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**REPUBLIC OF RWANDA**  
Ministry of Finance and Economic Planning

**BUILDING AN INCLUSIVE FINANCIAL SECTOR IN RWANDA-EXPANSION**

Support Programme to the Implementation of the National Microfinance Strategy (2008 – 2012) and the National Microfinance Policy Implementation Strategy (2013 – 2018)

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**BIFSIR EXPANSION**

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United Nations Capital Development Fund  
United Nations Development Programme

**Country:** Rwanda

**Programme Title:** Building an Inclusive Financial Sector in Rwanda (BIFSIR) Expansion: Support Programme to the implementation of the National Microfinance Strategy

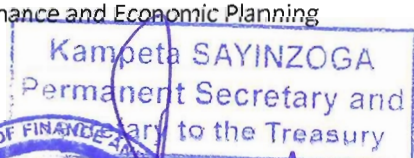
**UNDAF Result 5:** Rwandan populations benefit from economic growth and are less vulnerable to social and economic shocks.

**Expected Outcomes:** *UNDAF Outcome 5.4:* Productivity is improved and the access of small producers and small- and medium-scale and micro-enterprises (SMSMs) to markets is enhanced.  
*UNDAF Country Programme Outcome 4.5:* The National Strategy and its Plan of Action are adopted and implemented to promote sustainable access of small producers' small and medium scale enterprises and micro-enterprises (SMSMs) to financial services.

<p><b>Duration of the Programme (BIFSIR):</b> 2009-2013</p> <p>Duration of the scaled-up programme (KOICA): 2012-2014</p> <p><b>Planned dates for inception and end of the programme:</b> January 2012- December 2014</p>	<p><b>BIFSIR Total budget estimate*:</b> \$US 7,038,365</p> <p>Including:</p> <p>1. Total expenditure 2010-2012 US\$ 2,982,936</p> <p>2. Budget estimates for 2013-2014 US\$ 4,055,429</p> <p>* The total estimated budget includes expenses under the Programme and indirect support costs</p>
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<p><b>Sources of funded budget:</b></p> <ul style="list-style-type: none"> <li>• Government of Rwanda \$US in kind</li> <li>• UNDP \$US2,000,000</li> <li>• UNCDF \$US2,400,000</li> <li>• \$US 25,000 (BIFSA)</li> <li>• Korea MDG Trust Fund \$US 2,239,758</li> <li>• One UN Fund: \$US 354,856 (UNDP)</li> <li>• \$US 18,750 (UNCDF)</li> </ul>	<p><b>Implementing partners:</b></p> <ul style="list-style-type: none"> <li>• MINECOFIN</li> <li>• Banque Nationale du Rwanda (BNR)</li> <li>• Association of Microfinance Institutions of Rwanda (AMIR)</li> <li>• Financial Service Providers</li> <li>• Entrepreneurial Service Providers</li> </ul>
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**Names and signatures of national counterpart and of participating UN agencies**

UN Agencies	National Authority
<p><b>On behalf of the United Nations Development Programme (UNDP)</b></p> <p><b>Mr. Lamin Manneh</b> </p> <p>UN Resident Coordinator and UNDP Resident Representative</p> <p>Date and Seal </p>	<p><b>On behalf of the Government</b></p> <p><b>Ambassador Claver Gatete,</b></p> <p>Minister of Finance and Economic Planning</p> <p></p> <p><b>Kampeta SAYINZOGA</b> Permanent Secretary and Secretary to the Treasury</p> <p>Date and Seal </p>
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## Abbreviation and acronyms

AMIR	Association of Microfinance Institutions of Rwanda
AP	Action Plan
BIFSA	Building Inclusive Financial Sectors in Africa /PNUD-FENU
BIFSIR	Building Inclusive Financial Sector in Rwanda
BNR	Rwanda National Bank
BRD	Rwanda Development Bank
CAPAF	Programme de renforcement des Capacités des institutions de Microfinance en Afrique francophone et Haïti
CAPMER	Support Center for Small and Medium Enterprises in Rwanda
CGAP	Consultative Group to Assist the Poor
EICV	Integrated Household Living Conditions Survey
EDPRS	Economic Development and Poverty Reduction Strategy
FACE	Funding Authorization Certificate of Expenditure
FFIIS	Fund for Financial Innovation and Institutional Support
FSDP	Financial Sector Development Programme
FSDU	Financial Sector Development Unit
FSP	Financial Service Providers
GDP	Gross Domestic Product
IC	Investment Committee
LDC	Least Developed Countries
MFI	Microfinance Institutions
MINECOFIN	Ministry of Finance and Economic Planning
MIS	Management Information System
MSEs	Micro and Small Enterprises
MDGs	Millennium Development Goals
NIS	National Institute of Statistics
NMCC	National Microfinance Consultative Committee
NMS	National Microfinance Strategy
PCU	Project Coordination Unit
PSF	Private Sector Federation
RDL	Research, Development and Learning
RWF	Rwandan Francs
SC	Steering Committee
SPIU	Single Project Implementation Unit
UNDAF	United Nations Development Assistance Framework
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme

## Preamble

1. The Agreement for the Establishment of the Korea-UNDP Millennium Development Goal (MDG) Trust Fund was signed in November 2009 between the Minister of Foreign Affairs and Trade of Korea and the Administrator of UNDP.
2. While the overall substantive focus of the Trust Fund is on innovative, catalytic and scaled-up support for sustainable MDG achievement, the priority focus areas are updated each year to ensure the relevance of the Trust Fund in responding to the current needs of the developing world as well as the international community. Priority considerations will be given to Least Developed Countries which are in need of greater assistance to reach the MDGs, with possibility of including Low Income Countries and others.
3. In 2011, the BIFSIR programme was invited by UNDP Rwanda to apply for the Korea MDG Trust Fund. Based on financial service sector opportunities, programme experience since 2010 when BIFSIR launched, BIFSIR management designed an innovative programme which would increase BIFSIR's programming reach to the client level, and contribute further results to MDG 1 and GoR policies (MINECOFIN, MINICOM). This additional funding serves to increase BIFSIR's scope, as such the program is renamed BIFSIR Expansion. Designed as a pilot, the scale up will provide entrepreneurial capacity building, financial education and financial linkages to target groups (women and youth), including vocational training graduates (see Annex 12: Korea MDG Trust Fund Programme Diagram). In December 2011 the Korea MDG Trust Fund Steering Committee awarded \$2,239,758 USD to scale up the BIFSIR programme. Consequently the BIFSIR project document was substantively revised to accommodate the new funding and corresponding activities. This document, updated in March 2013, is the revised BIFSIR Expansion project document and supersedes the original.
4. The BIFSIR Expansion programme is set within the strategic framework of the National Microfinance Policy Implementation Strategy and aims to contribute to poverty reduction and to achievement of the MDGs by promoting inclusive finance. Its specific objective is to contribute to capacity building of the various stakeholders at the macro, meso, micro and client levels, with a view to supporting the development of sustainable, quality and diversified financial services that are accessible to the less advantaged Rwandans, both in rural and in urban areas, and to improving their economic and social status. The BIFSIR Expansion programme focuses its support towards vulnerable women and youth.

## Executive summary

5. In 2007 the main actors of the microfinance sector in Rwanda validated the National Microfinance Strategy (NMS) for a five-year period. The main objective of this document, which was approved by the Government of Rwanda, is to support “sustained economic growth and social development” in Rwanda.
6. The NMS aims to promote a vibrant microfinance sector offering inclusive, diversified, efficient and sustainable financial services. The vision for the next five years is to encourage the creation and development of a microfinance sector integrated into the overall financial sector.
7. The vision of the NMS and its development objective are well articulated with the programme’s Plan of Action of the UNDP Country Programme which aims to contribute to economic growth and reduce the vulnerability of populations to social and economic shocks.
8. In June 2010, the government also approved a Small-Medium Enterprise Development Policy (SME). Its vision is to create a critical mass of viable and dynamic MSEs through enhanced business support service provision, access to finance and the creation of an enabling legal and institutional framework.
9. Known as BIFSIR Expansion, this Programme is set within the strategic framework of the NMS and aims to contribute to poverty reduction and to achievement of the Millennium Development Goals (MDGs) by promoting inclusive finance. Its specific objective is to contribute to capacity building of the various stakeholders at the macro, meso, micro and client levels, with a view to supporting the development of sustainable, quality and diversified financial services that are accessible to the less advantaged Rwandans, both in rural and in urban areas, and to improving their economic and social status.
10. BIFSIR Expansion Programme will also support the new Rwandan Microfinance Policy Implementation Strategy (2013 – 2018) which is currently being finalized.
11. According to recent studies (Household Living Conditions Survey (EICV)<sup>1</sup>, Demographic Health Survey (DHS)<sup>2</sup>, Comprehensive Food Security and Vulnerability Analysis (CFSVA)<sup>3</sup>), 44% of Rwanda’s population live below the poverty line. The government is currently implementing a national strategy to decrease population vulnerability by providing social protection and livelihood enhancement schemes. The UN in Rwanda will support the government to achieve its social protection targets through a comprehensive strategy of increasing household resilience to shocks, promoting long-term solutions to reduce vulnerability (UNDAF Rwanda 2008-2012). Strategic priorities include the improvement of access to markets and income diversification.
12. Rwanda’s Economic Development and Poverty Reduction Strategy (EDPRS) objective is to sustain job growth and boost exports driven by high quality public investment programme aimed at strengthening the financial sector. The government intends to raise the investment rate by 60% over five years and to expand its private sector credit from 10% to 15% of GDP. These priorities require the development of an increasingly profession business sector, with a focus on micro, small, and medium sized enterprise growth. BIFSIR Expansion targets entrepreneurship capacity building linked to financial services, in order to support the environment for strong private sector growth.
13. BIFSIR Expansion is aligned to UNDAF Result 5: Rwandan population benefits from economic growth and is less vulnerable to social and economic shocks. More specifically, BIFSIR Expansion contributes to Outcome 4 of Result 5: Productivity improved and access to markets enhanced for small producers. The project focuses on increasing financial inclusion by improving access to sustainable and diversified financial services by low-income populations.
14. BIFSIR Expansion contributes to the UN’s Strategy by supporting vulnerable groups of women and youth who have limited access to finance and lack entrepreneurial capacity. The project objectives are specifically linked with MDG No 1: Eradicate extreme poverty and hunger. By targeting unbanked individuals to access financial services and financial education, the project will facilitate income generating activities and employment

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<sup>1</sup><http://www.statistics.gov.rw/publications/integrated-household-living-conditions-survey-rwanda-eicv-1-2-3>

<sup>2</sup><http://www.measuredhs.com/pubs/pdf/PR7/PR7.pdf>

<sup>3</sup><http://documents.wfp.org/stellent/groups/public/documents/ena/wfp210888.pdf>

creation, which in turn, decreases malnutrition and contributes to household welfare. These objectives are related to MDG 1 Targets A, B and C: income generation, productive and decent employment and hunger reduction.

15. BIFSIR Expansion is also linked to MDG 3 “Promote gender equality and empower women”, since the primary programme beneficiaries are women. The opportunity for women to benefit from financial services and entrepreneurial capacity building increases their self-reliance, family’s welfare and employment opportunities.
16. The specific objectives of the Programme are as follows:
  - **Macro level:** Coordination, regulation and supervision framework of the sector improved to promoting financial inclusion in Rwanda
  - **Meso level:** Consolidation of the sector, capacity building and financial infrastructure are supported, with a view to professionalising MFIs in the provision of inclusive financial services
  - **Micro level:** The capacity of leader MFIs, FSPs and entrepreneurial training providers to develop innovative services accessible to target populations is enhanced
  - **Client level:** The capacity of women and youth to manage MSEs and access financial services is built.
17. Thus, the programme strategy will be to support the improvement of the regulatory and institutional framework, the strengthening of the Association of Microfinance Institutions of Rwanda (AMIR) and the professionalization of MFIs, including aspects related to the consolidation of small MFIs, financial transparency, risk management, as well as the strategic partnerships between banks and MFIs.
18. Additionally in response to the GoR strategy to use technology as a comparative advantage BIFSIR Expansion will place an accent on Mobile Financial Services to facilitate access to financial services for excluded populations, including those in remote areas.
19. Programme beneficiaries are: MFIs/FSPs, and Savings and Credit Cooperatives (SCCs), serving poor and low-income populations, especially women, micro-entrepreneurs and small family farms, clients themselves, environmental stakeholders (AMIR, RCA, BNR, NMCC, MINECOFIN); and the management bodies of the Programme (Steering and Investment Committees).
20. With a budget of \$US 7,099,258, over 5 years, BIFSIR Expansion is jointly funded by UNDP (\$US 2,000,000), UNCDF (\$US 2,400,000), One UN Fund (\$US 459,500) and the Korea MDG Trust Fund (\$2,239,758). The Korea MDG Trust Funds, awarded in 2012, increased the lifespan of BIFSIR; the revised BIFSIR programme life span is 2010-2014 (5 years).
21. Funding for the Programme remains open to other donors interested in developing an inclusive financial sector in Rwanda, with a focus on broadening access to financial services. According to the BNR, with 1,509,941 active MFIs and SACCOs customers as of late 2011, the sector is growing fast and has great potential for further expansion.

## I. Situation Analysis

### I.1. Socio-economic Background

22. Rwanda has an area of 26,338 km<sup>2</sup> and a population estimated at 10.7 million in 2011, with a growth rate of 2.9%, and an urban population representing 31.5% of the total population. The population density is 321 inhabitants per km<sup>2</sup>, with women and youth representing respectively 54% and 68% of the total population. The adult literacy rate is estimated at 77%<sup>4</sup> (UNICEF estimate) and life expectancy is 55 years.
23. According to EICV 3, published in 2012, the economic activities undertaken by the sampled population in the past 12 months demonstrate they are mainly engaged in farming (85%), paid agricultural activity (35%), worked salary or wages in non-farm (28%), non-farm small business (25%) and public works programmes (2%). This evidence demonstrates how most of Rwanda’s population is mainly engaged in agricultural work.<sup>5</sup>
24. Despite the positive progression of Rwanda in terms of extreme poverty eradication (MDG No. 1), there still are considerable disparities across provinces and between rural and urban areas. In December 2011 the National Institute of Statistics of Rwanda released a study on the evolution of poverty from 2000 to 2011. The poverty

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<sup>4</sup>[http://www.unicef.org/infobycountry/rwanda\\_statistics.html](http://www.unicef.org/infobycountry/rwanda_statistics.html)

<sup>5</sup>National Institute of Statistics of Rwanda (NIS), The Third Integrated Household Living Conditions Survey (EICV 3), 2012

line is 118,000RWF per year at current prices (\$194USD/year or \$0.50/day) while the extreme poverty line is set at 83,000 RWF per year at current prices (\$137 USD/year or \$0.37USD/day). According to the NIS study<sup>6</sup>, the poverty rate has decreased from 58.9% in 2000 to 44.9% in 2011; extreme poverty also decreased from 40% to 24% in the same time period. However the Southern Province, targeted by the BIFSIR Expansion (Korea MDG Trust Fund), remains the poorest province with 31% of the population living in extreme poverty. Likewise, rural areas remain poorer compared to urban areas. According to this data, there is scope for BIFSIR Expansion to target low income groups.

