

QUARTERLY NEWSLETTER



Strategic goal

To contribute to a deeper and more inclusive financial sector that supports the livelihoods and well-being of low income people in Rwanda



Main objective

Low-income Rwandans, especially women and youth, benefit from use of a variety of appropriate financial services.

About AFR

AFR began its operations in 2010 with the core objective of stimulating the development of the financial sector in Rwanda. AFR's intention is to remove the systemic barriers that hinder access to financial services by putting the low income people particularly the rural poor and women at the centre of its interventions. AFR supports the development and provision of financial services including savings, credit, insurance, payments and remittances. AFR is funded by DFID, Sweden, USAID, the MasterCard Foundation and KfW.

To ensure long-term sustainability and consistency of its achievements, AFR supports the Government of Rwanda's development objectives and aligns all her interventions to the national policy frameworks such as the Financial Sector Development Programme (FSDP) II and the Economic Development and Poverty Reduction Strategy (EDPRS).

NEWS

Preparations for the Global Savings Group Conference SG2018



Preparations for the Global Savings Group Conference SG2018

In collaboration with SEEP Network, AFR organised a strategic stakeholder's meeting on the 13th September 2017 in preparation for SG2018 that will be held in Kigali from May 22nd to 24th next year at Kigali Convention Center.


The Global Savings Groups Conference is a bi-annual event that engages a large and diverse community of stakeholders, develops and promotes improved standards of practice, mobilises knowledge, strengthens partnerships and alliances, and creates opportunities for cross-organisational learning. The full day stakeholders' meeting attracted significant representation from non-governmental organisations, financial service providers, mobile network operators, government and funders.

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Preparations for the Global Savings Group Conference SG2018 (continued)

AFR Country Director Ms. Waringa Kibe, appreciated the substantial representation of actors from the financial inclusion ecosystem in Rwanda, and noted that SG2018 will be a catalyst for increased scale, sustainability and impact of Savings Groups in Rwanda. She attributed Rwanda's successful bid to host the conference to the country's transformative agenda to increase access to financial services for the poor through interventions and market systems approach such as linking savings groups to formal financial services.

The conference will be organised into several tracts focusing on systematic approaches to increase scale, sustainability and impact, access to formal financial services, expanding outreach to more diverse and vulnerable populations, and savings groups and gender-transformative initiatives.

 [Click here to read more about the conference](#)

AFR presents FinScope 2016 to National Women Council

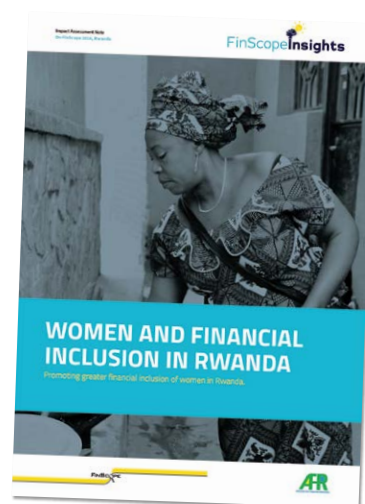
In the interest of devising informed strategies and interventions to improve women's livelihoods in Rwanda, the National Women Council invited AFR to speak about the women's financial inclusion landscape in Rwanda during their Annual General Assembly held on 9th September, 2017 in Kigali.

Mr. Frank Baguma Turatsize, AFR's officer in charge of SACCO's and Savings Group Development, presented data from the 2016 FinScope Women Financial Inclusion Thematic Report which focuses on the status of financial inclusion for women in Rwanda. During his presentation he indicated that there is a significant number of women whose uptake of financial services and products is low and that there was need to put in place gender-transformative interventions at the different levels of the country's socio-economic development framework.

The Chief Guest at the National Women Council Annual General Assembly convened in Kigali was the Country's Deputy Speaker of Parliament, Honourable Jean D'Arc Gakuba. Together with other high ranking women from government, private sector and civil organisations, she appreciated the insights from FINSCOPE and stated that they would use the information as a basis to address a range of issues in tandem with financial inclusion of vulnerable women in Rwanda.

Although overall levels of financial inclusion are relatively high in Rwanda, the FinScope survey found that women in Rwanda are largely unbanked. The female adult population that do not have a bank account in their respective names or joint accounts and/or are not using banking channels or services to manage their finances (compared to 71% of men) are measured at 76 percent. The main barriers to banking relate to insufficient or irregular income (85% compared to 81% of men). Most women said that they did not have enough money after covering daily expenses to warrant a bank account.

