on with the project implementation.

PROFIFA



3,012 savings groups/ 66,356 members

47,454
women



18,811
men

were linked to four
financial institutions:



VFR, UFC, RIM and Duterimbere.

The project attracted new players whereby nine financial institutions that are not supported by AFR started to link smallholder farmers and by the end of 2019:

7,756

savings group members had
opened accounts with the FSPs

6,166
women



1,674
men

including 16 youth
(18-30 years).

Provision of Financial Services to Refugees and Host Communities



In September 2019, AFR marked the official launch of the project in Mahama refugee camp.

During the launch, UFC supported by AFR, officially opened a bank branch in the camp to help refugees and their host communities have access to formal financial services more conveniently.

UFC started activities of conducting financial literacy campaigns for refugees and mobilisation in Mahama and Kigeme camps and these resulted in recruitment of four camp agents, to serve refugees in the camp.

729

accounts were opened
by refugees

371
women



358
men

Loans disbursed

RWF 57,900,000
equivalent to **USD 62,935**



Key Highlights of 2019

Key Result Areas



KRA 2 • Agriculture finance

AFR continues to broker partnerships to promote financing to the agriculture sector facilitating relations between FSPs, NGOs, and other Value Chain Actors. As of 2019, 10 FSPs partnered with AFR supported projects to increase financing for 169,099 small holder farmers (40% women) to tune of USD 30 Million. The biggest proportion of financing was directed to the Coffee Value Chain. Information on projects under this Key Result Area are highlighted below:

Increasing working capital for Coffee Washing Stations

Throughout the 2019 coffee season (February-September), TechnoServe supported linkages between:



8 lenders

51 CWSs

providing working capital for:

47,717
coffee farmers

16,701
women



31,016
men

Lenders include BRD, Dormans, ENAS, Impexor, UrwegoBank, Unguka Bank, Shared Interest, and Rustira.

Establishment of Agricultural Credit Units

Umutanguha Finance Company and Unguka Bank provided:

USD 5M to 14,246
smallholder farmers

The FSPs have maintained a low portfolio at risk indicating an improved capacity to assess agricultural credit applications.

SPARK



Following the successful development of a Business Sales and Tracker Management Information System in 2018, SPARK continued to update the database focusing on the information needed by the banks to provide financial services.



11,419

Irish potato farmers

registered on the platform in 2019, of which 7,111 registered with bankable data ready for financing.

The platform registered:



MT
455,899
Irish potato

USD
8,209,970
transaction value

Through the collaboration between AFR, SPARK and KCB, **2,740 digital bank accounts** were opened by farmers using their mobile phones and they are able to access financial literacy training through the platform.

Dairy Value Chain financing

Heifer International profiled:



17,226
milk farmers

across 20 cooperatives operating in Nyagatare, Nyabihu, Gicumbi and Musanze districts.

Profiled farmers can be linked to the banks' credit score system via the mobile platform and take up digital loans using the MobiGrow product.

4,320

new bank accounts opened by farmers

2,565
women



1,755
men

with technical assistance from KCB and Heifer International.



In Q2 2019, the Ministry of Agriculture and Animal Resources (MINAGRI) approved a budget worth USD 76,000 to scale up the project for more MCCs. This budget will support the purchase of 10 electronic weighing scales and other equipment like mobile devices, computers and printers.



Key Highlights of 2019

Key Result Areas



KRA 3 • Digital financial services

Digital Financial Services (DFS) has continued to be an enabler to bringing financial services close to rural communities and through AFR support. In 2019 AFR focused on convening of stakeholders to discuss main infrastructure challenges and potential solutions such as creating interoperable platforms, use of credit scoring to make lending decisions etc.

Support to the credit reference bureau

After the mid-term review of the project in July 2019, AFR and TransUnion embarked on formulating a plan to utilise the final instalment of the AFR grant by to:



provide in-depth training to senior credit and risk managers as well as CEOs of five banks

Goal of the training:

Institutionalise the use of the TransUnion credit score during credit analysis and to offer portfolio management and collection prioritisation batch processing services to selected banks.



