

Acronyms

AQM	Agent banking Quality Management
AWPB	Annual Work Plan Budget
BIFSIR	Building an Inclusive Financial Sector in Rwanda
BNR	National Bank of Rwanda
CFP	Call for Proposal
CMSLG	Community Managed Savings and Loan Groups
DFID	The Department for International Development
DEX	Direct Execution Modality
EDPRS	Economic Development and Poverty Reduction Strategy
FA	Financial Assistance
FSDP	Financial Sector Development Programme
FSP	Financial Service Provider
GMS	General Management Services
IC	Investment Committee
ISS	Implementation Support Services
KPI	Key Performance Indicator
MFI	Microfinance Institution
MINECOFIN	Ministry of Finance and Economic Planning
MSE	Micro and Small Enterprise
MDGs	Millennium Development Goals
NEX	National Execution
NFES	National Financial Education Strategy for Rwanda
NMPIS	National Microfinance Policy Implementation Strategy
NTA	National Technical Advisor
RCA	Rwanda Cooperative Agency
RICEM	Rwanda Institute of Cooperatives, Entrepreneurship and Microfinance
RO	Regional Office
SACCO	Savings and Credit Cooperative
SC	Steering Committee
TA	Technical Assistance
TVET	Technical and Vocational Education and Training
UNCDF	United Nations Capital Development Fund
UNDAP	United Nations Development Assistance Plan
UOB	Urwego Opportunity Bank
U SACCO	Umurenge Savings and Credit Cooperative
VS&LA	Village Savings and Loan Association
WOCCU	World Council of Credit Unions



ROK-UNDP MDG Trust Fund: Annual Report

Name of country: Rwanda

Project number (Atlas): Award ID: 00059183; Project ID: 00081703

Project name: Building an Inclusive Financial Sector in Rwanda

Allocated amount: US\$2,239,758

Implementation period: January 2012 – December 2014

Reporting period: January 2013 – December 2013

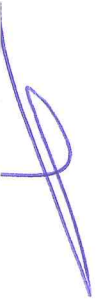


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Resilient nations.

1. PROJECT PERFORMANCE AND EXPENDITURE

Purpose and intended output	Activities undertaken	Results achieved	Progress towards target(s), as measured by stated indicators (%)	Reasons if progress below target(s)	Strategies to expedite progress if below target(s)	Planned	Utilized	Balance
<p>1: Mobile banking infrastructure for entrepreneurs established.</p> <p>Purpose: to promote and modernize access to financial services for low income and unbanked population by diversifying financial service delivery mechanism.</p>	<p>The Call for Proposal (CFP) for mobile banking was advertised in November 2013 and local financial service institutions applicants were shortlisted for due diligence.</p>	<p>In terms of making enabling environment, this CFP has helped sensitize many FSPs and the Government stakeholders on the importance of technology based financial services and its contribution to access to finance for low income families especially youth and women. Also the Government and private sector players have been much encouraged to develop policies and products and services</p>	<p>The achievement of the activity will be measured by various performance indicators corresponding to each step of the entire initiative cycle as well as towards the objective of the activity. Thus, the specific information on the progress will become available in 2014.</p>	<p>Due to the delayed formation of the BIFSIR management team, the activity was delayed in initiation. However the procurement process is on track and action plans to expedite the implementation is in place.</p>	<p>This activity has been moved to 2014 AWPB which should be approved by the BIFSIR SC and IC. Once approved, the technical team will expedite the contracting process and put in place thorough M&E components in the MOU to ensure all planned activities are implemented in a timely manner under tight supervision of the team.</p>	111,084	367,67	110,716.33
Budget (\$US)*								