25. GDP at current prices was at RWF 3.828 billion (\$US 6,412 billion) in 2011, with the agricultural sector accounting for 32% and the service sector for 40%. GDP per capita was \$595 USD in 2011. 87% of the population lives in rural areas.<sup>7</sup>
26. Between 2001 and 2011, average inflation rate hovered around 8%. In 2008, it was above 13%, because of higher oil prices and the effects of the financial crisis, the inflation has not peaked since then. The exchange rate of the RWF against the US dollar has stabilized at approximately 600 RWF for 1 USD since 2010.
27. The Government has adopted a fiscal policy to reduce poverty by improving education, infrastructure and foreign and domestic investment. Microfinance is seen as a tool which can effectively contribute to welfare gains.
28. In 2008, the Government adopted a National Microfinance Policy Implementation Strategy, which sets guidelines for the microfinance sector and whose ultimate goal is to contribute to the economic and social development of poor and low-income populations in Rwanda.
29. In 2007, following a participatory process involving key stakeholders in the sector, the National Strategy for Microfinance (NSM) was adopted, together with its Plan of Action. It defines the roles and responsibilities of each stakeholder group and priority activities to support the sector over five years. The NMS is due for evaluation; lessons learnt and results will influence the formulation of a new strategy.
30. In May 2008, the Ministry of Finance and Economic Planning expressed the interest of the Government of Rwanda to cooperate with UNDP and UNCDF for the implementation of the National Microfinance Policy Implementation Strategy.
31. The market for micro-enterprise financial services in Rwanda is underserved; approximately 90% of the adult population are micro-entrepreneurs and engage in livelihoods in various small agricultural, trade and artisanal activities. The majority of the adult population is also financially excluded and do not have access to any kind of financial service, formal or informal. Traditional bank accounts are held only by 14% of adults.<sup>8</sup>

## **I.2. The Microfinance Sector**

### **I.2.1. Legal and Regulatory Framework**

#### **Legal and Regulatory framework**

32. The National Bank controls the microfinance industry within a clear and improved regulatory framework based on the Law N° 40/2008 of 26-Aug-2008 "Establishing the Organization of Microfinance Activities" and the corresponding Regulations N° 02/2009 "On the Organization of Microfinance Activity" issued by the National Bank.
33. In addition, two instructions have been implemented:
  - Rwandan National Bank (BNR) Instruction No. 06/2002 of 09 July 2002 on the regulation of microfinance activities, which deals with MFIs other than credit and savings unions;
  - BNR Instruction No. 5 / 2003 of June 26, 2003 on the regulation of credit and savings unions.

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<sup>6</sup>National Institute of Statistics of Rwanda (NIS), The Evolution of Poverty in Rwanda From 2000 To 2011: Results From the Household Survey (EICV), February 2011

<sup>7</sup> National Bank of Rwanda (BNR), Monetary and Financial Stability Statement, February 2012

<sup>8</sup>FinMark Trust, FinScope Rwanda 2008 –Technical Report-, December 2008 [note: FinScope 2012 is currently in its planning stages]



34. The microfinance law (Art. 3 ff) distinguishes four categories of institutions:
35. Category 1 consists of small informal microfinance providers, mostly traditional Rotating Savings Organizations (ROSCAs), which only operate on the basis of member contributions. They require no legal status or license from the National Bank to exercise their activities. The law envisages nonetheless that these informal organizations adopt internal by-laws and register with the local authorities.
36. Category 2 institutions consists of small single-office savings and credit cooperatives only, whose level of deposit mobilization remains below a threshold set by the National Bank regulations, currently FRW 20 million. Small SACCOs must be licensed by and report to the National Bank, but are subject to a simplified prudential framework.
37. Category 3 MFIs are constituted as limited corporations and accept deposits from the general public, or are operating as SACCOs but exceed the deposit threshold of currently FRW 20 million. Category 3 MFIs must meet the full scope of prudential and reporting requirements set forth by the Microfinance Law and the National Bank Regulations.
38. Category 4 institutions consist of microfinance institutions that do not accept deposits from the public. Category 4 MFIs may be incorporated as public or private limited companies (SA or SARL). As non deposit-taking institutions, they benefit from certain exemptions and adjustments in the prudential framework.

## **Institutional framework**

### **Ministry of Finance and Economic Planning (MINECOFIN)**

39. In September 2006 the Ministry of Finance and Economic Planning (MINECOFIN) elaborated a policy framework setting out the microfinance sector's strategic vision. This framework specifies the role of the State, namely creating an enabling environment for the development, growth and progress of MFIs towards self-sufficiency, with a view to incorporating the microfinance sector into the financial sector.

The mission of MINECOFIN, which is responsible for promoting and developing the sector, is to develop policies and strategies aimed at promoting savings, developing credit and mobilising resources for MFIs. In addition, MINECOFIN is responsible for coordinating the successful implementation of the NMS. It has a Unit in charge of the promotion and development of the sector.

### **Rwandan National Bank (BNR)**

40. Responsible for the regulation and supervision of the microfinance sector by virtue of its statutes, the National Bank of Rwanda has within its Department of Banking Regulations and Supervisory Services a Unit in charge of the supervision of MFIs, which had 13 inspectors as at 31 December 2007.
41. Supported by BIFSIR, the National Bank of Rwanda created Technical Control Units (TCUs) in June 2011 in order to strengthen the supervision and monitoring of the Umurenge SACCOs, a GoR programme designed to increase access for rural populations to formal financial services, with a focus on savings. The BNR's mandate was extended to all MFIs and SACCOs in the 4<sup>th</sup> quarter of 2011. TCUs are actively engaged in the promotion of financial inclusions through platforms such as the district level Access to Finance Forums.
42. Umurenge SACCOs are financial service providers created as cooperatives; initiated in 2009 by the GoR the programme supports government policy to achieve the National Savings Mobilization Strategy. Umurenge SACCOs comply with MFI Law and Regulations and are considered Category 2 or Category 3 MFIs.
43. As at December 2011, there were 416 Umurenge SACCOs all of which are authorized to accept shares and deposits, of this population 275 are licensed to disburse loans and 139 are fully licensed MFIs as approved by the BNR; all Umurenge SACCOs are under the direct supervision of the BNR.
44. The MFI sector is supervised and regulated by the BNR which, beyond legal and regulatory provisions, seeks to strengthen the institutional control framework. The BNR has launched initiatives aimed at establishing control and supervision units in the country's main regions through TCUs, thus reflecting the Bank's commitment to monitor MFIs closely across the country.

### **Rwanda National Association of Microfinance Professionals (AMIR)**

45. The Association of Microfinance Institutions in Rwanda (AMIR), established in June 2007, is comprised of 60 MFIs as of April 2012. AMIR seeks to provide capacity building opportunities to its members, and provides

training sessions on such issues as the drafting of financial statements, financial analysis for MFIs, setting interests rates, etc.

46. AMIR's mission is to offer diversified services to microfinance institutions which enable them to work professionally and contribute efficiently to poverty reduction in a sustainable manner.

### **I.2.2. Supply and Demand for Financial Products and Services**

47. As of 31 December 2011, the banking sector is comprised of 9 commercial banks, with total assets of RWF 1,083.3 billion. The sector experienced a three-fold increase since 2007 due mainly to new entrants. The banking system shows positive signals in regards to resource mobilization, capitalization and financial reallocation to the private sector. The non-performing loans to total gross loans (NPL) have declined from 10.8% to 8% in December 2011.<sup>9</sup>

48. As of December 2011, the total assets of the microfinance sector (Umurenge SACCOs excluded) increased in one year by 12.1% (from RWF 43 billion to RWF 48 billion). By the end of December 2011, Umurenge SACCOs registered deposits and gross loans amounting to RWF 22.5 billion and 4.7 billion respectively.<sup>10</sup>

49. Banks offer diversified services, including credit, savings, transfers, payment of invoices, exchange services, and most recently Mobile Financial Services. Traditionally MFIs offer credit and savings services only, while MFI market leaders also offer mobile financial services.

50. As of 30 December, 2011, there were 139 fully licensed MFIs divided into four categories: (i) 90 credit and savings unions; (ii) 12 public limited companies; (iii) 3 limited liability companies; and (iv) 2 microfinance banks. MFIs generally offer short-term credit and savings products. Medium-term credit and specialized credit (credit to MSEs and for housing, rural credit and agriculture, micro-insurance, mutual health insurance associations, international transfers, etc.) are not developed and demand remains unmet.

51. The results of the 2008 FinScope demonstrated the demand for financial services is strong, based on the following findings: 52% of the population is financially excluded, of which 56% are women; banks and MFIs serve 14% and 7% of the population and women, respectively.

### **I.2.3. Microfinance Sector Performance**

52. The table below shows the sector's key indicators between 2009 and 2011. Between 2010 and 2011, the microfinance sector (excluding Umurenge SACCOs) experienced an increase in the amount of gross loans and deposits by 17% and 4.3% moving from 32.3 billion RWF to 37.8 billion RWF and from 23 billion RWF to 24 billion RWF, respectively.<sup>11</sup>

Table 1: Evolution of the Sector's Key Indicators (Source: BNR)

<b>Indicators (MFIs &amp; U-SACCOs)</b>	<b>31/12/2010</b>	<b>30/06/2011</b>	<b>31/12/2011</b>
Number of beneficiaries	1, 112,199	1, 129,252	1, 509,941
Total assets (in millions)	42,964.46	60,137.22	77,421.99
Savings outstanding (in millions)	29,314.78	36,187.85	45,852.42
Loans outstanding (in millions)	33,125.71	32,123.04	40,723.91
Net Equity (in millions)	17,803.83	16,593.54	20,181.83
Earnings After subsidies (in millions)	1,241.78	926.29	2,245.35

### **I.2.4. Strengths, weaknesses, opportunities and constraints**

53. Despite the sector's sound performance, in 2010 AMIR identified the following constraints in the development of the microfinance sector:

<sup>9</sup> National Bank of Rwanda, Monetary Policy and Financial Stability Statement, February 2012

<sup>10</sup>ibid

<sup>11</sup>National Bank of Rwanda, Monetary Policy and Financial Stability Statement, February 2012

- Microfinance service providers have limited professional skills and capacity to provide sustainable microfinance services
- Weak internal control systems, compounded by lack of transparency and accountability
- Inconsistent application of monitoring & evaluation systems and performance indicators
- Financial Products and Services in the rural areas are underdeveloped: the estimated demand is in excess to the existing supply, while the poor face barriers of distance and institutional weakness
- Lack of research and awareness on the benefits and opportunities of informal savings practices
- Inadequate technology and information systems for reporting.

54. In view of the major constraints noted in the NMS and the four levels of an inclusive financial sector (Client, Micro, Meso, Macro), the table below summarizes the strengths and weaknesses of the sector in Rwanda.

**Table 2: Overview of the sector's strengths and weaknesses** <sup>1213</sup>

Level	Strengths and opportunities	Weaknesses and threats
Client	<ul style="list-style-type: none"> <li>▪ Strong potential for technology-based payment systems</li> <li>▪ Increasingly strong savings culture: in recent times Rwandans are saving more, e.g. informally in community savings groups and formally with SACCOs, MFIs and other FSPs</li> <li>▪ Rapid decline of absolute poverty levels</li> <li>▪ Already established village groups for savings (tontine, SACCOs etc.)</li> <li>▪ Financial literacy campaigns underway</li> <li>▪ Low rate of household over-indebtedness</li> </ul>	<ul style="list-style-type: none"> <li>▪ Insufficient levels of income</li> <li>▪ Low physical or virtual access to banking services</li> <li>▪ Majority of population does not use formal banking products</li> <li>▪ High levels of financial illiteracy</li> <li>▪ Low banking penetration among the formally employed in the private sector</li> <li>▪ Low banking penetration for the poor</li> <li>▪ Weak communication between banking institutions and potential customer</li> <li>▪ Limited market information for MSEs</li> </ul>
Micro	<ul style="list-style-type: none"> <li>▪ Diversity of institutions and approaches</li> <li>▪ Dynamism of the sector</li> <li>▪ Banking sector liquidity</li> <li>▪ Institutions open to innovation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Inaccurate data</li> <li>▪ Poor quality of the portfolio, in particular of small-scale institutions</li> <li>▪ Inadequate equity capital</li> <li>▪ Great majority of small-scale and isolated institutions</li> <li>▪ Lack of financial innovations and of products tailored needs of rural populations and women</li> <li>▪ Failure in terms of MIS</li> <li>▪ Weak capacity of MFIs as regards operation and staff</li> <li>▪ Inadequate savings and credit safeguards;</li> <li>▪ Poor governance</li> <li>▪ Poor mobilisation of long-term resources</li> </ul>
Meso	<ul style="list-style-type: none"> <li>▪ Impetus given by AMIR</li> <li>▪ Emerging support infrastructure (audit offices, consulting firms, etc.)</li> <li>▪ Dissemination of best practices</li> <li>▪ Training and capacity-building initiatives</li> <li>▪ Existence of a Credit Reference Bureau (CRB)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lack of material, human and financial resources for the implementation of AMIR's activities</li> <li>▪ Weak capacities of support structures</li> <li>▪ Strengthen compliance to CRB by MFIs</li> </ul>
Macro	<ul style="list-style-type: none"> <li>▪ Adoption of new regulations</li> <li>▪ Existence of a control and supervision body within the BNR</li> <li>▪ Launching of a cooperation framework with the National Consultative Committee for Microfinance (NMCC)</li> <li>▪ Existence of a NMS, along with its Action Plan</li> <li>▪ Creation of a Stabilization Fund</li> </ul>	<ul style="list-style-type: none"> <li>▪ Inadequacy of the material, financial and human resources of the supervision body of the Microfinance Unit</li> <li>▪ Need to review and harmonize the chart accounts</li> <li>• Capacity-building (staff, training)</li> <li>▪ Need to adapt the MIS used in the sector</li> <li>▪ Harmonization of State intervention and coordination of support</li> </ul>

<sup>12</sup>FinMark Trust, Finiscope Rwanda 2008 –Technical Report-, December 2008

<sup>13</sup> Association of Microfinance Institutions in Rwanda, Rwanda Microfinance Portal: Background of the microfinance Sector in Rwanda, August 2010

55. The Micro, Meso and Macro level assessments were validated in the framework of the NMS participatory process. It helped define strategic interventions with a view to easing the constraints identified and building a Plan of Action for the next 5 years, based on the priorities of each category of stakeholders. The excerpt below describes the purpose and outcomes of the NMS.

**Box 1: Rwandan Microfinance Policy Implementation Strategy**

Adopted in 2007 and expiring in 2012, the National Microfinance Strategy (NMS) aims to support "sustainable economic growth and social development". Specifically, it aims to promote a vibrant microfinance industry offering inclusive, diversified, efficient and sustainable financial services. Strengthening microfinance and financial services remain priority objectives for the GoR; in 2013 a new Microfinance Policy Implementation plan is being finalized with the support of donor stakeholders (DFID). This document will be adapted, as necessary, to the new Microfinance Policy Implementation plan once officially validated.