The Rwanda National Digital Payments Systems:

A



FSP stakeholder engagement to collect information on the delivery of existing financial services, with the goal of making them interoperable.

B



Workshops, in collaboration with the BNR and FSPs, to discuss the key principles of effective interoperability, the principles and options for pricing, scheme rules and user interface models.

Average attendance per workshop

35

coming from the banks, SACCOs, MNOs and RSwitch.

Digitalisation of Savings Groups



In September 2019,

122

group leaders from the three project districts were given mobile money operations training.

The saving groups are now equipped with agent SIM cards and earn commission from both cash in and cash-out transactions performed by their members.



MVEND signed an MOU with I&M Bank Rwanda.

The agreement will allow GWIZA (USSD group saving application) to be integrated with I&M bank IT infrastructure and enable savings groups to access credit directly from I&M bank. The partnership is a key solution to the groups' liquidity challenges which can only be met by borrowing from a bank because the real value proposition of GWIZA to the savings group is access to digital credit.



Key Highlights of 2019

Key Result Areas

KRA 4.1 • Inclusive Insurance

Inclusive Insurance is still a nascent sector in Rwanda, for this reason AFR embarked on facilitating public private partnerships between the Ministry, Insurance Association and Insurers to target low income people, especially farmers. In 2019, more than 185 stakeholders received training on inclusive insurance topics. This resulted into nine insurers innovating six products mainly in the agriculture sector. Through the various interventions a total of 318,936 clients (27% women) have subscribed for insurance products, however, active policy holders are only 89,737. This was mainly driven by a loyalty package which is part of a digital insurance product targeting informal workers who lose income when hospitalised. This product is being revised based on recommendations of a project midterm evaluation conducted in April-June 2019. Other projects contributing to this pillar include:

National Livestock Insurance Scheme

AFR procured 20,000 RFID microchips, 93 readers and Data Management System /DMS) which is operated from MINAGRI offices.

The DMS automatically captures mobile phone data entries from veterinary doctors (vets) at enrolment and claim stages.



Livestock Insurance mobilisation campaign

The campaign was launched to increase the awareness of the new insurance scheme with local authorities and cooperatives.

The campaign attracted over

10,914
people

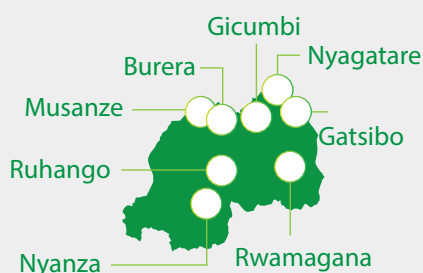
3,880
women



7,034
men

including 38 people with disability

Pilot districts:



3,839

livestock insurance policies
were sold since April 2019

The scheme started gaining momentum later in the year with the majority of total policies (2,244) issued in Q4 2019. The level of cow ownership varies across farmers.



1,784

cattle farmers has been supported by
the scheme to manage their risks.

45

claims have been made over
the period.

National Crop Insurance Scheme



Crop Insurance mobilisation campaign

The campaign was launched in 30 districts in September 2019 to increase awareness of the scheme with local authorities, cooperatives and key stakeholders.

The campaign attracted over

2,794
people

746
women



2,048
men

including 3 people with disability

Since September 2019, AFR identified and mobilised 33 cooperatives in 10 districts and they committed to insure 4,011 hectares of maize and rice for the season ending February 2020.



5,358

farmers have bought crop insurance
covering 1,515 hectares.



Key Highlights of 2019

Key Result Areas



KRA 4.1 • Inclusive Insurance

Inclusive insurance innovation Fund

AFR in collaboration with ILO started a training of trainers (ToT) certification programme to build inclusive insurance skills in Rwanda and the first training was delivered in April 2019. The trainees get the opportunity to share their learnings with a wider audience and they deliver practice training to industry post each module.