		that can keep the momentum of technology based financial service initiative. Numerical results will be measured in 2014 as the activity starts being implemented.				250,000	249,310	690
<p>Output 2: Improved refinancing services for MFIs and SACCOs with MSES lending.</p> <p>Purpose: to reach more un-served but bankable MSES through credit and capacity building by lending to intermediary FSPs on fair terms and conditions tailored to market.</p>	<p>The Call for Proposal (CFP) on refinancing was advertised in November 2013. Local refinancing institutions applicants were shortlisted for due diligence. Please note that the funds allocated to this activity were reallocated and utilized to expand project intervention on the entrepreneurs hip programs (Hanga</p>	<p>Although this activity is still in the procurement process the CFP has succeeded in creating dialogues with the Government and the FSPs on improving lending capacity of MFIs, and boosting access to finance by increasing borrowing opportunity for end clients.</p>	<p>The achievement of the activity will be measured by various performance indicators corresponding to each step of the entire initiative cycle as well as towards the objective of the activity. Thus, the specific information on the progress will become available in 2014.</p>	<p>Due to the delayed formation of the BIFSIIR management team, the activity was delayed in initiation. However the procurement process is on track and action plans to expedite the implementation is in place.</p>	<p>This activity has been moved to 2014 AWPB which should be approved by the BIFSIIR SC and IC. Once approved, the technical team will expedite the contracting process and put in place thorough M&E components in the MOU to ensure all planned activities are implemented in a timely manner under tight supervision of the team.</p>			



Output 3: Promotion of entrepreneurship among women and youth in Rwanda.	The BIFSIR SC held in December 2013.	The decision of supporting the national entrepreneurial programme in apprenticeship, entrepreneurship, and capacity building of the Ministry of Trade and Industry and SACCOS has brought a positive response and commitment not only from the Government but also from the public since the employment is such an important priority agenda in Rwanda. Also being coupled with the fact that Republic of Korea has already supported on vocational training through KOICA, BIFSIR's	A set of key performance indicators have been identified and put in the PBA with MINICOM. Progress will be reported against a set of performance indicators from the 1 st quarter of 2014.	N/A	Given the scope of the Hanga Umurimo programme, BIFSIR team will hold a monthly technical meeting with MINICOM counterparts to ensure that all activities are conducted in a timely manner.	439,808	385,502	54,306
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¹ 2013 Annual planned activities merged to Hanga Umurimo programme are 1) Innovation Fund to support MFIs/SACCOS with innovative ideas via launching a CFP 2) Establish a guarantee fund for MSEs and TVET graduates 3) Develop risk mitigation capacity building for FSPs providing MSE financing, 4) MSEs products development, 5) Entrepreneurship training services provided to MSEs, 6) Support to establishment of business incubators, 7) M&E system is developed and operational 8) Curriculum development, 9) Entrepreneurship training to TVET, 10) Entrepreneurship training to CMSLGS, 11) Promotion of entrepreneurial mentorship programme for women and youth.

		support on Hanga Umurimo is making a great experimental opportunity for ROK and the One UN Rwanda towards future programming in line with national employment programmes.								
TOTAL							800,892	635,179.67	165,712.33	

*Please provide the PBB report.

- GMS + project management = USD 44,996.32 not included



1.1 In what ways have the activities funded by the ROK-UNDP MDG Trust Fund been catalytic and/or innovative?

Without the funding from ROK-MDG trust fund the whole project would have been ended in 2013. After acquiring those funds, the project was extended to 2014 and this extension has acted as catalysts for UNDP and UNCDF funds to continue support the project activities and recruited National Technical Advisor to support and coordinate the project implementation

Partnership

BIFSIR has continued to establish good working and coordination mechanisms with a DFID funded project called Access to Finance Rwanda (AFR). Coordination is done at technical levels through exchange of plans and seeking buy-in from each before investments are committed. Currently, there are few projects that we are considering to co-fund. These are Hanga Umurimo, SACCOs support, Mobile banking and Mobile Saving and micro pension for the informal sector.

The international Trade Center (ITC) sent a team to Rwanda to make needs assessment. This has expressed interest in establishing working partnership with BIFSIR/UNCDF team for the expansion financial services. BIFSIR team and ITC team have agreed to bring the partnership opportunities to the attention of head of agencies at the central level.

Acknowledging BIFSIR's contribution to expanding financial inclusion and strengthening financial sector in Rwanda UNCDF (BIFSIR's co-funder) was accredited by the UN family in Rwanda to be part of the UN agencies that will implement the UNDAP. In this regard, UNCDF will participate into a youth employment flagship program to implement activities related access to finance and entrepreneurship for young women and men.

1.2 Were there any "spin-off effects" or positive results generated by the project which were not originally anticipated? If yes, please describe them in this section.

Provision of computers to SACCOs

The project proved 88 computers to the Umurenge SACCOs in order to build their institution capacity and be able to offer financial services to the rural population of Rwanda. This decision was made by the project steering committee based on the relevance of those SACCOs towards achieving government goal of 80% formal financial inclusion by 2015.