The strategic development of the industry in the next few years will take into account the major constraints facing the sector: (i) inadequate mechanisms for refinancing MFIs; (ii) weak capacity to manage MFIs in a professional and sustainable manner; (iii) weakness of partnerships at all levels; (iv) weak capacity to support the development and diversification of products and to expand access to microfinance services; (v) need to improve the policy and regulatory framework; and (vi) limited access of women and youth to financial services.

The vision for the next five years is to encourage the creation and development of a more inclusive microfinance sector that operates on multiple levels, bearing in mind that the primary objective is to expand access, using a holistic approach.

The expected outcomes of the NMS are as follows:

- Outcome 1: The MFIs receive support in order to develop mechanisms for effective and diversified funding;
- Outcome 2: The IMF is professionally managed and financially viable;
- Outcome 3: Coordination at all levels is developed and strengthened;
- Outcome 4: A support infrastructure is properly established to enable MFIs to provide diversified products to expand the range of services and outreach;
- Outcome 5: A policy framework and appropriate rules are adopted so as to encourage the growth and strengthening of the microfinance sector;
- Outcome 6: A more appropriate approach is established to promote access of women and youth to microfinance services (this is also considered as a cross-cutting issue).

The estimated budget for the plan of action of this Strategy over a period of 5 years is RWF4 billion (about \$US 7 million).

## II. Strategies and Objectives of the Support Programme to the NMS (BIFSIR Expansion)

56. This Programme is consistent with the implementation of the Plan of Action of the NMS and is part of the UNDAF 2008-2012, the main objective of which is to contribute to economic growth and reduce the vulnerability of populations to social and economic shocks.

### II.1 Programme Objectives and Strategy

57. The Support Programme for the NMS and the promotion of an inclusive financial sector in Rwanda (BIFSIR Expansion) is part of the second phase of the regional programme entitled "Building Inclusive Financial Sectors in Africa", known as BIFSA. The main objective of this joint UNDP-RBA/UNCDF initiative is to assist African LDCs in achieving MDGs; in Rwanda the programme focuses on MDG #1: eradicate extreme poverty and hunger. The BIFSA II Programme (2008-2011) is pursuing efforts to create an enabling environment to the sustainable access of poor and low-income populations to financial services. Box 2 outlines the vision of UNDP and UNCDF for building inclusive financial sectors.

58. The strategic objective of the Programme is aligned with Outcome 5 of UNDAF in Rwanda namely the Rwandan populations benefit from economic growth and are less vulnerable to social and economic shocks. Annex 10 presents the results chain of the programme, which is consistent with national priorities and with the United Nations Development Assistance Framework (UNDAF) for Rwanda.
59. The development objective is to contribute to poverty reduction and to the economic and social development of the most vulnerable in Rwanda, in rural as well as in urban areas, by promoting an inclusive financial sector.
60. Based on the strategic directions of the NMS, whose relevance is acknowledged by all stakeholders, the Programme will provide support at the four levels of the sector:
  - **Macro level:** Coordination, regulation and supervision framework of the sector improved to promoting financial inclusion in Rwanda
  - **Meso level:** Consolidation of the sector, capacity building and financial infrastructure are supported, with a view to professionalising MFIs in the provision of inclusive financial services
  - **Micro level:** The capacity of leader MFIs, FSPs and entrepreneurial training providers to develop innovative services accessible to low-income populations is enhanced
  - **Client level:** The capacity of women and youth to manage MSEs and access financial services is built.
61. The strategy of UNDP and UNCDF aims mainly to support the plans of action of the respective entities. Its focus is on the support to the regulatory and institutional framework, the strengthening of financial infrastructure and the professionalization of MFIs, including aspects related to financial transparency and risk control as well as to the strengthening of strategic partnerships between banks and MFIs.
62. The current support to the microfinance sector in Rwanda covers the following areas:
  - Technical support to the Central Bank by UNCDF, UNDP, DFID (AFR), World Bank, IMF, IFC and KfW
  - BRD has established a subsidiary entity entitled the BDF Ltd (Business Development Fund) to support, among others, the Microfinance sector and MSEs development
  - Support to AMIR from UNCDF, UNDP, Terrafina, German Savings Foundation, the World Bank and CGAP these actors are engaged in sector's capacity-building activities
  - Access to Finance in Rwanda (AFR) is also engaged in improving financial services and in reducing vulnerability to shocks by working towards increased incomes and employment creation. AFR's programme in Rwanda is specifically tailored to minimize the systematic barriers to financial services through the Making Markets Work for the Poor approach (M4P)
63. Support to the Programme is based on the needs expressed by the BNR at the macro level, and AMIR at the meso level, under their respective plans of action. The Programme fits in logic of funding gap to meet the needs that are not covered with respect to the comparative advantages and distinctive competencies of development partners in the sector.
64. Through its Investment Committee (see Terms of Reference in Annex 5), the Programme will ensure the implementation of a harmonized approach and coordination mechanism with other initiatives supporting the sector. This will be the case with the programme initiated by DFID, which will focus on providing technical assistance to the financial sector to expand access (Access to Finance in Rwanda). As of 2011, DFID and KfW engaged in the process of establishing a "Challenge Fund" along with the Rwandan Government in the promotion of access to finance to the population with low incomes and MSEs. This fund addresses issues related to transaction cost, insufficient level of lending to the agricultural sector and MFIs efforts to ensure financial inclusion.

## II.2 Programme Beneficiaries

65. Programme beneficiaries are MFIs and Savings & Credit Cooperatives, poor and low-income populations, especially women and youth, micro-entrepreneurs and small family farms, the environmental stakeholders (AMIR, RCA, BNR, NMCC, MINECOFIN), and the management bodies of the Programme (BIFSIR Expansion Steering and Investment Committees).

## **Box 2: From Microfinance to Inclusive Finance: The Approach of UNDP and UNCDF**

Microfinance is the provision of financial services to the unbanked or to those do not have sufficient collaterals for access to banking services. Such financial services, which target the lower segments of the market, include savings, credit, transfers, insurance, etc. Microfinance institutions (MFIs) are financial services providers (FSPs) specialising in microfinance. An inclusive financial sector is a financial sector that offers a range of financial services to the entire population of a country. It's a sector open to all. The main features of an inclusive financial sector are as follows: (i) competition among FSPs; (ii) a diverse range of FSPs; (iii) sustainable access to financial services; and (iv) a legal and regulatory framework that ensures the financial sector's integrity.

Even though the impact of microfinance remains somewhat limited, studies and research have shown that it represents an important tool for poverty reduction and that it should be considered as one of the strategies enabling to achieve the Millennium Development Goals (MDGs), especially reducing by half the incidence of poverty by 2015. The Consultative Group to Assist the Poor (CGAP) has provided evidence that through its sustainable financial services to the poor, microfinance can contribute to achieving these goals. Indeed, access to financial services constitutes a precondition for meeting other needs, such as health education, nutritional counselling, and women's empowerment.

The idea of integrating microfinance into the overall financial sector is gaining ground among donors and is a precondition to its effective contribution to development. The main objective of the "sector-based approach" to the development of microfinance is to strengthen the overall financial sector through its integration, with a view to providing sustainable access to financial services for poor and low-income households. Integration of all sub-segments of the financial market is a necessary but not sufficient condition, hence the need for the overall financial system to be constituted by sustainable institutions providing services to people from all walks of life.

This approach is based on the formulation of a national policy and strategy reflecting a common vision of all stakeholders involved in the integration of microfinance into the financial sector. It takes into account the socioeconomic and political situation. It is focused on capacity building at the local level as regards the environment, including the legal and regulatory framework, institutions, financing mechanisms, financial infrastructure the sector such as accounting and audit structures, credit information bureau, training and capacity building opportunities, and the structuration of the sector.

*Source: UNCDF/FIPA Policy and Strategy and UN Blue Book, Building Inclusive Financial Sectors for Development*

## **II.3 Expected Outcomes and Programme Intermediate Outputs**

### **II.3.1 Expected Outcome 1: at the Macro Level**

#### **66. Coordination, regulation and supervision framework of the sector improved to promote financial inclusion in Rwanda.**

Intermediate outputs are as follows:

67. **Intermediate output 1.1:** contribute to capacity building of MINECOFIN for the implementation of the NMS.
68. **Intermediate output 1.2:** capacity building of the regulatory body and dissemination of its legal and regulatory framework.
69. **Intermediate output 1.3:** regulatory capacities are improved for sector supervision and surveillance.
70. **Intermediate output 1.4:** a Community Managed Savings and Loan Groups (CMSLGs) linkage policy with Formal Financial Institutions (FFIs) is developed.
71. Support to the development of the Secretariat responsible for the implementation of the NMS within MINECOFIN (FSDU) and contribute to the efficient coordination of the sector, in close cooperation with the National Microfinance Consultative Committee (NMCC), and development partners. Strengthening MINECOFIN for a consistent and effective implementation of the NMS, along with the coordination of interventions are necessary if the sector is to develop harmoniously.

72. The Financial Sector Development Unit (FSDU) would be responsible for the communication strategy of the project, and for the knowledge management, with a view to documenting programme achievements and challenges in its implementation. The preparation of communication materials and organisation of events on microfinance, in collaboration with the NMCC will be part of the strategy.
73. There is a need to strengthen the surveillance of the sector, quantitatively as well as qualitatively, in view of its rapid growth in terms of assets and the number of MFIs, with all the risks it entails. As for regulation and supervision, the activities planned will ensure ownership of the content of regulations and its implications for modalities of operation and management. These activities will be supported through the setting-up of an MIS especially designed for microfinance, and the strengthening of supervision. These provisions will be complemented by those regarding the review of procedures, possible institutional changes (networking) planned under the other main thrusts of the Programme. Lastly, the Programme will also support the establishment of and communication on the Central Microfinance Database within the BNR.
74. The project will work with the Banque Nationale du Rwanda (the Central Bank) to assess and enact the appropriate legal framework to enable the linking of CMSLGs to FFIs. Currently no adapted legal framework exists to link these groups to FFIs, whereas CMSLGs are comprised of financially literate members whom have accumulated not only savings but also a credit history for at least one year prior to linking with FFIs. These types of groups/clients are well prepared to engage with FFIs and are estimated to be well prepared to engage with the formal financial sector.

### **II.3.2 Expected Outcome 2: at the Meso Level**

75. **Consolidation of the sector, capacity building and financial infrastructure are supported, with a view to professionalising MFIs in the provision of inclusive financial services.**
76. **Intermediate output 2.1:** AMIR disseminates MFI best practices and advocates for the sector to GoR and donor stakeholders.
77. **Intermediate output 2.2:** Training on best practices for audits of MFIs, implementation of MIS and rating are conducted.
78. **Intermediate output 2.3:** A network of professional small scale MFIs and SACCOs are established.
79. **Intermediate output 2.4:** Mobile Financial Services provided to target groups.
80. AMIR's main responsibility will consist of guiding the microfinance sector, through consensus-building among the various actors, in close cooperation with the NMCC. AMIR will promote dialogue with decision-makers, advocate for policy reforms, support MFIs in the provision of microfinance services and promote cooperation among MFIs. To this end, it should be endowed with the means to provide quality services to its members.
81. Furthermore, AMIR will be supported in this mission, as it has been identified by MINECOFIN and the BNR as key stakeholder in capacity-building, and in the dissemination of best practices. Capacity-building for AMIR itself, together with training through the CGAP methodology, will result in the enhancement of local skills and in the provision of the technical support required by Rwandan MFIs. This will be done through training and certification processes, in collaboration with international experts. Also to be supported are the identification of MIS and the rating of MFIs, in cooperation with other audit offices in the sub-region.
82. AMIR will facilitate networking, and the consolidation of weak institutions, with a view to stabilising and professionalising the sector.
83. To enable Mobile Financial Services, BIFSIR Expansion will work with FSPs to support the development of Mobile Banking and an Interoperable Agent Network in Rwanda. The Mobile Banking platform will provide both savings and credit facilities including initially seek to disburse credit and enable the reimbursement of credit via a network of agents. In a secondary phase these agents will also be able to take deposits and remit savings. The project will fund FSP development of the Agent Network.

### **II.3.3 Expected Outcome 3: at the Micro Level**

84. **The capacity of leader MFIs, FSPs and entrepreneurial training providers to develop innovative services accessible to target populations is enhanced.**
85. **Intermediate output 3.1:** The response capacity of the MFIs identified is enhanced in terms of financial resources; methodological tools, MIS, training, human resources, and logistics.

86. **Intermediate output 3.2:** Refinancing is improved in the sector through the development of partnerships with the banking system.
87. **Intermediate output 3.3:** Targeted MSEs businesses receive equity financing.
88. **Intermediate output 3.4:** MSE entrepreneurial capacities improved to access markets.
89. **Intermediate output 3.5:** Appropriate products and services are developed for targeted populations.
90. The lack of capacity of MFIs to develop financial innovations to provide a diversified range of products using new technologies is an identified weakness. The Programme will establish a facility to finance the development of new products, new service delivery mechanisms, including Mobile Financial Services, etc.
91. The capacity of FSPs/MFIs to respond to high risk MSE investment will be improved with the provision of a credit guarantee fund; this fund will protect FSPs against default from high risk MSEs. The credit guarantee lowers barriers to lending to MSEs.
92. The project will work to establish linkages with MFIs/FSPs for the provision of financial services to MSEs, including savings and remittance services; likewise MSEs will be linked to advisory and financial services to develop their enterprises. To create a financing structure which will give MSEs the best opportunity to survive and grow equity financing will accompany MSE loans where possible.
93. A major component of the scale up will be the effort put into providing quality entrepreneurial capacity building for MSEs. The project will work with two types of beneficiaries, graduates of the Vocational Training Centres and rural community members in the Southern Province. The vocational training graduates will receive entrepreneurial training aligned with their level of education. Community based capacity building will most likely be administered using CMSLG platforms.
94. According to the SME policy developed by the Government of Rwanda in 2010, entrepreneurship training should be made available to youth in order to build a skilled workforce with a solid foundation in business management. SME growth is a priority for GoR economic development strategies. BIFSIR Expansion at the micro level focuses on contributing to government priorities to enable youth and women to access financial services and quality entrepreneurial training.

#### **About CMSLGs**

In CMLGs, member savings are pooled to form a credit fund, which is lent to the members; this community managed fund is managed by members, with no professional management or supervision of the approval, disbursement, and collection of loans. An external party may facilitate the self selection process of group formation, but community members are ultimately responsible for the management of the fund.

#### **II.3.4 Expected Outcome 4: at the Client Level**

95. **The capacity of women and youth to manage MSEs and access financial services is built.**
96. **Intermediate output 4.1:** Research, Development and Learning Strategy results in programme model for scale up.
97. **Intermediate output 4.2:** MSEs access financial education and business development services.
98. The investment of BIFSIR Expansion in MSEs development is contributing to the achievement of MDG No 1 since its purpose is to increase capacity for productive employment and income generation, especially for vulnerable women and youth. Financial inclusion of small producers if coupled with entrepreneurial training may reduce vulnerability to shocks and offer the opportunity for clients to benefit in economic and social terms.
99. Research, Development & Learning Strategy: The Korea MDG Trust funded component is a pilot initiative. The pilot initiative extends BIFSIR Expansion's reach and engages clients via Client Level activities. The project is designed as a pilot in order to learn from programme design, implementation strategies, and consequent results among targeted groups. The learning agenda of the project is to arrive at a successful programme model which facilitates scale up of future programmes. The RDL Strategy begins with an R&D exercise designed to establish baseline data, for improved programme design.
100. The Research Development & Learning activities begin with a pre-programme phase which will contextualize the local environmental and gather baseline data. During this initial phase the project will create a dialogue



between the Programme Management Unit (SPIU), potential project partners/stakeholders and target beneficiaries. As such the pre-programme includes a series of actions including a baseline survey, the design of a monitoring and evaluation system including a client feedback mechanism, an assessment of financial & training service providers and consultation/relationship building with project stakeholders, particularly potential programme implementing partners.

