

# 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, and the MasterCard Foundation.

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

## Register for SG2018: The Power of Savings Groups



AFR is proud to support SG2018: The Power of Savings Groups as Gold Partner. Locally hosted by AFR, the Savings Group Conference 2018 will take place in Rwanda, on May 22-24, and will offer a platform for attendees to connect, engage and learn from each other about the challenges and opportunities they face in supporting Savings Groups – including VSLAs, SHGs, indigenous savings groups, and other forms of community-based microfinance – worldwide. The conference agenda will be organised around **four technical tracks**.



**Register at the Early Bird Rate today and join leading practitioners working towards financial inclusion through Savings Groups!**

## How TransUnion Menyesha Works

### Step 1

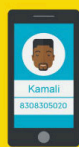
Start by texting your ID Number to 2272.

Present SMS Prompt



### Step 2

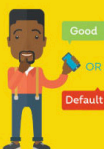
To register, please follow the SMS prompts.



### Step 3

You can then request your credit status and we'll send it to you instantly.

We'll let you know if you have a good or default status.



### And...

You can also request a credit report or a clearance certificate.



TransUnion leaders, BNR Representative and AFR Country Director during the Menyesha launch at the Kigali Convention Center on 24 November 2017

**With less than 30% of Rwanda's population possessing formal bank accounts, Menyesha is just the solution needed to reach the credit-shy "thin-file" segment and the large rural population without access to brick-and-mortar banking and financial services facilities.**

## AFR supports Rwanda's Credit Reference Bureau

Mobile phones have become an essential tool used by individuals and businesses alike. The tremendous transformation of mobile phones from ordinary communication devices to advanced instruments with multi-functional features has created a range of new opportunities. It is in this regard that AFR, through its Digital Financial Services (DFS) component, has supported Rwanda's Credit Reference Bureau (TransUnion Africa) to develop and launch a mobile credit reporting application named Menyesha – "Inform Me" in Kinyarwanda. The application allows previous underserved population groups to interact with lenders and other financial service providers. SMS and USSD-based technologies enables consumers without a smart phone to check their credit score in real time and better understand their credit status, as well as they can clear negative credit statuses on the user-friendly interface. Menyesha's mobile platform enables consumers to check the amount of outstanding debt at any particular time and it supports direct instant transactions to various lenders and financial institutions. The range of functionality that Menyesha offers allows a faster and much more efficient way for consumers to become credit ready in preparation for loan applications, clearing their debts and obtaining vital credit clearance certificates through a single digital solution. The service is offered through telecommunication companies, starting with MTN, Rwanda's biggest network provider, to ensure a seamless digital experience without the need for a smart phone. Menyesha addresses the main barriers standing in the way of Rwandans who want to make use of digital services to improve their credit health. As one of sub-Saharan Africa's most digitally advanced countries, Rwanda has much to gain by using financial technologies like Menyesha to promote financial inclusion by delivering financial services conveniently and affordably to all levels of society.

The app serves as a convenient meeting place for consumers and lenders, to the benefit of both. Lenders are able to open their product offering to more consumers, who would otherwise struggle to utilise credit due to negative credit profile or a lack of credit history. Improving access to financial services allows Rwandan individuals and families to better control their financial health and to invest in their future.

*"The UK is proud to be supporting financial inclusion and financial sector deepening that delivers for Rwanda's rural population. We note that Rwanda's microfinance sector and the SACCOs in particular, have played an important role in driving formal financial inclusion from 42% in 2012 to 68% in 2016."*

Mr. Rory Stewart

## UK Minister visits Rwanda

The United Kingdom's minister responsible for Africa and DFID, Mr. Rory Stewart was in Rwanda in November, 2017 on his first official visit to the country. His visit covered a number of existing UK aid funded projects which are promoting poverty reduction through increased economic growth and inclusion. As part of his countrywide itinerary, the UK minister paid a visit to Munyiginya Savings and Credit Cooperative (SACCO) in the Eastern Province to gain insight into formal financial services used by the rural poor. DFID is supporting the development of Umurenge SACCOs through AFR. The basic premise for supporting their development is that well-functioning, automated Umurenge SACCOs will support the flow of capital to where it is most productive, improve the delivery of Government to People (G2P) payments, and support the extension of digital finance services, ultimately leading to increased access and usage of financial services by the poor.

Mr. Rory Stewart pledged that UK will continue its supports to further technological and managerial improvements which will enhance service delivery for the low income people in Rwanda.

## SACCO

**Development of the Umurenge SACCOs is a major priority for the Government of Rwanda. It is planned to fully automate Umurenge SACCO operations and establish connections between the SACCOs and the wider financial sector, and to consolidate Umurenge SACCOs at the district level.**

## DFID trains stakeholders on Anti-Fraud

**The Counter Fraud Awareness Workshop was held on November 22<sup>nd</sup>, 2017 at AFR offices in Kigali.**



The AFR staff and stakeholders attended a half-day training, which covered pertinent issues related to what defines fraud, how to prevent and report fraud as well as identifying red flags on suspicion.