Initially, BIFSIR supported this initiative through the National Bank of Rwanda (BNR) whereby the central bank was offered funds in 2011-2013 to establish a specific supervision unit for these U-SACCOs. The U-SACCO program fitted into the UNCDF agenda of supporting LDCs to foster universal financial inclusion programs and it also fitted into MDGs and EDPRS pillars of Inclusive Economic growth.

In 2013 although each SACCO had a computer (416 computers) and 317 SACCOs had a laptop, there was a need for at least 931 computers/laptops for SACCOs to have sufficient number of computers. It is against the above urgent need that MINECOFIN as the IP of BIFSIR recommended to reallocate 123,500 USD that was initially allocated to various activities under BIFSIR 2013 budget to purchasing computers for SACCOs. Therefore, BIFSIR provided support of **123,500 USD** to purchase about 88 lap tops for U-SACCOs as its major intervention at the macro level

Supporting Hanga Umurimo and RICEM programs

The Ministry of Trade and Industry initiated a program called Hanga Umurimo Program to ignite entrepreneurialism among Rwandans in order to create employment, increase exports and widen the tax base. Furthermore, the Ministry of Trade and Industry launched, together with partners from the public and private sector in Rwanda, the Rwanda Institute of Cooperatives, Entrepreneurship and Microfinance (RICEM). The institute is supposed to offer demand-driven vocational trainings and shall improve the entrepreneurial knowledge in micro, small and medium sized enterprises and cooperatives, but also knowledge and entrepreneurial understanding in the microfinance industry.

BIFSIR has embraced the above innovative approach and the steering committee approved to support them with about 630,000 USD in 2013. By the end of 2014, Hanga Umurimo project should have achieved at least 4160 new Business plans selected, 4160 new Rural SMEs trained in business plan development, 4160 new Rural SMEs trained in business plan development; 4160 new Rural SMEs linked to SACCOs and other MFIs and accessing credits. The project will also continue to offer support to these two initiatives

1.3 Please list the main opportunities which have been the key enabling factors to support the implementation of the project to date.

The following are opportunities that have enabled the implementation of this project to date:

Project leadership team was strengthened. In mid-2013 the Ministry of Finance's unit in charge of financial sector development was restructured. The head of that unit was appointed by the government cabinet and also more technical staffs were recruited to join that unit. At UNDP and UNCDF, strong technical officers were assigned to supporting this project. Those occurrences has helped the project to acquire appropriate, timely and informed supported from the government whenever it is needed. In addition, this situation has helped to have clear resource allocation of the project that is aligned with government development priorities in a compliance matter UNDP procedures.

Project technical team: the project team that is composed of the national technical advisor, M&E officer with support from the MINECOFIN/SPIU have shown strong understanding of the project priorities and they have worked hard to support the local partners so that they can deliver on the project. This has helped the project to have an aggregate delivery of 62% in 2013 even if the team was not recruited up to the end of September 2013.

Financial management modalities: The whole project funds under RoK-UNDP MDG trust fund were designed to be managed under national execution modalities. This was appreciated by both the government IP and by the project team as it facilitates quick decision making, strengthens the national ownership and ensures national priorities alignment.

One UN in Rwanda: The fact that Rwanda is one of the 8 countries to implement Delivering as one (DaO) initiative has been an enabling factor for BIFSIR to capitalize on the strengths and comparative advantages of the different members of the UN family. Within the initiative BIFSIR has been able to join different flagships such as Joint Youth Employment Flagship, Green Economy Flagship, and Value Chain Flagships and also expand potential partnerships which can reduce transaction costs for governments and lower overhead costs for the UN system.

Close relationship with MINECOFIN: The BIFSIR team is housed in Ministry of Finance (MINECOFIN) that has been a positive factor to implement the project. Working closely with the ministry, the team could benefit a swift and effective communication in decision making.

1.4 Please provide an analysis of challenges (both internal and external), risks and/or delays in implementation (if any), as well as mitigation strategies.