57

insurance practitioners have been trained (40 men and 17 women)

Four insurers received technical support from AFR to develop clients-centric insurance products targeting informal sector workers.

Three companies (Radiant Insurance Company, Prime Life and SORAS Vie (now SANLAM Vie) launched micro insurance products reaching out to:

24,185
low-income people

5,444
women



18,741
men

KRA 4.2 • Long-Term Savings Scheme

Long term savings scheme (LTSS) - Ejo Heza



As a requirement by the LTSS - Ejo Heza Law, a number of bodies and service providers were to be put in place to ensure proper governance and stability of the scheme.

RSSB was appointed by the Prime Minister to the administrator position of the scheme to oversee all operations. To ensure value and growth of member contributions on 3rd January 2019, the Rwanda National Investment Trust (RNIT) was recruited to oversee and implement the Ejo Heza investment policy.

In 2019, KCB was engaged to provide custody services for Ejo Heza as well as ensuring maximum security of the scheme assets. KCB works closely with RNIT in acquisition and disposition of assets in line with the investment policy.

Since the beginning of 2019:

317,595

people have subscribed to Ejo Heza

126,323
women



191,272
men

with a total of savings amounting to more than:

RWF 1.3 billion

In bid to increase active savers on the scheme, Busara Behavioral Company is being engaged to assess and propose recommendations on individual saving behaviors.



Amount and frequency is optional. There are no penalties for missed contributions.



The LTSS includes a **life insurance** with a cover up to **RWF 1,000,000**.



Ejo Heza account holders will receive a **monthly pension** for **20 years** over the age of 55.



Key Highlights of 2019

Key Result Areas and AFRIC



KRA 5 • Policy and research

Assets backed securitisation scoping study



AFR in partnership with FSD Africa and the Rwanda Capital Market Authority (CMA) has been assessing the feasibility of asset backed securitisation (ABS) in the Rwandan market. This has been through a programme designed around market development and facilitation specifically on capital market growth through regulatory review.



A list of legal laws and regulations with recommended amendments has been finalized and has been shared with respective custodians for their comments and input.

These laws and regulations once adopted will ease ABS transactions and will support and attract investor activity in the country both local and international through the capital Markets.

FinScope 2020



Two stakeholder workshops were held in May and June 2019

with financial sector Stakeholders including representatives from:



Ministries



NGOs



FSPs

the workshops were an opportunity to create awareness on how Finscope data can be utilized by both public and private sector to inform strategic decisions.

By end of November 2019, data collection was completed, which was followed by data cleaning and weighting.

A training for Financial Sector Analysts were conducted to analyse FinScope dataset. The analysts will continue to receive coaching from FinMark to ensure the needed skills are readily available within the sector in the future.

AFRIC and Board

AFRIC and Board

The AFRIC held four meetings during the year while the Board held five. The Joint Board and AFRIC meetings were also held four times in the year.



The main focus of these meetings were to review of the findings of the Mid Term AFR Evaluation, development of the FSD 2.0 case for Rwanda which was completed, the AFR Strategy Refresh process and the revisions to the Theory of Change and Logframe. All these activities were completed in 2019.

An internal audit was also conducted that year by KPMG and the report discussed with the board members.

Key projects reviewed by AFRIC in the year included progress on the RNDPS, review of the design of the Rwanda Risk Sharing Finance Facility (Rwascom), and development of the National Farmer Data Profiling (NFDP) project.



Key Highlights of 2019

Monitoring Result and Measurement

Review of the Theory of Change (ToC)



A review of the ToC and logframe was done to incorporate market systems changes in the financial sector. The two documents presented this year were approved by AFRIC and Board meeting

PROFIFA Midterm Assessment



The Promote Financial Inclusion for Small-holder Farmers (PROFIFA) project has completed two years.