101. The project will target vocational training students and low-income women and youth to access critical capacity building skills to strengthen their capabilities to manage MSEs. Learning will contain both entrepreneurial capacity building and financial education modules to prepare target groups to link with MFIs/FSPs. Likewise target groups will be linked with advisory/mentorship services. Once capacitated target groups will be linked to MFIs/FSPs to access financial services, including MSE credit. The project will seek to link target MSEs to GoR and Private Sector programmes as appropriate to access the necessary support to increase enterprise success rates.
102. Korea MDG Trust Fund programme diagram is annexed (Annex 11).

### **III. Results and Resources Framework**

103. Based on the analysis of support needs presented in Annex 1, the Programme will support the three levels of the sector in accordance with the results and resources framework in Annexes 2, 3, and 4.

### **IV. Institutional Arrangements**

#### **IV.1 Programme Management**

104. In 2012 MINECOFIN implemented GoR policies to improve aid effectiveness and government ownership in Rwanda by implementing the Single Project Implementation Unit (SPIU). The MINECOFIN SPIU was established following a Cabinet resolution of 11<sup>th</sup> February 2011 regarding the formation of the Single Project Implementation Units across Line Ministries and Public Agencies, with the overall objective of creating an effective institutional framework that will guide the process of designing and implementing projects that are earmarked to fast track realization of development targets envisaged in the various sector strategic plans, Seven Year Government Programme and the EDPRS all drawn from the Rwanda's Vision 2020.<sup>14</sup>
105. The MINECOFIN SPIU is strategically positioned to manage the ongoing and planned as well as future projects identified in the course of translating sector strategic plans into development results.<sup>15</sup>
106. All parties (UNCDF, UNDP, MINECOFIN, and KOICA) decided the BIFSIR CTA is to be replaced by a National Technical Advisor (NTA) who will be embedded in the SPIU. The NTA will maintain all responsibilities previously assigned to the CTA and be under the supervision of UNCDF/UNDP, while working in close consultation with and administrative supervision of MINECOFIN SPIU. (see Annex 7: National Technical Advisor Job Description).
107. The BIFSIR Expansion program will also benefit from support of a Monitoring and Evaluation Specialist (funded outside of the BIFSIR Expansion budget by KOICA). The M&E Specialist work to monitor, evaluate and highlight success factors for programmatic learning and public consumption (see Annex 8: Monitoring and Evaluation Specialist Job Description).
108. The BIFSIR Expansion Programme will have two management bodies: the Steering Committee (SC) and the Investment Committee (IC).
109. The ongoing Steering committee is composed of key stakeholders' representatives in the programme. SPIU will serve as its Secretariat. The Steering Committee has the following responsibilities:
- Approve the Annual Work Plans and Budget
  - Monitor implementation by reviewing reports and submit recommendations.
110. The SC may select persons whose expertise is recognized in the field of microfinance whenever appropriate. The SC acts through one annual meeting at least of the parties concerned for approval of the work plans and annual budget (WPAB) submitted by the SPIU as appropriate. This meeting is a formal mechanism for making joint decisions on the design and implementation of the Programme. The Committee will be chaired by the

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<sup>14</sup> MINECOFIN website

<sup>15</sup> Ibid

Permanent Secretary of MINECOFIN or his/her representative. Its Secretariat, however, will be ensured permanently by the SPIU. The role of the SC will be to provide strategic directions and monitor the implementation of the Programme.

111. The IC is made up of SC delegated members. Members entitled to vote are: the Programme donors and one Government representative (MINECOFIN). The NBR will sit in the IC in an advisory capacity. The IC will be responsible for reviewing applications for funding prepared by SPIU and will meet periodically to review the funding requests submitted by the SPIU on the basis of WPAB. The limits of its powers will be defined, however, in the Programme's Manual of Procedures.
112. Embedded within the SPIU, the main roles and responsibilities of the National Technical Advisor, vis-à-vis BIFSIR Expansion will be to:
  - Prepare annual work plan and submit them to the SC
  - Review funding requests from MFIs and submit them to the IC
  - Ensure contracting for implementation of activities: preparing terms of reference for studies to be carried out, proposals from consultants, supervision of studies, proposals from technical service providers
  - Ensure the technical and financial management of the Programme
  - Prepare progress reports and transmit them to the SC
  - Submit to the SC any recommendation it deems appropriate for improving implementation of the Programme.
113. UNCDF's Regional Office will provide advisory services to MINECOFIN. UNCDF's role is to support MINECOFIN in its efforts to professionalize the microfinance sector and increase access to financial services for low income and financially excluded Rwandans.

## IV.2 Programme Implementation

114. The Operations Manual clarifies administrative, financial and investment procedures. In line with the above mentioned management changes, the current operations manual will be revised. Modalities for the management of NEX and DEX funds are clearly formulated. The Operations Manual (**Annex 9**) also clarifies the process and rules for the provision of support and funding to Programme beneficiaries.
115. The SPIU will produce annual work plans and budget, to be approved by the SC, along with quarterly and annual reports to be transmitted to UNDP/UNCDF through UNCDF's Regional Office. These reports will be reviewed by the SC. Reports from the SPIU will include the results achieved in relation to work plans, investments, as well as performance indicators of MFIs under contract with the Programme.
116. For MFIs, indicators (see **Annex 6**) will include performance criteria such as the number of active clients and percentage of women, outstanding credit portfolio quality, adjusted return on assets, the number of savers and percentage of women, savings outstanding and. For the sector, the rate of penetration, the capacity of MFIs, the effectiveness of supervision/compliance with norms, the number of inspections conducted and the results applied, the quality of the sector, the percentage of assets controlled relative to total assets, the quality of consultations and partnerships, leverage effects, and the quality of technical support. Impact assessments will make it possible to measure the real contribution to poverty reduction. In addition, the MFIs under contract will also be required to submit their reporting to Mix Market.
117. For beneficiary institutions other than MFIs, the indicators will be identified during the preparation of performance base agreement.
118. SPIU will benefit from national expertise in the form of a National Technical Advisor, whose main role will be to support the implementation of this inclusive finance programming.

## IV.3 Programme Support Modalities

119. The Programme will provide support through a fund dedicated to institutional support and financial innovations (Fund for Financial Innovation and Institutional Support: FFIIS). It will have an Investment Committee (see paragraph 106).

120. The FFIS plans the provision of regressive grants or micro-capital to MFIs and other Programme partners, on the basis of performance contracts aimed at institutional-building and the development of new products.
121. Furthermore, the FFIS provides grants to MFIs to fund innovations in technology and scale up access to financial services.
122. Eligibility criteria for MFIs to access financial support of the BIFSIR Expansion Programme will be specified in a FFIS (formerly FRIF) Policy and Procedures Manual and in the Terms of Reference of the Programme FFIS IC. The following performance criteria, however, are critical in assessing applications for funding by IMFs:
  - Vision and leadership
  - Good prospects for operational and financial sustainability
  - Availability and quality of information, including financial information
  - Quality of the loan portfolio
  - Large customer base and willingness to reach a significant number of customers
  - Work environment
  - Weaknesses identified and measures taken or to be taken to improve performance.
123. The resources of the FFIS are made up of initial contributions by UNDP and UNCDF, and all future contributions from donors and investors willing to support the sector through the IC.
124. Advice and technical support will be provided directly by SPIU, with support from UNCDF's Regional Bureau for Africa/Inclusive Finance Unit or by contracting structures selected after a tender.
125. The equipment acquired in the context of Programme support remain the property of UNDP and UNCDF, which will decide on their allocation at the end of the Programme, according to specific performance criteria regarding the beneficiary structure.
126. UNDP's funds will be managed in consultation with MINECOFIN's SPIU (Single Project Implementation Unit) while UNCDF will manage all DEX funds.

#### **IV.4 Contribution and Role of the Various Stakeholders**

##### **The National Counterpart**

127. MINECOFIN will contribute to the Programme, by participating in the activities of the two management bodies (SC and IC).
128. The programme will be exempt from customs taxes and duties for all services, and for goods and equipment to be purchased under the Programme.
129. The structures under contract with the Programme (BNR, AMIR, MFIs, etc.) and other recipients will meet contractual commitments and ensure that performance contract targets are achieved and reliable reporting performed within time limits.

##### **Technical and Financial Partners**

130. UNDP will contribute to the financing of the Programme to the tune of \$US2 million. UNDP will be responsible for the administrative monitoring of the Programme on behalf of UNDP/UNCDF, while technical aspects will be monitored by the UNCDF's Regional Office. The contribution of UNDP will be earmarked for the operation and equipment of the SPIU and for the Institutional Support Fund, which consists primarily of grants for capacity-building of stakeholders at the three levels (macro, meso and micro).
131. UNCDF will participate in the Programme to the tune of \$US 2.4 million. It will be the implementing agency for its own resources. The funds of UNCDF will be used also at the three levels (macro, meso and micro) and dedicated to the two modes of financial implementation above (FFIS and endowments). UNCDF will be responsible for the recruitment of the National Technical Advisor, who will work under the technical supervision of the UNCDF Regional Office.
132. The Korea MDG Trust Fund will contribute \$US 2,239,758 to the programme. The funds will be used to scale up the activities originally funded by UNDP and UNCDF and diversify the programming in favour of MSE development. The Korea MDG Trust Fund will also provide human resource support and will be actively engaged in the Steering and Investment Committee.

133. The programme continues to be open for additional investment. Additional funds will focus at the micro and or client levels or as appropriate. This programme is a contribution to the NMS Action Plan, with an indicative budget of \$US7 million, to be increased in view of technical assistance needed to modernize the sector.

#### **Establishment of Partnerships and Coordination of Support to the Sector**

134. The Programme will ensure the implementation of a harmonized approach and coordination mechanism with other initiatives supporting the sector. Thus, the Programme will work in close coordination with existing initiatives, including the DFID's "Access to Finance in Rwanda" programme, and seek partnerships to raise additional funds to increase opportunities for direct support to MFIs in terms of professional development and innovation. Where possible joint investment is encouraged to ensure transparency and harmonization of support tools for technical analysis applications regarding funding and performance monitoring of the MFIs supported.

#### **IV.5 Fund Management Arrangements**

135. On signing the revised Project Document, the contributions of UNDP, One UN Funds, Korea MDG Trust Fund and UNCDF are the only resources available to the Programme. Each donor will be responsible for its own resources following a parallel funding mechanism. Thus direct implementation (DEX) will be the budget management method of UNCDF and funds allocated to UNCDF by ONE UN Funds, while UNDP, ONE UN Fund allocated to UNDP and the Korea MDG Trust Fund budget will be implemented nationally (NEX). UNDP will receive 7% of the contribution of Korean MDG Trust Fund (TF) as support cost to cover General Management Services (GMS) for providing administration and handling services of the contribution and ISS (Implementation Support services) will also be charged following the Universal Price List.

##### **Direct Implementation for UNCDF and ONE UN funds**

136. The UNCDF funds will be managed under Direct Execution. BIFSIR Expansion shall raise funds from ONE UN funds and the portion allocated to UNCDF will be managed under direct execution. UNCDF assumes overall management responsibility and accountability for project implementation.
137. Under direct implementation, BIFSIR Expansion budget and expenditure should be managed using ATLAS. BIFSIR Expansion will use ATLAS to keep track of the financial performance at all times, including controlling expenditure, managing outstanding obligations, making payments, and monitoring performance of contractors.
138. ATLAS provides information on the availability of funds, electronically transfers authorized payments, generates payment instructions, and produces the Combined Delivery Report (CDR). UNCDF is responsible for certifying the Combined Delivery Report (CDR).
139. UNCDF will be responsible for transactions charged on BIFSIR Expansion UNCDF funds and approves all e-procurement purchase requisitions as well as requesting for non purchase order payments.

##### **National implementation for UNDP, ONE UN Funds and Korean MDG Trust funds**

140. UNDP and the Korean MDG Trust funds are to be managed under the national execution scheme. Funds raised from One UN Funds which will be allocated to UNDP shall be managed under the national implementation modality. The Ministry of Finance and Economic Planning is the executing agent and responsible for the management of UNDP, ONE UN Funds and Korean MDG Trust funds allocated to BIFSIR Expansion.
141. UNDP will make quarterly funds advance to BIFSIR Expansion based on forecasts of quarterly expenditures in accordance with the approved Annual Work Plan and Budget. All requests for advances are submitted to UNDP Rwanda Office by the National Director nominated by MINECOFIN through quarterly financial reports. MINECOFIN is responsible for certifying the Combined Delivery Report (CDR).
142. UNDP may be requested by SPIU to make direct payment to providers of services or goods. A request for direct payment, duly completed and signed by the National Director is submitted to UNDP attached to a FACE form. The request for direct payment is first signed by SPIU and co-signed by MINECOFIN executives.
143. The bank account opened in Rwanda's National Bank as requested by MINECOFIN for UNDP and Korean MDG Trust funds will have National Directors as signatories.

## **V. Quality Control, Monitoring and Evaluation**

144. In accordance with the microfinance policy of UNDP, UNCDF will ensure the technical backstopping, supervision and quality control of microfinance programmes. For the BIFSIR Expansion programme, the UNCDF's Regional Bureau for Africa/Inclusive Finance Unit is mandated by the UNDP Resident Representative in Rwanda.
145. A monitoring and evaluation mechanism will be implemented under the Programme, and assured by SPIU. Its aim is to measure and improve performance, and to achieve the expected outcomes. To this end, specific indicators will be identified in the early stages of the Programme and will serve as triggers for continuing the Programme from one year to the next.
146. Monitoring and evaluation will focus on:
  - Improving decision-making in relation to strategic directions
  - Supporting the adjustment of interventions
  - Capacity-building of various technical partners
  - Transfer of skills and continuous learning under the Programme.
147. Monitoring will be ensured on an ongoing basis, using specific indicators of progress in achieving results. These indicators will be included in the Manual of Operations of the Programme (MOP).
148. A system of reporting will be established as part of the Programme. It will provide systematically and at regular intervals all the information and details on the implementation of the Programme in relation to achievements, including recommendations and lessons drawn over time from the experience.
149. The SPIU will produce progress reports (quarterly and annually) to be submitted to Programme donors (UNDP, UNCDF) and to MINECOFIN executive management. These reports will be forwarded to the SC for discussion and validation.
150. The reports will analyse the status of the support provided, investments made and performance indicators on the MFIs under contract with the Programme. The annual report will include analysis of the level of achievement regarding the NMS and recommendations on the overall sector.
151. The UNCDF Regional Office will ensure technical monitoring of the Programme through periodical missions.
152. The Programme will undergo annual audits mandated by UNDP under NEX execution, and UNCDF under funds for direct execution.
153. In accordance with the policy and requirements of UNDP and UNCDF on mandatory assessment, the Programme will be subjected to one in-depth external evaluation: a final evaluation at the end programme. The final evaluation is to measure the effectiveness, efficiency, relevance and sustainability of interventions, and lessons learned at the end of the Support Programme.
154. To achieve the objectives of the evaluation, collaboration and involvement of UNDP, the National Counterpart and other development partners will be sought. In this context, sharing the costs of evaluation among stakeholders will be considered, including through co-financing from UNDP and UNCDF.
155. The evaluation will be conducted under the general supervision of the Evaluation Unit of UNCDF. The resources needed to finance each of these evaluations are included in the budget of the Programme regarding the contribution of UNCDF.