*"In the interest of ensuring appropriate usage of donor funds to register impact on the livelihoods of low income people in Rwanda, it is important to refresh our minds on the subject matter of countering fraud in full measure."*

**Mr. Ngona**  
DFID Manager  
and conductor of the workshop

Mr. Ngona underlined that it is important to report fraud as quickly as possible even at the point of suspicion. DFID has a comprehensive policy to protect whistle blowers against a possibility of being victimised.

*"Reporting fraud is essential in our programme implementation because DFID has to be accountable for the UK tax payers' money, and AFR has to be accountable to beneficiaries and the people of Rwanda."*

**Mr. Ngona**



SMEs are one of the key drivers of Rwanda's economy

## Small and Medium Enterprises (SMEs) comprise 98% of the private sector in Rwanda.

A one-day workshop with the theme *"Transforming SME Financing in Rwanda"* organised by AFR in partnership with the Ministry of Trade and Industry (MINICOM) was held on October, 19<sup>th</sup>, 2017 at Lemigo Hotel in Kigali to discuss and understand the dynamics, challenges and opportunities of SME's and how to make the 2016 Finscope SME thematic data more actionable. Among the 95 participants were representatives from various governmental and NGO institutions, SME clusters, financial institutions, and development partners.

AFR stated that it always seeks to understand whether the financial sector is speaking to the needs of the low income people and rural populations and then partner with appropriate stakeholders. AFR also called upon relevant players to operationalise the data revealed the 2016 Finscope SME thematic report to create SME growth in Rwanda.



*Mr. Randy Smith, Rural Enterprise Development & Entrepreneurship Specialist for USAID Rwanda.*

**The importance of partnerships between SMEs and entrepreneurs, civil society, development partners, and public sector was highlighted at the workshop as a means to ensure that policies are representative, responsive and inclusive.**

The Permanent Secretary at the Ministry of Trade and Industry, Mr. Michael Sebera, underlined the importance of SMEs in Rwanda's economic development and called upon all stakeholders to render strategic support to the sector: *"The sector is the driving force of private sector growth and development. This forum therefore presents an opportunity for SMEs and stakeholders in the financial sector to rethink and discuss their contribution in unlocking barriers that affect SMEs promotion,"* he said.

Strategic cooperation among SME clusters and value chain operators is regarded as an organisational survival strategy in which competitiveness and innovation depend on continuous collaboration of SME clusters. Rwanda has had a consistent and sizable trade deficit and even though this has improved over the recent four years, it is still an important macro-economic issue that needs to be addressed. Furthermore, supporting SMEs will contribute to the reduction of the trade deficit and catalyse the country's economic development. To this effect, Mr. Sebera urged financial service providers to develop and promote appropriate financial products and services to empower SMEs, a sector he explained is central to supporting the country's policy to increase 'made in Rwanda' products and services.

## Financial Institutions Incentivised to provide services for Refugees in Rwanda

AFR in partnership with FSDA, UNHCR and MIDIMAR launched a competition to identify the brightest and best solutions to bring financial access to refugees in Rwanda. The competition was launched in November, 2017 and it aims to:



**Increase awareness**



**Build customer relationships**



**Expand financial offerings for refugees**

Financial service providers were taken into a refugee community to participate in a Product Design Sprint. The field trip to the Refugee Camp in Gihembe, Gicumbi District attracted three financial institutions, Equity, Commercial Bank of Africa and Vision Funds. TIGO/Airtel Rwanda a mobile network operator and a payment platform, Mobicash, were also part of the visit to the refugee camp. The exercise involved rapid learning, ideation, prototyping and testing of innovative new products based on the specific needs of one refugee community and the surrounding populations in Rwanda.

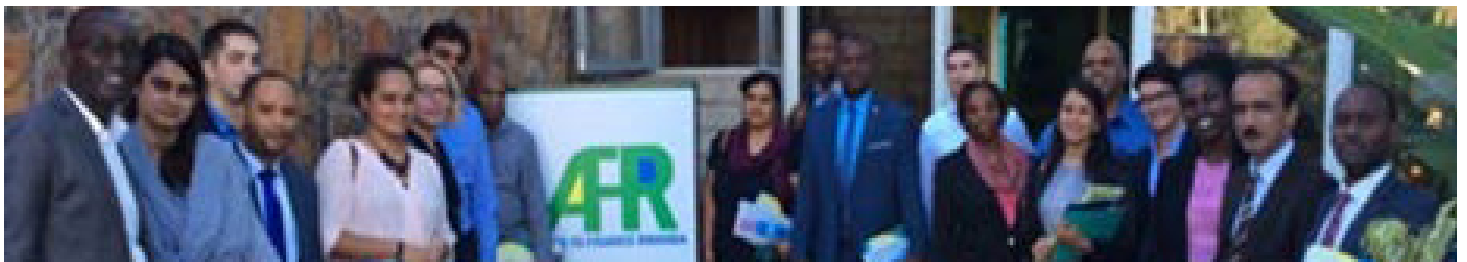
It is planned that £10,000 will be awarded to up to three of the most promising concepts from the Product Design Sprint to be developed into full business plans. The best business plans will be pitched to the AFR and FSDA Investment Committees for the opportunity to be awarded between £100,000 and £300,000 of investment to develop and launch the product at scale.