The project ends in December 2014

There is still high demand in the financial sector of Rwanda in terms of professionalization and capacity building. Rwanda has just developed financial education strategy; Microfinance strategy Implementation strategy phase 2, and Economic Development and Poverty Reduction Strategy 2, plus the UNDAF 2013-2018. All these development programs call for various development partners to increase their level of efforts to support the realization of strategies that are in line financial inclusion for all. The partners of BIFSIR have been informed well that the program ends in December 2014. So far, the Steering Committee has recommended extending the project. MINECOFIN is already starting to contact with donors to implement that recommendation.

Delayed kick off of the project in 2013

The project document was signed in May 2013 and the National Technical Advisor was recruited in September 2013. This delay of about 9 months affected the delivery rate and it also affected the reporting of IPs on their deliverables. This situation has been a big challenge to the NTA and the regional team to put IPs back on track after the 9 months period of vacuum at the project technical level.

Small technical team

BIFSIR partners include MFIs and SACCOs. These institutions are still very weak and they call for massive efforts in terms of technical support. Whereas, the project team has only two staff (National Technical Advisor and M&E officer) that also have to deal with management functions. This affects the rate of improvement at SACCOs and MFIs. To solve the issue of limited human resource, UNCDF is recommended to hire a program officer in order to strengthen its interventions and support to the government and IPs of different projects. Also, since UNCDF is one of the UN agencies that support financial sector, it is recommended that its representation to different should be strengthened. Probably, on short term UNCDF regional office would delegate technical powers to one of its existing staff through a formal nomination by the Head of the Regional Office. This nomination would help to increase the credibility and presence of UNCDF at the country level especially during various programming and technical activities at both UN and government levels.

Limited budget to support macro projects

During this short period of implementation, the project could not exhaustively support the proposals that government or local partners presented. Especially the big projects that could consume big budgets yet could bring macro impacts.

1.5 Please provide some key lessons learned of the project that can guide implementation of future projects of the Trust Fund.



Access to financial services alone will not bring a significant impact to livelihood of the population. Other linkages and synergies like financial education, entrepreneurship trainings, agriculture finance and vocational trainings should be integrated with the access to finance programs.

1.6 If possible, please provide some high resolution photos with captions of the project for communications materials and visibility activities at the HQ/global level.

The project team is planning to conduct an experiential field visit in the month of May 2014 and UNDP communications team will ensure that professional pictures are taken and shared so that they can be used by the HQ team

2 NEXT STEPS

2.1 What activities are planned for next year, and how they will contribute towards the overall outcome(s) of the project? Please also provide a detailed annual work plan, if available.

	Activity as per the approved work plan	Indicators, Baseline and targets	Budget \$
Project outcome 1: <i>Coordination, regulation and supervision framework of the sector strengthened with a view to promoting financial inclusion in Rwanda.</i>			
1	1.1.4. Provide FA to FSDD Microfinance team to increase capacity building related to microfinance areas.	The international study visit report produced Baseline: N/A Target: Yes	30,000
2	1.3.1. Provide FA to MINICOM to establish a Monitoring and Evaluation System for PROBAs.	Indicator: Availability of PROBAs database Baseline: 0 Target: 1	16,020
Project outcome 2: <i>infrastructure is supported, with a view of professionalizing MFIs in the provision of inclusive financial services.</i>			
3	2.3.2. Provide FA to implement refinancing for MSEs through SACCOs/MFIs.	Indicator: # of MSEs accessing to credit through BIFSIR refinancing Baseline: 10,719 (4,451 + 6,268) Target: 11,519 (10,719+600+200)	250,000
Project outcome 3: <i>The capacity of leader MFIs, FSPs and entrepreneurial training providers to develop innovative services accessible to low-income populations is enhanced</i>			
4	3.1.1. Provide institutional capacity building to MFIs and SACCOs	Indicators: # of U-SACCOs supported Baseline: 88 Targets: 230	309,053
5	3.1 Provide FA to ensure provision of FA and TA to SACCOs in line with MSEs lending	Indicator: # of U-SACCOs staff trained Baseline: 0 Targets: 416	149,618
6	3.3.2 Provide FA to SACCOs for start-up kits loans (50% loan and 50% grant)	Indicators: Number of apprentices and TVET graduates acquired startup KITS through SACCO loans Baseline: 0 Targets: 1,440 apprentices, 200 TVET	87,178