## **VI. Legal Framework**

156. This Programme Document is aligned with the UNDAF 2008-2012 and UNDAF 2013-2018 of the UN system in Rwanda. Implementation of BIFSIR Expansion Programme will be governed by procedures and regulations of UNDP.
157. The project document conforms to the provisions of the Standard Basic Assistance Agreement (SBAA) between the Government of Rwanda and the United Nations Development Programme signed by the parties on 2 February, 1977. The host country-implementing agency shall, for the purpose of the SBAA, be referred to as the Government co-operating agency, described in that agreement.
158. The standard procedures for accounting and financial reporting for national execution, as provided for in Financial Regulation of the UNDP Financial Manual, will apply to this Project.

159. Changes to the Programme Document in respect of the participation of or funding from other donors will be reviewed by the parties concerned.
160. The following types of revisions may be made to this Project Document, with the signature of the UNDP Management; provided management is assured that the other signatories of the Project Document have no objections to the proposed changes:
- Revision in, or addition of, any of the annexes of the project document
  - Revision which does not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangements of inputs already agreed to or by cost increases due to inflation, and
  - Mandatory revisions that re-phase the delivery of project inputs or increased experts or other costs due to inflation or take into account expenditure flexibility.

## **VII. Risks and the means to mitigate**

161. This is a non-exhaustive list of risk factors:
- Delays in the establishment and operationalization of the Programme
  - Lack of ownership of actors
  - Failure to control the rapid growth of credit supply induced by the arrival on the market of several MFIs with risks of over-indebtedness of clients and pressure on interest rates
  - Lack of coordination among development partners involved in the microfinance sector and, more generally, in the formulation of poverty reduction policies.
162. The following factors will contribute to mitigating risks:
- a. Willingness of the Government to implement the Programme and of stakeholders to actually play a leadership role
  - b. Phasing-out and work on self-financing strategies for recipient structures of the Programme will promote ownership and the sustainability of actions.
163. Creating a climate of confidence among MFIs through BIFSIR Expansion Programme will make it possible to develop an information exchange system on customers, increase the number of member MFIs and limit the risk of client over-indebtedness.

ANNEXES

Annex 1: Needs Analysis

Level	Constraints	Identified support needs	Existing or potential support	Programme support
<b>Client</b>	<ul style="list-style-type: none"> <li>Limited sources of income</li> <li>Difficult access to formal financial services (for individuals and MSEs), especially in rural areas</li> <li>Infrastructural limitation to access finance (public transports, distance etc.)</li> <li>Low financial literacy</li> <li>Lack of business development services for low-income population</li> <li>Limited market information</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate MSEs to access business development services: BDS Centres and MIMICOM's promotion programmes</li> <li>Develop entrepreneurial training modules for selected would-be entrepreneurs including financial literacy sensitization</li> <li>Support advisory and incubation services</li> <li>Focus on gender and youth for MSEs development</li> <li>Pre-programme study phase to build a solid understanding of the context and to strategize how sustainable impact can be achieved</li> <li>Promoting Mobile Financial Service usage</li> </ul>	<p>Mobile Financial Services are currently under development with BIFSIR Expansion support</p> <p>Business Development Centres at the district and sector level already exist and can become a platform for MSEs development</p> <p>Business incubation services for TVET graduates are present and potential partners for BIFSIR Expansion</p> <p>State support to capacity-building of MFIs through AMIR (support exists, but can be strengthened)</p> <p>New Programme DFID/follow-up of FinScope study;</p> <p>Raising awareness among traditional financial institutions of the need to coordinate with MFISs for the promotion of an inclusive financial sector in Rwanda</p>	<p>Expected outcomes #5, 6</p> <p>Expected outcomes # 5,6</p>
<b>Micro</b>	<ul style="list-style-type: none"> <li>Poor quality of portfolio, especially of smaller institutions</li> <li>Weak operational capacity and of staff of MFIs</li> <li>Institutions mostly of small size and isolated</li> <li>Weakness or lack of IMSs</li> <li>Lack of financial innovation and product diversification</li> <li>Unsecured savings and credit</li> <li>Inadequate capital</li> <li>Clearinghouse and risk-sharing not suited to the operations of MFIs</li> <li>Low mobilization of long-term resources</li> </ul>	<ul style="list-style-type: none"> <li>Capacity-building of managers and leaders of MFIs</li> <li>Development of new products</li> <li>Support to the consolidation process</li> <li>Support for the improvement of IMSs (especially computerization needs of MFIs)</li> <li>Articulation of MFIs with formal financial institutions, especially banks</li> <li>Securing savings (including establishment of a National Stabilization Fund)</li> <li>Establishment of a clearinghouse and of a risk-sharing mechanism, and of a forum for exchange of information at the local level, especially for small MFIs</li> <li>Partnerships and Resource Mobilization</li> <li>Support the provision of Mobile Financial Services</li> <li>Strengthen MSEs financing mechanisms</li> <li>Promotion of an entrepreneurial culture through financial literacy training</li> </ul>	<p>Support under the new WB/CEDP programme</p>	<p>Expected outcomes # 3,4</p>
<b>Meso</b>	<ul style="list-style-type: none"> <li>Lack of material, human and financial resources to implement AMIR activities</li> <li>Weak capacity of support organizations</li> <li>Clearinghouse and risk-sharing not suited to the operations of MFIs.</li> <li>Limited access to mobile financial services</li> </ul>	<ul style="list-style-type: none"> <li>Institutional Support to the professional association</li> <li>Support for improving IMSs</li> <li>Support to the consolidation process</li> <li>Capacity-building for developing the financial infrastructure</li> <li>Support the most reliable service providers in mobile banking and agent network development</li> </ul>	<p>Support under the new WB/CEDP programme</p>	<p>Expected outcomes # 1,2</p>
<b>Macro</b>	<ul style="list-style-type: none"> <li>Lack of material, financial and human resources of the supervisory structure and of the for Microfinance Unit</li> <li>Need to review and harmonize the Chart of accounts</li> <li>Capacity-building (staff training)</li> <li>Need to adapt the IMSs used in the sector</li> <li>Harmonization of state intervention and coordination of support</li> <li>Low commitment of local government authorities in the supervision of the microfinance sector, especially in sensitizing populations on the need to mobilize savings and on the role of credit and its repayment</li> <li>Lack of effectiveness of CCNMF</li> <li>Low level of integration of populations into the banking system and of savings mobilization</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of the BNR, to enable it to play its supervisory role (Support to the establishment of a specific accounting frame work for microfinance)</li> <li>Continuation of the implementation of a regulatory framework suited to the sector's operations</li> <li>(Mobilization of local authorities for the supervision of the microfinance sector)</li> <li>Support to the establishment of a consultative mechanism and to the operationalization of NMCC</li> <li>Creation of one CSU at least in each administrative area (Umurenge)</li> <li>BNR-led regulatory facilitation to develop interoperable agent network</li> <li>Establishment of a legal framework enabling the linkage between Community Managed Savings Loan Groups (CMSLG) with Formal Financial Institutions (FFIs)</li> </ul>	<p>Support under the new WB/CEDP programme</p> <p>CIDA support until the end of 2009</p> <p>Need to support the establishment of CSUs in administrative areas (Umurenge)</p>	<p>Expected outcomes # 1,2</p>

## Annex 2: BIFSIR Expansion Results Framework<sup>16</sup>

UNDAF Result 5: Rwandan populations benefits from economic growth and are less vulnerable to social and economic shocks									
Outcome UNDAF 5.4: Productivity is improved and the access of small producers and MSEs to markets is promoted									
Expected outcomes	Intermediate outputs	Implementing partners	Planned activities for each output	Resource allocation and tentative schedule			Total \$US		
				2010	2011	2012		2013	2014
<p><b>R. 1: At the MACRO Level</b>            Coordination, regulation and supervision framework of the sector improved to promote financial inclusion in Rwanda</p> <p>- Simplified media on the MF law available to 70% of licensed MFIs            - A central database of MFIs is functional within the BNR            - BNR inspectors trained to monitor the sector</p>	1.1. Contribute to capacity building of MINECOFIN for the implementation of the NMS;	<ul style="list-style-type: none"> <li>o MINECOFIN</li> <li>o NIMCC</li> </ul>	<ul style="list-style-type: none"> <li>- Support to the Secretariat responsible for the implementation of the NMS, the coordination of support and resource mobilization</li> <li>- Contribution to capacity-building (MINECOFIN, CCNMF)</li> </ul>	23,899	21,917	73,110	64,000	39,000	221,926
	1.2. Capacity building of the regulatory body and dissemination of its legal and regulatory framework	<ul style="list-style-type: none"> <li>o BNR</li> </ul>	<ul style="list-style-type: none"> <li>- Support to Information, Education and Communication on regulation and supervision</li> <li>- Workshops and technical seminars with the sector, and with accounting and audit firms</li> </ul>	0	46,706	57,725	24,627	10,000	139,058
	1.3. Capacity building of the regulatory body and dissemination of its legal and regulatory framework	<ul style="list-style-type: none"> <li>o BNR</li> </ul>	<ul style="list-style-type: none"> <li>- Support to the identification of and sensitization on a central database and of an MIS for reporting by MFIs</li> <li>- Contribution to capacity-building and exposure visits (BNR supervising the MF sector)</li> <li>- BNR ability to supervise an Agent Network in Rwanda is strengthened</li> </ul>	50,811	41,000	25,000	5,000	0	121,811
	1.4 A Community Managed Savings and Loan Groups (CMSLGs) linkage policy with Formal Financial Institutions (FFIs) is developed.	<ul style="list-style-type: none"> <li>o BNR</li> </ul>	<ul style="list-style-type: none"> <li>- Inputs for policy adaptation provided for CMSLG linkages with formal financial institutions</li> </ul>			5,000	0	0	5,000

<sup>16</sup> As this document represents a substantive revision to an existing project the figures presented in years 2010 and 2011 are actual expenditures while figures presented for 2012 onwards are projections.



UNDAF Result 5: Rwandan populations benefits from economic growth and are less vulnerable to social and economic shocks										
Outcome UNDAF 5.4: Productivity is improved and the access of small producers and MSEs to markets is promoted										
Expected outcomes	Intermediate outputs	Implementing partners	Planned activities for each output	Resource allocation and tentative schedule				Total \$US		
				2010	2011	2012	2013		2014	
<b>R.2: At the Meso Level</b> <b>Consolidation of the sector, capacity-building and the financial infrastructure are supported, with a view to professionalising the delivery of inclusive financial services.</b> <i>- AMIR is operational and provides quality services to its members including for rating and the IMS</i> <i>- 5 managers/MFs/year are trained</i> <i>- 7 CGAP course modules are disseminated and replicated each year</i> <i>- 110 CSUs in 30 districts are strengthened and adopt best practices</i> <i>- A critical mass of audit firms are trained in MFI auditing</i>	2.1. AMIR disseminates MFI best practices and advocates for the sector to GoR and donor stakeholders	<ul style="list-style-type: none"> <li>o AMIR</li> </ul>	<ul style="list-style-type: none"> <li>- Regressive financing for operating costs of AMIR</li> <li>- Capacity-building activities</li> <li>- Support to the establishment of an IMS for data collection and reporting</li> </ul>	53,721	87,500	26,000	114,500	0	281,721	
	2.2. Training on best practices for audits of MFIs, implementation of MIS and rating are conducted.	<ul style="list-style-type: none"> <li>o AMIR</li> <li>o BNR</li> <li>o MFIs</li> <li>o Audit firms</li> </ul>	<ul style="list-style-type: none"> <li>- Development of basic training for CSUs</li> <li>- TOTs and replication of CGAP course</li> <li>- Identifying MIS for MFIs and co-financing of rating</li> </ul>	<ul style="list-style-type: none"> <li>- Awareness raising and communication on networking</li> <li>- In-house development of training modules</li> <li>- Regressive financing of consolidation</li> <li>- AT and monitoring of performance contracts with the networks and affiliated COPPEC</li> <li>- Dissemination of best practices</li> </ul>	0	130,900	100,000	0	0	230,900
	2.3. A network of professional small scale MFIs and SACCOs are established	<ul style="list-style-type: none"> <li>o AMIR</li> <li>o BNR</li> <li>o MFISs</li> <li>o CSUs</li> </ul>	<ul style="list-style-type: none"> <li>- Mobile Banking operations established in target areas</li> <li>- Agent Network Development operations in target areas</li> </ul>	<ul style="list-style-type: none"> <li>- Awareness raising and communication on networking</li> <li>- In-house development of training modules</li> <li>- Regressive financing of consolidation</li> <li>- AT and monitoring of performance contracts with the networks and affiliated COPPEC</li> <li>- Dissemination of best practices</li> </ul>	4,375	33,108	77,500	0	0	114,983
	2.4 Mobile Financial Services provided to target groups	<ul style="list-style-type: none"> <li>o FSPs</li> </ul>	<ul style="list-style-type: none"> <li>- Mobile Banking operations established in target areas</li> <li>- Agent Network Development operations in target areas</li> </ul>	<ul style="list-style-type: none"> <li>- Awareness raising and communication on networking</li> <li>- In-house development of training modules</li> <li>- Regressive financing of consolidation</li> <li>- AT and monitoring of performance contracts with the networks and affiliated COPPEC</li> <li>- Dissemination of best practices</li> </ul>	0	0	25,000	200,000	55,000	280,000

**UNDAF Result 5: Rwandan populations benefit from economic growth and are less vulnerable to social and economic shocks**