*"We're trying to incentivise banks and others to take more seriously a hitherto ignored market opportunity – the chance to provide financial services to large numbers of stable (long-term displaced, income earning, Government accepting etc.) refugee populations in Africa. To get this right, we're starting in Rwanda, which has a relatively large, long-term population of displaced people (predominantly from Eastern Congo dating back to the mid-to-late 1990s)."*

**Mr. Joe Huxley**

**Director of Regional Strategies, FSD Africa**

Details about the competition will be released in the first quarter of 2018



## Foreign government officials keen on Rwanda's digital financial efforts

In November 2017, government officials from Solomon Islands, Dominic Republic, Fiji, Moldova, Liberia and Pakistan paid an official visit to Rwanda, eager to learn how the Rwandan government and its development partners have driven the digitisation of People2Government and Business2Government payments.

The officials learned that the Rwandan government has developed a comprehensive strategy to achieve a less-cash economy. The visitors also looked into organisational aspects that allowed Rwanda to drive financial digitisation, and expressed interest to apply relevant lessons learnt from Rwanda in their own countries. Broadly speaking, the visit was meant to enable the visiting delegates to assess opportunities and challenges of building an inclusive digital payments ecosystem in a country.

As part of their study tour in Rwanda, the delegates visited the premises of AFR in Kigali, to understand the role that AFR plays in building Rwanda's financial ecosystem. Their visit to AFR enabled the delegation to understand how the the government is partnering with development partners to build a digital payments ecosystem that promotes People2Government and Business2Government for the last mile.



## AFR Board and Investment Committee discuss market systems for the poor

Within the Making Markets Work for the Poor (M4P) approach, facilitation is a central element to achieving sustainability. Lasting, systemic change requires that important market functions are embedded within the system, performed by market players with the capacity and incentives to undertake those roles in the long term. In December 2017, Alan Gibson from the Springfield Centre was commissioned by AFR to undertake a two-day workshop on the “*Essence of the M4P approach*” for AFR Board and Investment Committee (IC) members. The rationale for the workshop, held in Rubavu on December 11<sup>th</sup>-12<sup>th</sup>, was a desire to improve the application of M4P in AFR's work. M4P is at the heart of AFR's strategic mission and plays a central role in guiding its operations. In order for the Board and IC to be able to meet their respective responsibilities effectively it is vital that they have sufficient understanding of the M4P approach. As such, the workshop aimed at creating a common understanding of the basics of the M4P approach and its application to AFR. The workshop was not designed as a training programme to develop core skills and knowledge. Rather, given its brevity, it was seen as a learning event to enhance awareness.

### Objective 1

**Increase understanding of the M4P approach and its overall relevance to AFR.**

### Objective 2

**Understand the M4P approach implications for AFR, the Board and the IC.**



## FSDs urged to boost investment, growth and job creation in Africa



**Together with representatives from government of Rwanda and DFID, a team of five from AFR participated in the Financial Sector Deepening (FSD) Network Conference held in Livingstone, Zambia in November, 2017.**

“*The Changing Landscape of Financial Sector Development in Africa: Where from and Where to next*” was the conference theme. Participants indicated that the theme comes at a unique juncture in time as stakeholders recognise the importance of access to formal and informal financial services beyond financial inclusion.

At the center of discussions, it was underlined that a well-developed financial system can play a transformational role in boosting investment, growth and job creation in Africa. The conference aimed at strengthening a collective understanding of the pivotal role that Financial Sector Deepening programmes can play in changing financial systems in Africa and improving the lives of the people.

The conference brought together all the FSDs. These included the host FSD Zambia, AFR, FSD Kenya, enterprise partners, EFINA, ELAN, and FSD Africa. During the conference, the FSDs looked back at their financial inclusion journey and shared the challenges and lessons learned from implementing their respective developmental agendas using market facilitation approach to ensure scalability and sustainability.



↑ [Click here to read the 10 key learning points from the conference.](#)



KG 5 Avenue, House #13 – Kacyiru  
The road behind the Netherland Embassy  
P.O. Box 1599  
Kigali – Rwanda