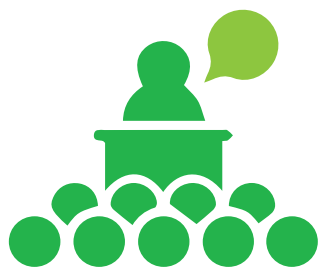
Physical access to financial institutions is not perceived as a main barrier to financial product uptake. Distance from the bank was reported by only 3% of the unbanked women (compared to 5% of men) as a barrier to access. In turn 24% of women were banked (compared to 29% of men), which is mainly driven by the uptake of savings accounts, as well as current or cheque accounts.



[Click here to read the thematic report](#)

"If we want to register sustainable socio-economic development for Rwanda women and the Rwandan society at large, we need to embrace a deeper financial inclusion with a bias on increasing women's access to financial services and products. In addition to encouraging more women to use financial services and products, we need to engage with financial institutions and other stakeholders to develop and promote poor women centric products."

Honourable Jean D'Arc Gakuba
Deputy Speaker of Parliament



The 4th Eastern and Southern Africa Regional Conference on Microinsurance

concluded on 30 August 2017 in Kigali, Rwanda.

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Conference participants



[Click here to read more about the conference](#)



Less than 2% of the population in Rwanda are covered by microinsurance.



About 9% of the adult population in Rwanda are using insurance products.

110 international and regional participants attend Kigali's Microinsurance Conference

According to the 2015 Microinsurance Landscape Study, Rwanda has the sixth highest microinsurance coverage ratio in the East African region. However, less than 2% of the over 12 million people living in the country are covered by microinsurance. Only about 9% of adults are using insurance. Overall, insurance penetration remains low in the region. How to accelerate the development of inclusive insurance markets in Southern and Eastern Africa was the overarching theme of the 4th Eastern and Southern Regional Conference on Microinsurance.

According to Gaudens Kanamugire, Chair of the Association of Insurers in Rwanda (ASSAR), the microinsurance segment has been ignored for a long time. *"The insurers of tomorrow will be able to understand the insurance needs of the informal sector, be capable of designing products that address the needs of the informal sector and will succeed in efficiently distributing products in the most cost-effective way"* concluded Kanamugire. The informal market represents an important growth opportunity for the industry as the high-end market is highly competitive and undercutting prices challenges profitability. Furthermore, insurance is key in supporting sustainable economic development and achieving the sustainable development goals established by the UN as of January 2016.

More than 70% of the population in Rwanda for example rely on agriculture as a source of income. The 2016 Microinsurance Landscape study conducted by AFR showed that agriculture insurance covers around 100,000 rural households, and credit life covers just over 50,000 low-income borrowers only. According to market assessments, clients seem to have positive insurance experience despite the low insurance penetration. *"On the radio, they tell us about global warming, so we decided to take out insurance for our crops"... "insurance payouts take about a week. To us that's quick"*, said one farmer in Rwanda - according to findings presented by Jean Bosco Iyacu, Director of Programmes at AFR. However, the low penetration has been a barrier to achieving business viability in agricultural schemes in Rwanda.

To overcome low penetration of insurance services, strong involvement from the government as well as appropriate or proportionate insurance regulation are required. For instance, a variety of entities that could distribute microinsurance do not have a license to do so. Flexible regulation that allows these entities to play a role would be an important step. Rwanda is in advanced stages of formulating specific microinsurance regulations and will soon be joining a number of countries creating an enabling regulatory environment to accelerate growth of the microinsurance sector.

The 4th Eastern and Southern Regional Conference showed that industry, supervisors and Development Partners were committed to the inclusive insurance agenda and ready to push through the necessary changes at each stage to build a sustainable, inclusive insurance market and enable millions of people working in the informal sector to manage their risks and improve their livelihoods.

Financial Institutions Enlightened on Women Financial Inclusion

AFR hosted a two-day workshop from 22nd-23rd August 2017 that focused on encouraging financial institutions to develop and promote women centric financial products and services as a means of embracing Women Financial Inclusion in Rwanda.

In collaboration with Insight2Impact (i2i) and FinMark Trust, AFR designed a workshop on FinScope Thematic Data and its use for decision making. The primary objective of the workshop was to have a deep dive into the FinScope Women Thematic Report as well as train Financial Service Providers on use of financial data to drive evidence-based decisions in areas such as product design and implementation, and strategic investments. The target audience for the workshop were executives from financial service providers (FSPs) that were in the position to institutionalise the use of data within their organisations.