**Outcome UNDAF 5.4: Productivity is improved and the access of small producers and MSEs to markets is promoted**

Expected outcomes	Intermediate outputs	Implementing partners	Planned activities for each output	Resource allocation and tentative schedule				Total \$US	
				2010	2011	2012	2013		2014
<p><b>R.3. : At the micro level</b>                      The capacity of leader FSPs, MFIs and entrepreneurial training providers is strengthened to develop innovative financial services accessible to low-income people in rural and urban areas:                      - 2 MFIs are financed annually                      - The total number of clients of MFIs rises by an average of 5% annually to reach 200,000 youth and women, 50% of whom are women</p>	<p>3.1. The response capacity of the MFIs identified is enhanced in terms of financial resources; methodological tools, MIS, training, human resources, and logistics;</p>	<ul style="list-style-type: none"> <li>o MFIs</li> <li>o CSUs</li> <li>o SPs</li> </ul>	<ul style="list-style-type: none"> <li>- Preparation of manuals of procedures and validation of eligibility criteria for Programme support</li> <li>- Disbursement of grants or loans</li> <li>- Analysis and Performance Monitoring</li> <li>- Development of new products in rural and urban areas targeting women and youth</li> </ul>	0	172,523	411,231	625,018	384,122	1,592,894
	<p>3.2. Microfinance sector refinancing</p>	<p>MFIs BRD/Microfinance Unit Private Firms</p>	<p>Development of partnerships with BRD/Microfinance Unit and commercial banks  Credit Guarantee Fund to facilitate MSEs credit access</p>	-	180,219	420,748	200,000	100,000	901,135
	<p>3.3 Targeted MSEs businesses receive equity financing</p>	<ul style="list-style-type: none"> <li>o FSPs</li> <li>o BDF</li> </ul>	<ul style="list-style-type: none"> <li>- Linkage with FSP established for access to financial services including credit</li> <li>- Equity Finance Partnership established in favour of MSEs</li> <li>- Funds made available for Equity Financing</li> </ul>	0	0	100,200	90,400	174,231	364,831
	<p>3.4 MSE entrepreneurial capacities improved to access markets</p>	<ul style="list-style-type: none"> <li>o To Be Determined</li> </ul>	<ul style="list-style-type: none"> <li>- Adapt graduated Entrepreneurship Training Modules</li> <li>- MSEs training services providers contracted</li> <li>- Linkages with Business Incubation &amp; Advisory Support established</li> </ul>	0	0	35,000	25,000	46,000	106,000
	<p>3.5 Appropriate products and services are developed for targeted populations;</p>	<ul style="list-style-type: none"> <li>o</li> </ul>		0	0	10,775	29,000	75,049	114,824

UNDAF Result 5: Rwandan populations benefit from economic growth and are less vulnerable to social and economic shocks									
Outcome UNDAF 5.4: Productivity is improved and the access of small producers and MSEs to markets is promoted									
Expected outcomes	Intermediate outputs	Implementing partners	Planned activities for each output	Resource allocation and tentative schedule			Total \$US		
				2010	2011	2012		2013	2014
<p><b>R.4. Client Level</b></p> <p><b>At the client level</b></p> <p>The capacity of women and youth to manage MSEs and access financial services is built.</p>	<p>4.1 Research, Development and Learning Strategy results in programme model for scale-up</p>	<ul style="list-style-type: none"> <li>o SPIU</li> <li>o KOICA</li> <li>o Consultants</li> </ul>	<ul style="list-style-type: none"> <li>- Monitoring and Evaluation System is established, including community driven feedback mechanisms</li> <li>- Partnership Framework is established</li> <li>- Community Development Framework is established</li> <li>- Training Service Providers &amp; High Impact Curriculum surveyed and prioritized</li> <li>- Pilot Phase is launched and results in improved programme design</li> </ul>	0	0	90,000	25,000	65,000	180,000
	<p>4.2 MSEs access financial education and business development services</p>	<ul style="list-style-type: none"> <li>o Financial Service Providers</li> <li>o Entrepreneurial Training Providers</li> </ul>	<ul style="list-style-type: none"> <li>- Support the entrepreneurship training of TVET graduates,</li> <li>- CMSLG access entrepreneurship training and increased access to financial services, including financing</li> <li>- Support entrepreneurial mentorship for women and youth via BDS centres</li> </ul>	0	0	60,000	74,951	60,000	199,951

UNDAF Result 5: Rwandan populations benefits from economic growth and are less vulnerable to social and economic shocks

Outcome UNDAF 5.4: Productivity is improved and the access of small producers and MSEs to markets is promoted

Expected outcomes	Intermediate outputs	Implementing partners	Planned activities for each output	Resource allocation and tentative schedule				Total \$US	
				2010	2011	2012	2013		2014
<p><b>R.5: Programme Management</b></p> <p>Programme Management, monitoring and evaluation are conducted efficiently:</p> <p><b>Indicators:</b></p> <p><b>No. of NMCC SC , IC meetings held</b></p> <p>- <i>The Secretariat of the NMS equipped</i></p> <p>- <i>Programme Manual of Operation available and updated</i></p> <p><b>2 UNCDF technical review missions/year conducted</b></p> <p>- <i>Mid-term and final evaluations conducted</i></p>	<p>5.1 SPIU to Monitor, Evaluate and Communicate Results</p>	<ul style="list-style-type: none"> <li>o SPIU</li> <li>o KOICA</li> <li>o volunteers</li> <li>o Consultants</li> <li>o SC</li> <li>o IC</li> <li>o FSDU</li> <li>o National Expert</li> </ul>	<ul style="list-style-type: none"> <li>-M&amp;E and Capacity Building Coordinator recruited</li> <li>- Provide Technical Assistance and conduct operations</li> <li>- Support to MINECOFIN for coordination and resource mobilization</li> <li>- Support provided for regular operation of the SC, NMCC and the IC</li> <li>- Provide leadership and capacity-building for the SPIU</li> <li>-Implementation of the project is supported by National expertise</li> <li>- Support and advisory services to MF Plan Action of the BNR</li> <li>- Support AMIR's development</li> <li>- Development of analytical and performance monitoring tools</li> <li>- Programme monitoring missions</li> </ul>	167,726	214,698	290,000	166,814	166,814	1,006,052
	<p>5.2. The management unit and Programme bodies (SC, IC) are operational</p>	<ul style="list-style-type: none"> <li>o SC</li> <li>o IC</li> <li>o FSDU</li> <li>o SPIU and National Expert</li> </ul>	<ul style="list-style-type: none"> <li>- Support staff recruited</li> <li>- Vehicles and IT equipment purchase</li> <li>- Development of the Programme Procedures and Management Manual</li> </ul>	50,383	189,897	65,000	45,500	45,500	396,281
	<p>5.3 Midterm and final project evaluation conducted</p>	<ul style="list-style-type: none"> <li>o Government</li> <li>o Donors</li> <li>o Private sector</li> </ul>	<ul style="list-style-type: none"> <li>- Recruit consultants to conduct mid and final project evaluation</li> <li>- Auditing</li> </ul>	1,665	0	80,751	48,299	157,454	288,260

**UNDAF outcome 5:** Rwandan populations benefits from economic growth and are less vulnerable to social and economic shocks  
**Expected impact of the joint program - COD 4:** Productivity is improved and the access of small producers and MSMEs to markets is promoted  
**Expected Result COD 4.5:** National Strategy and Plan of Action are adopted and implemented to promote sustainable access of small producers and SMSMs to financial services

Source of funds	Type of expenditure	2010	2011	2012	2013	2014	Total \$US
UNDP	Programme expenditures	108,865	357,366	520,216	510,000	503,553	2,000,000
UNCDF	Programme expenditures	243,716	631,874	699,847	450,000	274,564	2,300,000
	Support for indirect expenditures (5%)	100,000	-	-	-	-	100,000
BIFSA			25,000				25,000
<b>UN ONE FUNDS (UNDP+UNCDF)</b>							
	Programme expenditures	-	111,703	164,175	72,479	-	348,357
	Support for indirect expenditures (7%)		7,819	12,357	5,074	-	25,249
KOICA							
	Programme expenditures		-	-	1,228,521	873,708	2,102,229
	Support for indirect expenditures (7%)		-	-	80,371	57,158	137,529
<b>Total</b>	<b>Programme expenditures</b>	<b>352,580</b>	<b>1,125,943</b>	<b>1,384,238</b>	<b>2,261,001</b>	<b>1,651,825</b>	<b>6,775,586</b>
	<b>Support for indirect expenditures</b>	<b>100,000</b>	<b>7,819</b>	<b>12,357</b>	<b>85,444</b>	<b>57,158</b>	<b>262,778</b>
<b>TOTAL BUDGET</b>		<b>452,580</b>	<b>1,133,762</b>	<b>1,396,594</b>	<b>2,346,445</b>	<b>1,708,983</b>	<b>7,038,365</b>

### Annex 3: BIFSIR Expansion Indicative work plans (2010-2014)

Annual Work plan- 2010												
Impact of the joint Programme: National Strategy for Financial Inclusion and Plan of Action adopted and implemented to promote universal access to financial services												
Annual objectives of the UN Body	UN Body	Activities	SCHEDULE				Implementing partner	ACUTAL EXPENDITURE				
			Q1	Q2	Q3	Q4		Source of funds	Budget description	Amount		
<b>Outcome 1 – At the Macro level: Coordination, regulation and supervision framework of the sector improved to promote financial inclusion in Rwanda</b>												
1.1. Contribute to capacity building of MINECOFIN for the implementation of the NMS;	UNDP	Support to the operation of the Financial Sector Development Unit(FSDU)	x	x	x	x	MINECOFIN CCNMF SPIU UNDP	MINECOFI UNDP	GRANT	0		
			x	x	x	x					GRANT	178
			x	x	x	x					GRANT	0
			x	x	x	x					TRVINT	23,721
1.2. Capacity building of the regulatory body and dissemination of its legal and regulatory framework;	UNCDF	Preparation of simplified media and dissemination of texts Study on the adaptation of the Chart of accounts	x				MINECOFIN BNR	BNR UNCDF	GRANT CTRINT	0		
			x								GRANT	0
			x	x							GRANT	0
			x	x	x	x					TRVINT	15,000
1.3. BNR's capacities are improved for sector supervision and surveillance of the sector	UNCDF UNDP	Organisation of outreach workshops and seminars Equipment and support for MFIs inspection costs Study tours and training	x	x			UNCDF	UNCDF	GRANT	0		
			x	x	x	x					GRANT	0
			x	x	x	x					TRVINT	15,000
			x	x	x	x					UNCDF	35,811
<b>Outcome 2 – At the meso level: Consolidation of the sector, capacity building and financial infrastructure are supported, with a view to professionalizing MFIs in the provision of inclusive financial services</b>												
2.1 AMIR disseminates MFI best practices and advocates for the sector to GoR and donor stakeholders	UNDP UNCDF	Regressive financing of AMIR operating costs Conferences, seminars, training Exchange visits	x	x	x	x	AMIR BNR UNDP UNCDF	UNDP UNCDF UNCDF	GRANT TRVINT TRVINT	30,000 23,721 0		
			x								UNCDF	0
			x								UNCDF	0
			x	x							UNCDF	0
2.2. Training on best practices for audits of MFIs, implementation of MIS and rating are conducted.	UNDP UNCDF	Development of basic training for CSUs Trainer training and replication of CGAP courses Support to the IMS platform for MFIs Joint financing of MFIs rating Organisation of national microfinance events	x				AMIR BNR UNDP UNCDF	UNCDF UNCDF UNCDF	GRANT GRANT GRANT	0 0 0		
			x	x							UNCDF	0
			x	x	x	x					UNCDF	0
			x	x	x	x					UNCDF	0
2.3.A network of professional small scale MFIs and SACCOs are established	UNDP UNCDF	Sensitisation and communication on networking Regressive financing of consolidation costs TAand follow-up of performance contracts with affiliated networks and CSUs	x	x			UNCDF	UNCDF	GRANT	4,375		
			x	x	x	x					UNCDF	0
			x	x	x	x					UNCDF	0
			x	x	x	x					UNCDF	0
<b>Outcome 3- at the Micro level. The capacity of leader MFIs, FSPs and entrepreneurial training providers to develop innovative services accessible to low-income populations is enhanced</b>												

3.1. The response capacity of the MFIs identified is enhanced in terms of financial resources; methodological tools, MIS, training, human resources, and logistics	UNDP UNCDF	Institutional diagnosis of MFIs Support to the development of a business plan Preparation of support documentation Preparation of performance contracts Disbursement of grants or loans Performance monitoring and capacity-building, in collaboration with AMIR Support to refinancing, in collaboration with BRD/Microfinance Unit			x	x	MFIs CSUs BRD SPIU	UNDP UNCDF TO BE MOBILISED	MCGRA	0
3.2. Refinancing is improved in the sector through the development of partnerships with banking system.	UNCDF									
<b>Outcome 4 – Effective management, monitoring and evaluation of the Programme</b>										
5.1 Programme management structures (SPIU, SC, IC) are operational		Recruitment of the National expert, and program support staff			x	x	MINECOFIN UNDP SPIU	UNCDF	PERLOC	25,178
5.2. Implementation of the NMS is supported by National expertise	UNDP	Development of a Management Procedures Manual for the Programme			x	x	SPIU Expert IF	UNDP	EXPERT CTRINT CTRLOC	0
	UNDP	Capacity building of the SPIU			X	X	SPIU	UNDP	TRVINT	25,205
5.3. Monitoring and evaluation of the Programme according to rules and procedures	UNCDF	Setting-up of an National expertise in Inclusive Finance Development of eligibility and performance criteria for a support applications Technical and financial analysis of support applications Support-advisory services to the plans of action of BNR, AMIR and for the implementation of the NMS			x	x	UNCDF UNDP SPIU	UNCDF	CTRINT	167,726
5.3. Monitoring and evaluation of the Programme according to rules and procedures	UNDP UNCDF	Technical supervision of the Programme (UNCDF) Performance monitoring of the Programme (SC)				x	SPIU SC	UNDP	TRVINT	1,665
<b>Total, Budget 2010</b>										<b>352,581</b>
<b>Including : UNDP Total</b>										108,865
<b>UNCDF Total</b>										243,716

**Work plan- 2011**

**Impact of the joint Programme: National Strategy for Financial Inclusion and Plan of Action adopted and implemented to promote universal access to financial services**

Annual objectives of the UN Body	UN Body	Activities	SCHEDULE				Implementing partner	ACTUAL EXPENDITURE		
			Q1	Q2	Q3	Q4		Source of funds	Budget description	Amount
<b>Outcome 1 – At the Macro level: Coordination, regulation and supervision framework of the sector improved to promote financial inclusion in Rwanda</b>										
1.1. Contribute to capacity building of MINECOFIN for the implementation of the NMS;	UNDP	Support to the operation of the Financial Sector Development Unit(FSDU)	x	x	x	x	MINECOFIN	MINECOFI	GRANT	0
		SC and CCNMF meetings	x	x	x	x	CCNMF	UNDP	GRANT	114
		Monitoring of the sector's database	x	x	x	x	SPIU	UNDP	GRANT	0
		Study tours, training, conferences	x	x	x	x	UNDP	UNDP	TRVINT	21,803
		Communication/Organization of microfinance events	x	x	x	x	UNDP	UNDP	GRANT	0
1.2. Capacity building of the regulatory body and dissemination of its legal and regulatory framework;	UNCDF	Sectoral studies						CTRINT	0	
		Preparation of simplified media and dissemination of texts	x				MINECOFIN	UNCDF	GRANT	5,000
		Study on the adaptation of the Chart of accounts	x				BNR	UNCDF	GRANT	0
1.3. BNR's capacities are improved for sector supervision and surveillance of the sector	UNDP	Support to the establishment of TCUs for U-SACCOs		x	x	x		ONE FUND	GRANT	41,706
		Organization of outreach workshops and seminars	x	x				UNCDF	GRANT	7,500
		Equipment and support for MFIs inspection costs	x	x	x	x		UNCDF	GRANT	30,000
		Training activities	x	x	x	x		UNCDF	TRVINT	0
		Development of approval manual	x	x	x	x		UNCDF	GRANT	3,500
<b>Outcome 2 – At the meso level: Consolidation of the sector, capacity building and financial infrastructure are supported, with a view to professionalising MFIs in the provision of inclusive financial services</b>										
2.1 AMIR disseminates MFI best practices and advocates for the sector to GoR and donor stakeholders	UNDP UNCDF	Regressive financing of AMIR operating costs	x	x	x	x	AMIR	UNDP	GRANT	30,000
		Conferences, seminars, training	x		x		AMIR	UNCDF	TRVINT	15,000
		Exchange visits					BNR	UNDP	UNDP	15,000
		Development of basic training for CSUs	x				UNDP	UNCDF	TRVINT	12,000
		Trainer training and replication of CGAP courses	x	x			UNCDF	UNDP	GRANT	15,500
2.2. Training on best practices for audits of MFIs, implementation of MIS and rating are conducted.	UNDP UNCDF	ToT in WOCCU courses	x	x	x	x	AMIR	UNCDF	GRANT	4,000
		Support to the establishment of a MIS for AMIR for data collection		x	x	x	BNR	UNCDF	GRANT	29,900
		Support to the MIS platform for MFIs		x	x	x	UNDP	UNCDF	GRANT	10,000
		Joint financing of MFIs rating	x	x	x	x	UNCDF	UNCDF	GRANT	12,000
		Organisation of national microfinance events		x	x	x	UNCDF	UNCDF	GRANT	20,000
2.3.A network of professional small scale MFIs and SACCOs	UNDP, UNCDF	Sensitisation and communication on networking	x	x	x	x	UNDP	UNCDF	GRANT	15,000
		Regressive financing of consolidation costs	x	x	x	x	ONE FUND	UNCDF	GRANT	40,000
			x	x	x	x	UNDP	UNCDF	GRANT	0
						UNDP	UNCDF	GRANT	5,608	
						UNDP	UNCDF	GRANT	12,500	