The M2i has conducted mid-term assessment of the project in August 2019 in order to assess the performance of the project against the defined project objectives and outputs with particular focus on effectiveness, efficiency, relevance, impact and sustainability.

Gender mainstreaming

In 2019, AFR registered significant progress in mainstreaming gender equality and women's empowerment (GEWE) in all its work and processes.



This was and continues to be guided by the strong leadership and conviction at both the senior management level and technical level. AFR was able to build on the achievements of the 2018 and enhance the momentum by effectively streamlining GEWE not only within AFR's Institutional framework, work processes and programmatic outcomes but more sustainably within the partner institutional policies and programs with the ultimate goal to transform the lives of women, men, the youth and people with disabilities. AFR developed an institutional gender policy with a supporting implementation framework that will guide the gender mainstreaming agenda throughout AFR's interventions.

Gender Blind Spots in Financial Inclusion Training

AFR recognized a limited capacity of the implementing partners to deliver financial services using gender mainstreaming approaches that promote women's empowerment and gender equality.

In May 2019, AFR embarked on a training of over:



19

partners selected from the public and private sector

The trainings focus on addressing gender blind spots that prohibit rural poor men, women, youth and people with disabilities from up taking financial services.

During the training, practical tools were combined with insights from organisational development to build internal cultures of equality and promote cultural norms that support achieving gender equality at institutional level.

Key Highlights of 2019

Communications

Alliance for Financial Global Policy Forum

The brand presence of AFR was visible at the conference through the institutional representation by:

Ms. Waringa Kibe
Country Director

Mr. Jean Bosco Iyacu
Director of Programmes

Ms. Renita Nabisubi
Head of Digital Financial Solutions

AFR participated as a panelists on various sessions including:



Rwanda's Financial Inclusion Journey



Progress of increasing gender and youth financial inclusiveness



Challenges and opportunities of digital credit in Rwanda and beyond.

GSMA 360 Africa Conference

In 2019, AFR participated at the GSMA 360 Conference themed:

"Rise of the Digital Citizen: Building a digital world for citizens of today and tomorrow".

AFR shared lessons learnt in relation to the usage of digital technologies to disrupt the future of insurance and pension.

The GSMA 360 Africa Conference:



July 16th, 2019
Kigali Convention Center



>1,000
attendees from 59 countries.

Adoption of Knowledge Management Strategy

In 2019, AFR adopted a Knowledge Management Strategy. The strategy objective is to support AFR to become a recognised knowledge leader for inclusive Financial Sector Development in Rwanda. The strategy implementation is scheduled to be underway in 2020.

Animation production and distribution

AFR created an animation to highlight its core mission: Driving financial inclusion and financial sector development in Rwanda.

The animation was been distributed through MailChimp, AFR's website, YouTube, twitter and workshops.