The FinScope Survey Report 2016 provides demand side information on the determinants of financial inclusion, dimensions of financial inclusion and provides a contextual review of country - and cross-country levels. The survey has been conducted in Rwanda in 2008, 2012 and 2016. As such, the FinScope Women Financial Inclusion Thematic Report has been put together to provide information on gender differences in the uptake of financial products and services (both formal and informal) in Rwanda.



Click here to read the reports



Digital Money course improves my work performance, says the Central Bank Staff


Ms. Adeline Mukashema, the principal analyst in the payment systems department at the National Bank of Rwanda (BNR), has benefited from the AFR scholarship to undertake a 12-week course on Digital Money. The course organised by the Digital Frontiers Institute aims at building the capacity of practitioners in the area of digital financial services in particular, infrastructure, terminologies, and emerging technologies for successful deployment of digital payments. To date AFR in partnership with FSDA has provided scholarships to 20 Rwandans to attend the online course. As the usefulness of the course is appreciated, AFR hopes that participants will be able to cover their full costs. The course covered, among other topics, mechanisms of digital money such as clearing and settlement processes as well as business models, risks and competitive strategies in the digital money business.

Mukashema whose department deals with regulating and supervising payment systems providers and operators such as banks, mobile network operators (MNOs) and remittance service providers, has called upon other practitioners in the financial eco-system to undertake the course on digital money because she believes the course remains relevant to the industry.

"Digital money is part of my daily activities and the course has therefore helped me to improve the way I perform my job," noted Mukashema, who has been pursuing her career at the central bank for the last 10 years. She added; *"considering the importance of this course to my job, I would be happy if other people in financial services domain undertake the similar course especially my colleagues in the department at the Central Bank."*



Adeline Mukashema

 [Click here to read more about the training](#)



AFR strengthens Umutanguha Finance Company Ltd (UFC)

Agricultural lending in Rwanda remains constrained. There are many challenges encountered in the sector, and these include but not limited to; inadequate agribusiness lending skills, outreach inefficiency in rural areas for appraisal and monitoring of the dispersed clients, weaknesses in existing financial products and undiversified agricultural portfolio. In addition, the constrained marketing budgets are not supporting the effective clients' awareness creation for the agricultural financial products and services. To address the challenges, AFR has supported Umutanguha Finance Company Ltd as one of the financial institutions that AFR has continued to collaborate with on the mission possible to register a deeper and higher quality financial inclusion in Rwanda. This particular micro financial institution drew attention from AFR because of its desire to work with clientele engaged in agriculture business. AFR has therefore facilitated the micro financial institution to establish a well-functioning agriculture financing unit. Since the establishment of the effective lending unit designed to facilitate agribusiness at the MFI in 2016, some achievements worth writing home about have been registered.

Milestones:



786 smallholder farmers (**309 women**) were given loans with a total loan amount of **RWF 251,169,180** (USD 310,507)



Agricultural loan portfolio increased from **RWF 542,795,777** (USD 671,030) in December 2016 to **RWF 625,986,379** (USD 773,874) in March 2017.



33 bank staff were trained on Agriculture lending skills. These included Agricultural Finance Manager, Regional Manager, Branch Managers and Loans & Savings Officers.



Agriculture finance unit was established.

Making Markets Work for the Poor (M4P) training

In the Month of July this year, five of the AFR's Staff Emmanuel Nsekanabo, James Kwezi, Eric Musizana, Frank Baguma and Jacqueline Bugunya attended the M4P training in the Tanzanian capital, Dar es-salaam organised by FSD Africa. The staff appreciated the training and made the following comments had a great experience, and made the following remarks.



It was an eye-opening exercise as I went through a simulated project from start to finish during the training. The various tools such as 'the doughnut', 'results chain' and 'who does, who pays', enriched my knowledge of project management. Furthermore, I learnt some new tricks like how to manage partners, negotiate and manage expectations.



The M4P training has helped to improve my relationship with implementing partners under my Key Results Area, making it easier to address emerging challenges. My approach is now largely driven by understanding the players very well as a key step in the process in order to design and deliver tailor made interventions suitable to positively impact the market.

The M4P training was very insightful. My takeaway was understanding issues around KYC – Know Your Customer. For me, this is an important factor if a service provider aims at serving the poor people through provision of financial products and services that are appropriate for them. As a believer in an Africa that is a self-reliant continent, I was thrilled by the program's keenness on an approach to ensure sustainability and scalability.



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