Work plan- 2011										
Impact of the joint Programme: National Strategy for Financial Inclusion and Plan of Action adopted and implemented to promote universal access to financial services										
Annual objectives of the UN Body	UN Body	Activities	SCHEDULE				Implementing partner	ACUTAL EXPENDITURE		
			Q1	Q2	Q3	Q4		Source of funds	Budget description	Amount
are established		TAand follow-up of performance contracts with affiliated networks and CSUs		x	x	x		UNDP	GRANT	15,000
Impact of the joint Programme: National Strategy for Financial Inclusion and Plan of Action adopted and implemented to promote universal access to financial services										
Annual objectives of the UN Body	UN Body	Activities	SCHEDULE				Implementing partner	ACUTAL EXPENDITURE		
			Q1	Q2	Q3	Q4		Source of funds	Budget description	Amount
<b>Outcome 3- at the Micro level: The capacity of leader MFIs, FSPs and entrepreneurial training providers to develop innovative services accessible to low-income populations is enhanced</b>										
3.1. The response capacity of the MFIs identified is enhanced in terms of financial resources; methodological tools, MIS, training, human resources, and logistics	UNDP UNCDF	Institutional diagnosis of MFIs Support to the development of business plan Preparation of support documentation Preparation of performance contracts Disbursement of grants or loans Performance monitoring and capacity-building, in collaboration with AMIR Support to refinancing, in collaboration with BRD/Microfinance Unit		x		x	MFIS CSUS BRD SPIU	UNCDF	MCGRA	125,000
		Study on SACCO sustainability				X	AFR	BIFSA	GRANT	25,000
		Study on linkage of VSALS on Financial Services Providers				X	AFR	ONE FUND	GRANT	30,000
3.2. Refinancing is improved in the sector through the development of partnerships with banking system.	UNDP					X	BRD	UNDP	MCGRA	180,219
Outcome 5 – Effective management, monitoring and evaluation of the Programme										
5.1. Programme management structures (SPIU, SC, IC) are operational	UNDP	Acceptance of the National Expert and Programme support staff				x	MINECOFIN UNDP	UNCDF	PERLOC	68,615
		Capacity-building of the SPIU team, exchange visits					MINECOFIN SPIU	UNDP	TRVINT	9,266
		Purchase of IT equipment				X		UNCDF	TRVINT	32,138
		Purchase of vehicle				X		UNDP		17,924
		Office supplies				X		UNCDF		43,023
						x		UNDP		18,931

**Work plan- 2011**

**Impact of the joint Programme: National Strategy for Financial Inclusion and Plan of Action adopted and implemented to promote universal access to financial services**

Annual objectives of the UN Body	UN Body	Activities	SCHEDULE				Implementing partner	ACUTAL EXPENDITURE		
			Q1	Q2	Q3	Q4		Source of funds	Budget description	Amount
5.2. Implementation of the NMS is supported by National expertise	UNCDF	Acceptance of the National expertise in Inclusive Finance Technical and financial analysis of support applications support and advisory services to the plans of action of BNR, AMIR, BRD/Microfinance Unit, in the implementation of the NMS			x	x	UNCDF UNDP SPIU	UNCDF	CTRINT	214,698
5.3. Programme monitoring and evaluation are performed according to rules and procedures	UNDP UNCDF	Programme technical supervision (UNCDF) Programme performance monitoring (SC)				x	UNDP UNCDF MINECOFIN	UNDP	TRVINT	
<b>Total, Budget 2011</b>										
<b>Including : UNDP Total</b>										
<b>UNCDF Total</b>										
<b>ONE FUND</b>										
<b>BIFSA</b>										
<b>1,125,943</b>										
<b>357,366</b>										
<b>631,874</b>										
<b>111,703</b>										
<b>25,000</b>										

Tentative work plan- 2012												
Impact of the joint Programme: National Strategy for Financial Inclusion and Plan of Action adopted and implemented to promote universal access to financial services												
Annual objectives of the UN Body	UN Body	Activities	SCHEDULE				Implementing partner	BUDGET ESTIMATES				
			Q1	Q2	Q3	Q4		Source of funds	Budget description	Amount		
<b>Outcome 1 – At the Macro level: Coordination, regulation and supervision framework of the sector improved to promote financial inclusion in Rwanda</b>												
1.1. Contribute to capacity building of MINECOFIN for the implementation of the NMS;	UNDP	Support to the operation of the Financial Sector Development Unit(FSDU)	x	x	x	x	MINECOFIN	UNDP	GRANT	9,868		
		SC and CCNMF meetings	x	x	x	x	CCNMF		CTRLOC	197		
		Study to design pathway towards MF sector sustainability		x		x	SPIU	UNDP	CTRINT	50,000		
		Training, conferences	x		x		UNDP	UNDP	TRVINT	0		
1.2. Capacity building of the regulatory body and dissemination of its legal and regulatory framework;	UNDP	Communication/Organisation of microfinance events		x					GRANT	4,758		
		Preparation of simplified media and dissemination of texts	x	x			BNR	BNR	GRANT	25,000		
1.3. BNR's capacities are improved for sector supervision and surveillance of the sector	UNCDF	Organization of outreach workshops and seminars					UNCDF	KOICA		32,725		
		Support for MFIs audit and inspection costs	x	x	x	x	UNDP		TRVINT	0		
1.4. A Community Managed Savings and Loan Groups (CMSLGs) linkage policy with Formal Financial Institutions (FFIs) is developed.	UNDP	Equipment and support for MFIs inspection cost	x	x		x				25,000		
		Liaise with government ministries and relevant stakeholders for policy development				x	BNR	KOICA	CTRINT	-		
<b>Outcome 2 – At the meso level: Consolidation of the sector, capacity building and financial infrastructure are supported, with a view to professionalizing MFIs in the provision of inclusive financial services</b>												
2.1 AMIR disseminates MFI best practices and advocates for the sector to GoR and donor stakeholders	UNDP UNCDF	Regressive financing of AMIR operating costs	x	x	x	x	AMIR	KOICA	GRANT	10,000		
		Studies and research	x				BNR	UNDP	TRVINT	4,934		
2.2. Training on best practices for audits of MFIs, implementation of MIS and rating are conducted.	UNDP UNCDF	Exchange visits					UNCDF	KOICA	TRVINT	4,441		
		Development of basic training for CSUs	x					KOICA	GRANT	6,500		
		Trainer training and replication of CGAP courses	x	x			AMIR	KOICA	GRANT	0		
		Support to the IMS platform for MFIs	x	x	x		BNR	KOICA	GRANT	15,000		
		Support to the establishment of a MIS for AMIR for data collection	x				UNDP	KOICA	GRANT	25,000		
		Joint financing of MFIs rating					UNCDF	KOICA	GRANT	40,000		
2.3.A network of professional small scale MFIs and SACCOs are established	UNDP	Organization of national microfinance events				x		KOICA	GRANT	15,000		
		Sensitization and communication on networking	x			x		UNDP	GRANT	4,934		
		Regressive financing of consolidation costs	x	x				UNDP	GRANT	12,500		
		TA and follow-up of performance contracts with affiliated networks and CSUs	x	x	x	x		UNDP	GRANT	50,000		
			x	x	x		UNDP	GRANT	15,000			

Tentative work plan- 2012											
Impact of the joint Programme: National Strategy for Financial Inclusion and Plan of Action adopted and implemented to promote universal access to financial services											
Annual objectives of the UN Body	UN Body	Activities	SCHEDULE				Implementing partner	BUDGET ESTIMATES			
			Q1	Q2	Q3	Q4		Source of funds	Budget description	Amount	
2.4. Mobile Financial Services provided to target groups	UNDP	Mobile Banking is promoted to rural and urban entrepreneurs Establishing Mobile Banking infrastructure				X	FSPs	KOICA	GRANT	-	
<b>Outcome 3- at the Micro level: capacity of MFIs, FSPs and entrepreneurial training providers strengthened to offer innovative inclusive financial services</b>											
3.1. The response capacity of the MFIs identified is enhanced in terms of financial resources; methodological tools, MIS, training, human resources, and logistics;	UNDP	Institutional diagnosis of MFIs Support to the development of business plan Preparation of support documentation Preparation of performance contracts Disbursement of grants or loans Performance monitoring and capacity-building, in collaboration with AMIR Support to refinancing, in collaboration with BRD/Microfinance Unit			X	X	MFIS CSUS BRD SPIU	UNDP	MCGRA	87,961	
	UNCDF					X		UNCDF		100,000	
									UNCDF		50,000
									ONE FUND		151,388
3.2. Refinancing is improved in the sector through the development of partnerships with banking system.	UNDP	Investment for strengthening the refinancing of the MF Sector		X	X	X	FSPs	UNDP	MCGRA	22,989	
	UNCDF		X	X	X		ONE FUND KOICA			12,787	
3.3 Targeted MSEs businesses receive equity financing	UNDP	Create and foster platforms to facilitate access to financial services (including credit) for MSEs Risk Mitigation/Assessment capacity building directed to FSPs about MSEs financing				X	UoB FSPs BDF	KOICA	GRANT	-	
											-
3.4 MSE entrepreneurial capacities improved to access markets	UNDP	Training services providers for MSEs development are identified and selected Basic Entrepreneurship Training: Modules for TVET graduates and CMSLG members are selected and adapted Monitoring of impact on training recipients Support to business incubators and mentorship services Advanced Entrepreneurship Training: -Establishment of Business Incubation services as components of advanced entrepreneurial training for selected MSEs				X	Entrepreneurial Service Providers	KOICA	GRANT	-	
											-
3.5: Appropriate products and services are developed for targeted populations;	UNDP						FSPs	KOICA	GRANT	-	

Tentative work plan- 2012																							
Impact of the joint Programme: National Strategy for Financial Inclusion and Plan of Action adopted and implemented to promote universal access to financial services																							
Annual objectives of the UN Body	UN Body	Activities	SCHEDULE				Implementing partner	BUDGET ESTIMATES															
			Q1	Q2	Q3	Q4		Source of funds	Budget description	Amount													
<b>Outcome 4 – At the client level: The capacity of women and youth to manage MSEs and access financial services is built.</b>																							
4.1 Research, Development and Learning Strategy results in program model for scale up	UNDP	<ul style="list-style-type: none"> <li>-Monitoring and Evaluation System is developed and implemented</li> <li>-Community driven feedback mechanisms are developed and included in the M&amp;E</li> <li>- Partnership and Community Development Frameworks are established</li> <li>- High Impact Curriculum developed</li> <li>- Field visits, focus groups</li> <li>- Baseline survey and client's needs assessments</li> <li>-Pilot Phase design and launch</li> </ul>	X	X	X	X	SPIU KOICA Consultants	KOICA	GRANT														
				X		X																	
														X									
4.2 MSEs access financial education and business development services	UNDP	<ul style="list-style-type: none"> <li>Provide entrepreneurship training to TVET graduates through selected ETBs</li> <li>Provide entrepreneurship training to CMSLGs and increased access to financial services through selected ETBs</li> <li>-Support MSEs promotion programs and entrepreneurial mentorship for women and youth</li> <li>-Partner with BDS centres at the district level to increase project outreach to low-income entrepreneurs</li> </ul>				X	Financial Service Providers (FSPs) Entrepreneurial Training Providers (ETPs)	KOICA	GRANT														
						X																	
						X																	
<b>Outcome 5 – Effective management, monitoring and evaluation of the Programme</b>																							
5.1. Strengthen SPIU capacity to monitor, evaluate and communicate results	UNCDF UNDP	<ul style="list-style-type: none"> <li>Implementation of the project is supported by National expertise</li> <li>Technical and financial analysis in support applications to FFIIS</li> <li>support and advisory services to the plans of action of BNR, AMIR, and other partners in the implementation of the NMS</li> <li>M&amp;E Coordinator recruited and supporting the program</li> <li>Programme support staff</li> <li>Office management</li> <li>Programme technical supervision (UNCDF)</li> <li>Programme performance monitoring (SC)</li> <li>Independent evaluation of the program</li> <li>Communication of the progress of the program</li> </ul>	X	X	X	X	SPIU KOICA Volunteer Consultant UNCDF UNDP	UNCDF	CTRINT					297,151									
				X	X	X																	
															X	X	X						
5.2. Programme management structures (SPIU, SC, IC) are operational	UNDP					X	MINECOFIN UNDP SPIU	UNCDF	PERLOC														
						X																	
						X																	
5.3. Programme monitoring and evaluation are performed according to rules and procedures	UNDP UNCDF					X	UNDP UNCDF MINECOFIN	UNCDF	TRVINT						25,014 17,000								
						X																	
						X																	
Building an Inclusive Financial Sector in Rwanda (BIFSIR)																							

Tentative work plan-2012											
Impact of the joint Programme: National Strategy for Financial Inclusion and Plan of Action adopted and implemented to promote universal access to financial services											
Annual objectives of the UN Body	UN Body	Activities	SCHEDULE				Implementing partner	BUDGET ESTIMATES		Amount	
			Q1	Q2	Q3	Q4		Source of funds	Budget description		
		Independent Audit of the program						UNDP	CTRLOC	3,285	
<b>Total, Budget estimates 2012</b>											<b>1,384,238</b>
<b>Including : UNDP Total</b>											<b>520,216</b>
<b>UNCDF Total</b>											<b>699,847</b>
<b>Korea MDG Trust Fund</b>											<b>-</b>
<b>ONE FUNDS</b>											<b>164,175</b>