Project outcome 4: The capacity of women and youth to manage MSEs and access financial services is built.			
7	4.1.1. Provide FA for conducting Entrepreneurship Training for TVET graduates and VS&LA members.	Indicator: # of TVET graduates and VSLAs trained. Baseline: 0 Targets: 200 TVET (30% female) 120 VS&LAs (60% female)	44,057
8	4.1.2. Provide FA and TA for provision of apprenticeship trainings in carpentry, tailoring, welding, and mechanic, hairdressing.	Indicator: # of apprentices trained Baseline: 14,507 Targets: 15,947 (60% female)	38,529
9	4.2.1. Recruit a TSP to provide financial education and business development to TVET graduates and CMSLG members.	Indicator: # of TVET graduates and CMSLG members participated in the financial education training. Baseline: 0 Targets: 500	115,271
10	4.3.1. Recruit a TSP to conduct publication on Hanga Umurimo and other entrepreneurial mentorship programs for women and youth.	Indicator: # of publication materials Baseline: 0 Target: 6 (refinancing, capacity building, VSLA, MSEs, TVET, apprenticeship)	33,334
Project outcome 5: Program Management, Supervision and M&E			
11	5.1.2. Programme evaluation	Program evaluation report approved	35,000
Total			1,108,060

The budget of 1,108,060 \$ is subject to the budget revision that is scheduled to take place late April or early May 2014. The plan is to invest all KOR-UNDP MDG trust fund resources by end of 2014.

2.2 What steps have been taken to ensure the sustainability of the project? For example, how is the project informing national and regional policies in the relevant thematic area? Has the local project implementation been buttressed by national-level policy advisory services? In other words, what measures have been taken to strengthen local-national linkages?

BIFSIR team consults with the Ministry of Finance on a regular basis to ensure that all the activities BIFSIR support are aligned with national policies and strategic direction. Especially BIFSIR activities have been developed within the strategic framework of the EDPRS II (Economic Development and Poverty Reduction Strategy), FSDP II (Financial Sector Development Program) and NMPIS II (National Microfinance Implementation Strategy) as well as the UN Development Assistance Program (UNDAP 2013-2018). Sustainability of the project has been systemically ensured given that BIFSIR activities are developed and implemented within the national strategic plans at least at the 5 years framework and UNDAP framework as well.

Furthermore BIFSIR is monitored through the Steering Committee and Investment Committee meetings which are headed by Ministry of Finance. The SC and IC meetings are the channels to identify any gaps between the project activities and national and regional policies and come up with appropriate solutions to fill the gap. Since the technical team came on board 1st September 2013, two steering committees have taken place so far. The first steering committee took place in December 2013 and it approved funding for Hanga Umurimo and RICEM proposal. Hanga Umurimo and RICEM initiatives aim at scaling up entrepreneurship program and institutional capacity building in Rwanda. The same SC meeting also approved the publication of Call for Proposals (CFPs) on refinancing and mobile banking. These CFPs were published in subsequent months. However, the process was not completed and they were

referred to be implemented in 2014. The second steering committee convened in January 2014 especially to approve the 2014 Annual Work Plan and Budget (AWPB). The 2014 AWPB was approved by the steering committee and it is going to be in use as per the UN guidelines

2.3. What kind of knowledge products could be produced on the results of the project? Please provide possible topics and brief synopses.

In 2014 the BIFSIR team is planning to implement the final project evaluation which will encompass the project's results in a holistic view. Also a number of knowledge products including impact report, booklets on selected themes, and workshops, and success stories are going to be produced in 2014. Possible topics of the products are

- U-SACCOs a case for driving towards universal financial inclusion through public/private partnerships
- Success stories of VS&LAs members who launched their own small business
- Agent Banking initiative and its impact on access to finance
- Self-employment and entrepreneurship development through Hanga Umurimo program

3 PARTNERSHIP WITH KOREA

3.1 What actions have been taken to improve the visibility of the donor? Please also attach or insert any newspaper clippings or photos related to the project, including photos of any of the activities that were carried out.

The recruitment of the M&E officer was arranged by the Korean government and UNDP through KMCO program (KOICA Multilateral Cooperation Officer program). The KMCO program which brought the Korean national officer into the project has contributed to enhance the visibility of the donor. Currently the project's technical team including the M&E officer is housed in the Ministry of Finance and it has contributed to improve the Korean Government's presence in the project in the government level.