Click here to see the animation:
<https://www.youtube.com/watch?v=QY29hB4T6ZM>

The animation was posted on 26th February 2019 and it has recorded 153 views



Key Highlights of 2019

Finance

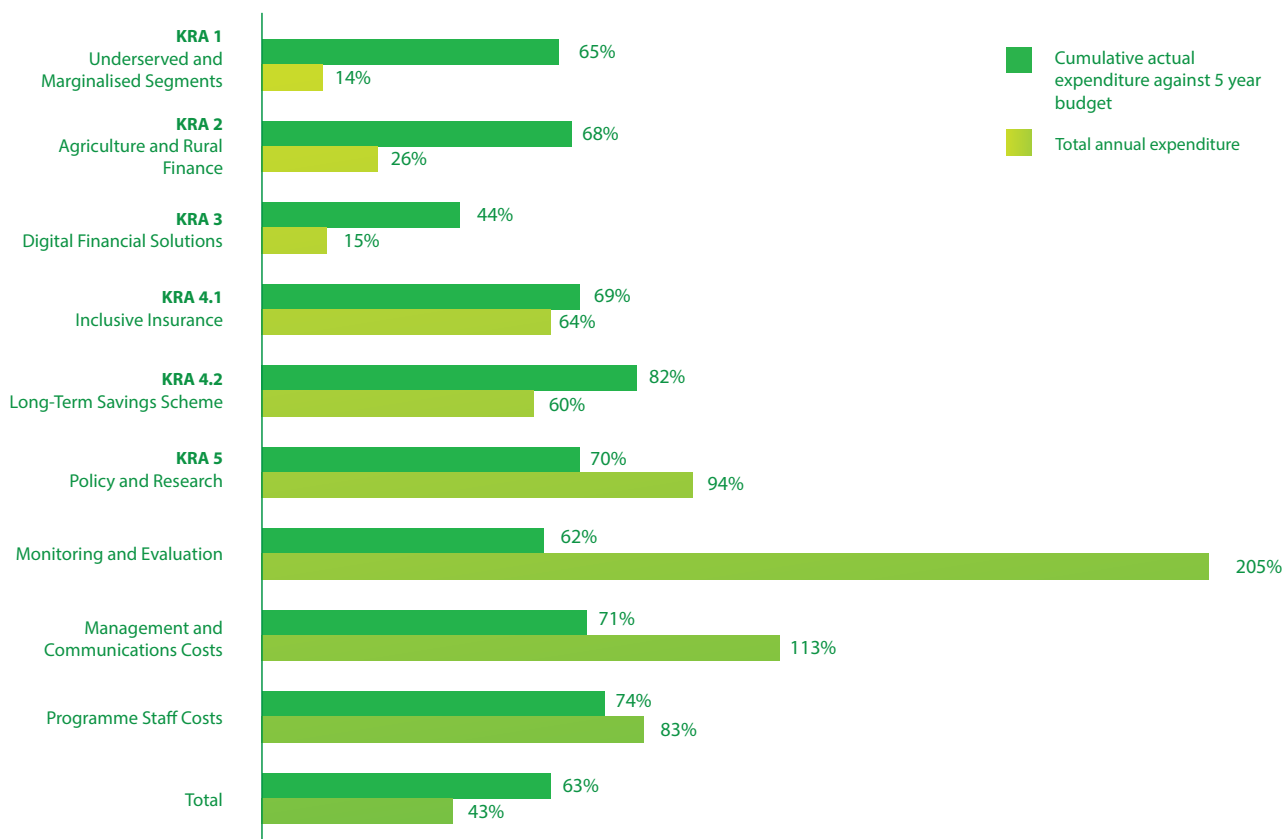
Financial Management System ERP

The Enterprise Resource Planning tool (ERP) NAV went live in January 2019 and currently the Financial operations are automated

Fiduciary Risk Assessments

A number of pre-grant assessments were carried out. Institutions assessed, risk categories and action taken by AFR to mitigate the risk.

Overview of funds spent as of 31st December 2019





Lessons Learnt

Outlook

Lessons learnt



During 2019, AFR learnt the importance of conducting rigorous and periodic field monitoring visits with partners. This will further help to catch implementation challenges early and where necessary find mitigation strategies on time.

In 2019, AFR was able to take decisions on projects such as Coffee Value Chain Financing, Digitisation of Savings Groups, and PROFIFA.

Using monitoring data, AFR discovered a need to engage behavioral experts to support in analysing savings behaviors of individuals to increase active savers in risk mitigation initiatives.

Outlook for 2020 and beyond

- **Conduct project evaluations and close projects.**
- **Implement AFR’s Knowledge Management Strategy.**
- **Develop AFR Phase III Strategy.**
- **Finalise development of Finscope 2020 report and disseminate it.**
- **Undergo the 2019 Annual Review conducted by DFID on behalf of all donors**





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