Also, KOICA Rwanda office attends the Steering Committee and Investment Committee meetings regularly. In previous meetings the SC participants recognized the Korea government's contribution to the success of the project and requested for continuous interest and support from the Korean government going forward.

3.2 To what extent did the project collaborate with the local KOICA office/Korean Embassy? Please include the number of consultations, joint field visits, joint knowledge sharing and visibility activities, etc.

In January the BIFSIR technical team met with the Deputy Resident Representative of KOICA Rwanda office. In the meeting the team briefed on the progress of the project up to date and 2013 annual work plan and budget.

In February, the M&E Officer (KMCO) had a meeting with the ambassador of Republic of Korea. The officer briefed the ambassador on the overview of the BIFSIR project, progress made so far, and achievement to be made by the end of the project.

In April, MINICOM is planning to hold an official Hanga Umurimo launch event where both UN and Government high level officials will be invited. KOICA Rwanda office will be also invited to the event as a key donor and it is expected that the event would improve the visibility of Korean government across the Government of Rwanda.

In the quarter 2, 3, and 4 of 2014 the BIFSIR team is planning to conduct joint field visits where KOICA Rwanda office will be invited to witness the results of the project on the ground.

3.3 Would a field visit by the ROK government be possible in 2014? If yes, please list some possible dates and key activities that the ROK delegation would be able to participate in.

The joint field visits are going to be held in quarter 2, 3, and 4 2014. Specific dates and locations are still under discussion. The field visits will be based on selected themes with responsible IP (Implementing Partners). Possible themes include: (i) Apprenticeship; (ii) VS&LA; (iii) TVET; (iv) Entrepreneurship; (v) Refinancing; (vi) U-SACCOs/MFIs; (vii) Branchless banking.

Has your country office previously benefited from the ROK-MDG Trust Fund? If yes, what have been the long-term impacts of the activities funded by the ROK-MDG Trust Fund? Please provide a detailed account of the impact.

BIFSIR project is the first beneficiary of the ROK-MDG Trust Fund in Rwanda. Although it would be too early to evaluate the long-term impacts of the funding, the impact at the short-term and medium term levels are already witnessed especially in areas of job creation, MSEs development, access to finance, and professionalization of MFIs.

3.4 Please provide any other comments on the partnership with the ROK Embassy/KOICA office or of the ROK-MDG Trust Fund in general.

We appreciate the support of government of Republic of Korea and KOICA which helped the BIFSIR project to contribute to poverty reduction and achievement of the Millennium Development Goals (MDGs) in Rwanda by promoting inclusive finance and entrepreneurship programs.

The government of Rwanda has been successful in meeting most MDG targets driven by strong commitments of the government, and support from various development partners including the Government of Republic of Korea. The first phase of Economic Development and Poverty Reduction Strategy (EDPRS) which aimed at improving the quality of life for all Rwandans moving towards the Vision 2020 goal of becoming a middle income country ended in 2012. And the second phase of EDPRS (EDPRS 2) has been in place since 2013. The EDPRS 2 aims to achieve a rapid, sustainable and inclusive growth with targets of accelerating poverty reduction to less than 30% of the population by 2018. For both EDPRS 2 and UNDAF 2013-2018, financial inclusion and access to financial service for the underserved population was earmarked as a key priority area that need support.

In this regard, there is still high demand in the financial sector of Rwanda in terms of professionalization and capacity building. All these development programs mentioned above call for various development partners to increase their level of efforts to support the realization of strategies that are in line with financial inclusion for all.

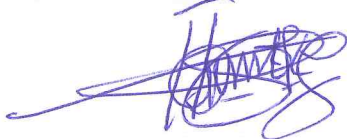


We want to highlight that BIFSIR contributed to improve the financial sector in Rwanda by reaching a significant numbers of new clients across the country. In 2013 BIFSIR supported institutions have reached 95,239 clients of which 50% were women. 78 Financial Institutions were supported in form of refinancing or training by the refinancing agencies. A total of 78 million dollars savings were mobilized from the rural population and 68 million dollars disbursed as loans during the same period.

PREPARATION AND ENDORSEMENT:

Prepared by: (Project Manager)

Name: Arthur SABITI



Title: National Technical Advisor

Date:

09/07/14

Cleared by: (Resident Representative)

Name: Auke Lootsma



Title: UNDP Country Director

Date:

09/07/2014