Tentative work plan 2013											
Impact of the joint Programme: National Strategy for Financial Inclusion and Plan of Action adopted and implemented to promote universal access to financial services											
Annual objectives of the UN Body	UN Body	Activities	SCHEDULE				Implementing partner	BUDGET ESTIMATES			
			Q1	Q2	Q3	Q4		Source of funds	Budget description	Amount	
<b>Outcome 1 – Coordination, regulation and supervision framework of the sector strengthened with a view to promoting financial inclusion in Rwanda</b>											
1.1. Contribute to capacity building of MINECOFIN for the implementation of the NMS	UNDP UNCDF	Support to the operation of the Financial Sector Development Unit(FSDU)					MINECOFIN SPIU	UNDP	GRANT		
		SC and CCNMF meetings					SPIU	UNDP	GRANT	1,000	
		Organization of microfinance events and sensitize about financial services					FSDS	UNDP	GRANT	21,000	
		Training, conferences					FSDS	UNDP	GRANT	25,000	
		Support for MFIs audit and inspection costs					BNR	UNCDF	GRANT	-	
		Communication/Organization of microfinance events					BNR	UNDP	GRANT	-	
		Preparation of simplified media and dissemination of texts					BNR	UNCDF	CTRINT	15,000	
		Organize outreach workshops and technical seminars					BNR	UNCDF	GRANT	5,000	
		Conduct study tours and training					BNR	UNCDF	GRANT	25,000	
		Equip and support MFIs inspection					BNR	UNCDF	GRANT	30,000	
Support to the IMS platform for MFIs					BNR	UNCDF	GRANT	15,000			
<b>Outcome 2 – At the meso level: Consolidation of the sector, capacity building and financial infrastructure are supported, with a view to professionalising MFIs in the provision of inclusive financial services</b>											
2.1 AMIR disseminates MFI best practices and advocates for the sector to GoR and donor stakeholders	UNDP UNCDF	Regressive financing of AMIR operating costs					AMIR	UNDP	GRANT	-	
		Exchange visits					BNR UNDP UNCDF	UNCDF	TRVINT	0	
		Trainer training and replication of CGAP courses					AMIR	UNCDF	GRANT	0	
		Studies and research					BNR	UNCDF	GRANT	0	
		Sensitization and communication on networking					UNDP	UNCDF	GRANT	12,500	
		Organisation of national microfinance events					UNCDF	UNCDF	GRANT	-	
		Regressive financing of consolidation costs						UNCDF	GRANT	50,000	
		TA and follow-up of performance based agreement with affiliated Coopec						UNCDF	GRANT	15,000	
		Mobile Banking is promoted to rural and urban entrepreneurs		X	X	X	X	FSPs VISA	KOICA	GRANT	118,105
		Setting-up of Mobile Banking infrastructure									
2.2 Mobile Financial Services provided to target groups	UNDP	Training/Workshop to facilitate Mobile Banking utilization									
		Agent network infrastructure is developed in selected communities	X	X	X	X		KOICA	GRANT		
		Agents' training about financial services delivery to ensure service quality									
		Agents network is promoted through awareness campaign and entrepreneurial training									

Tentative work plan 2013

Impact of the joint Programme: National Strategy for Financial Inclusion and Plan of Action adopted and implemented to promote universal access to financial services

Annual objectives of the UN Body	UN Body	Activities	SCHEDULE				Implementing partner	BUDGET ESTIMATES		
			Q1	Q2	Q3	Q4		Source of funds	Budget description	Amount
<b>Outcome 3- at the Micro level: The capacity of leader MFIs, FSPs and entrepreneurial training providers to develop innovative services accessible to low-income populations is enhanced</b>										
3.1. The response capacity of the MFIs identified is enhanced in terms of financial resources; methodological tools, MIS, training, human resources, and logistics;	UNDP UNCDF	-Institutional diagnosis of MFIs -Support to the development of business plan -Preparation of support documentation -Disbursement of grants or loans -Performance monitoring and capacity-building, in collaboration with AMIR -Support to refinancing, in collaboration with BRD/Microfinance Unit					MFIS CSUS BRD SPIU	UNDP UNCDF ONE UN FUNDS KOICA	MCGRA	327,400 330,000 72,479 54,306
			X	X	X	X				
3.2. Refinancing is improved in the sector through the development of partnerships with banking system.	UNCDF	-Establishment of a Guarantee Fund to facilitate MSEs access to credit and FSPs protection against possible default	X	X	X	X		KOICA		250,000
3.3 Targeted MSEs businesses receive equity financing	UNDP	-Create and foster platforms to facilitate access to financial services (including credit) for MSEs -Risk Mitigation/Assessment capacity building directed to FSPs about MSEs financing -Develop products and services for equity financing tailored specifically for MSEs -Promote equity financing to selected enterprises through business assessments Monitoring of impact on equity recipients	X	X	X	X	UoB FSPs BDF	KOICA	GRANT	90,400
			X	X	X	X				
3.4 MSE entrepreneurial capacities improved to access markets	UNDP	-Training services providers for MSEs development are identified and selected -Basic Entrepreneurship Training: Modules for TVET graduates and CMSLG members are selected and adapted -Monitoring of impact on training recipients -Support to business incubators and mentorship services -Advanced Entrepreneurship Training: -Establishment of Business Incubation services as components of advanced entrepreneurial training for selected MSEs	X	X	X	X	Entrepreneurial Service Providers	KOICA	GRANT	25,000
			X	X	X	X				



3.5: Appropriate products and services are developed for targeted populations;	UNDP								X	X		KOICA	GRANT	
<b>Outcome 4 – At the client level. The capacity of women and youth to manage MSEs and access financial services is built.</b>														
4.1 Research, Development and Learning Strategy results in programme model for scale up	UNDP	-Monitoring and Evaluation System is developed and implemented -Community driven feedback mechanisms are developed and included in the M&E - Partnership and Community Development Frameworks are established - High Impact Curriculum developed - Field visits, focus groups - Baseline survey and client's needs assessments -Pilot Phase design and launch Provide entrepreneurship training to TVET graduates through selected ETPs	X						X	X		KOICA	GRANT	50,000
													KOICA	GRANT
4.2 MSEs access business development services (BDS)	UNDP	Provide entrepreneurship training to CMSLGS and increased access to financial services through selected ETPs  -Support MSEs promotion programmes and entrepreneurial mentorship for women and youth -Partner with BDS centres at the district level to increase project outreach to low-income entrepreneurs								X		KOICA	GRANT	49,966
													KOICA	GRANT
<b>Outcome 5 – Effective management, monitoring and evaluation of the Programme</b>														
5.1: Strengthen SPIU capacity to Monitor, Evaluate and Communicate Results	UNCDF UNDP	-Implementation of the project is supported by National expertise  Acceptance of the National expertise in Inclusive Finance Technical and financial analysis of support applications and advisory services to the plans of action of BNR, AMIR, BRD/Microfinance Unit, in the implementation of the NMS -M&E Coordinator recruited and supporting the programme	X									KOICA	GRANT	150,000
													KOICA	GRANT

5.2. Programme management structures (SPIU, SC, IC) are operational	UNDP	Programme management support						MINECOFIN UNDP SPIU	UNDP	GRANT	25,000
5.3. Programme monitoring and evaluation are performed according to rules and procedures	UNDP UNCDF	Programme technical supervision (UNCDF) Programme performance monitoring (SC)						UNDP UNCDF MINECOFIN	UNCDF	TRVINT	20,000
		Independent evaluation of the Programme						UNDP UNCDF GVT Donors SPIU	UNCDF UNDP	PROFSERV TRVINT CTRLOC	30,000 5,100
	Communication of the progress of the programme	X			X	X					
	Project Audit					X	External Auditor	UNDP	CTRLOC		3,000
<b>Total, Budget estimates 2013</b>											<b>2,261,001</b>
Including : UNDP Total											510,000
UNCDF Total											450,000
Korea MDG Trust Fund											1,228,521
ONE UN FUNDS											72,479

**Outcome 3- at the Micro level: The capacity of leader MFIs, FSPs and entrepreneurial training providers to develop innovative services accessible to low-income populations is enhanced**

3.1. The response capacity of the MFIs identified is enhanced in terms of financial resources; methodological tools, MIS, training, human resources, and logistics	UNDP UNCDF	Institutional diagnosis of MFIs Support to the development of a business plan Preparation of support documentation Preparation of performance contracts Disbursement of grants or loans Performance monitoring and capacity-building, in collaboration with AMIR		x	x	MFIs CSUs BRD SPIU	UNDP UNCDF	MCGRA	309,053 157,818
3.2. Refinancing is improved in the sector through the development of partnerships with banking system.	UNDP	-Establishment of a Guarantee Fund to facilitate MSEs access to credit and FSPs protection against possible default					UNDP	GRANT	100,000
3.3. Targeted MSEs businesses receive equity financing	UNDP	Create and foster platforms to facilitate access to financial services (including credit) for MSEs Risk Mitigation/Assessment capacity building directed to FSPs about MSEs financing				UoB FSPs BDF	UNDP	GRANT GRANT	100,000 110,933
3.4 MSE entrepreneurial capacities improved to access markets	UNDP	Develop products and services for equity financing tailored specifically for MSEs Promote equity financing to selected enterprises through business assessments Monitoring of impact on equity recipients Training services providers for MSEs development are identified and selected Basic Entrepreneurship Training: Modules for TVET graduates and CMSLG members are selected and adapted Monitoring of impact on training recipients Support to business incubators and mentorship services Advanced Entrepreneurship Training: -Establishment of Business Incubation services as components of advanced entrepreneurial training for selected MSEs				Entrepreneurial Service Providers	UNDP	GRANT	92,000

Tentative work plan 2014										
Impact of the joint Programme: National Strategy for Financial Inclusion and Plan of Action adopted and implemented to promote universal access to financial services										
Annual objectives of the UN Body	UN Body	Activities	SCHEDULE				Implementing partner	BUDGET ESTIMATES		
			Q1	Q2	Q3	Q4		Source of funds	Budget description	Amount
<b>Outcome 1 – At the Macro level: Coordination, regulation and supervision framework of the sector strengthened with a view to promoting financial inclusion in Rwanda</b>										
1.1. Contribute to capacity building of MINECOFIN for the implementation of the NMS	UNDP	Support to the operation of the Financial Sector Development Unit(FSDU)					MINECOFIN SPIU	MINECOFI UNDP	GRANT	20,000
		SC and CCNMF meetings Monitoring of the sector's database Training, conferences					SPIU SPIU SPIU	UNDP UNDP UNDP	GRANT GRANT GRANT	1,000 3,000 15,000
1.2. Capacity building of the regulatory body and dissemination of its legal and regulatory framework	UNDP UNCDF	Communication/Organization of microfinance events Preparation of simplified media and dissemination of texts					BNR	UNDP UNCDF	GRANT CTRINT	10,000
<b>Outcome 2 – At the meso level: Consolidation of the sector, capacity building and financial infrastructure are supported, with a view to professionalising MFIs in the provision of inclusive financial services</b>										
2.1 Mobile Financial Services provided to target groups	UNDP	Mobile Banking is promoted to rural and urban entrepreneurs Setting-up of Mobile Banking infrastructure Training/Workshop to facilitate Mobile Banking utilization					FSPs VISA	KOICA	GRANT	190,774
		Agent network infrastructure is developed in selected communities Agents' training about financial services delivery to ensure service quality Agents network is promoted through awareness campaign and entrepreneurial training						KOICA	GRANT	

3.5: Appropriate products and services are developed for targeted populations;										X	X		KOICA	GRANT	103,947	
<b>Outcome 4 – At the client level: The capacity of women and youth to manage MSEs and access financial services is built.</b>																
4.1 Research, Development and Learning Strategy results in programme model for scale up	UNDP	-Monitoring and Evaluation System is developed and implemented -Community driven feedback mechanisms are developed and included in the M&E -Partnership and Community Development Frameworks are established - High Impact Curriculum developed - Field visits, focus groups - Baseline survey and client’s needs assessments -Pilot Phase design and launch	X	X	X	X							KOICA	GRANT	72,204	
						X								KOICA	GRANT	
															KOICA	GRANT
4.2 MSEs access financial education and business development services	UNDP	Provide entrepreneurship training to TVET graduates through selected ETPs  Provide entrepreneurship training to CMSLG and increased access to financial services through selected ETPs  -Support MSEs promotion programmes (ex. HangaUmurimo) and entrepreneurial mentorship for women and youth -Partner with BDS centres at the district level to increase project outreach of low-income entrepreneurs											KOICA	GRANT	43,334	
														KOICA	GRANT	43,334
															KOICA	GRANT
<b>Outcome 5 – Effective management, monitoring and evaluation of the Programme</b>																
5.1: Strengthen SPIU capacity to Monitor, Evaluate and Communicate Results	UNCDF UNDP	-Implementation of the project is supported by National expertise  Technical and financial analysis of support applications and advisory services to the plans of action of BNR, AMIR, BRD/Microfinance Unit, in the implementation of the NIMS  -M&E Coordinator recruited and supporting the programme Programme support staff											KOICA		200,000	
															KOICA	
5.2: Programme management	UNDP												UNDP	PERLOC	33,000	

structures (SPIU, SC, IC) are operational.		Office management										GRANT	12,500
5.3. Programme monitoring and evaluation are performed according to rules and procedures	UNDP UNCDF	Programme technical supervision (UNCDF) Programme performance monitoring (SC)									UNCDF	TRVINT	16,746
		Independent evaluation of the Programme									UNCDF	PROFSERV TRVINT	100,000
		Communication of the progress of the programme Project Audit									KOICA	CTRLOC	7,466
									X				33,333
<b>Total, Budget estimates 2014</b>													<b>1,651,825</b>
<b>Including : UNDP Total</b>													<b>503,553</b>
<b>UNCDF Total</b>													<b>274,564</b>
<b>Korea MDG Trust Fund</b>													<b>873,708</b>

## Annex 4: BIFSIR Expansion Monitoring Framework

Expected outcomes	Indicators	Means of verification	Collection methods	Responsibilities	Assumptions and risks
<p><b>R. 1: At the MACRO Level</b>            Coordination and the regulatory and supervisory framework of the sector are strengthened to promote financial inclusion in Rwanda:</p>	<ul style="list-style-type: none"> <li>- The Secretariat responsible for the implementation of the NMS is operational within MINECOFIN (N1-N4)</li> <li>- Simplified media on the MF law available to 70% of licensed MFIs at least (N2, N3)</li> <li>- A central database of MFIs is functional within the BNR (N2, N3)</li> <li>- A critical mass of BNR inspectors is trained to monitor sector (N2, N3)</li> <li>- Policy development for agent network development</li> </ul>	<ul style="list-style-type: none"> <li>- SPIU staff recruited</li> <li>- Equipment acquired</li> <li>- Work programme and Annual Budget for 2010, 2011, 2012, and 2013, 2014</li> <li>- Smooth operation of the SC and CCNMF</li> <li>- Number of extension materials disseminated</li> <li>- Number of awareness and training workshops</li> <li>- Number of requests for sector data</li> <li>- Regular updating of database on MFIs and CSUs</li> <li>- Training plan for the MF staff of the BNR</li> <li>- Annual supervision plan oversight</li> <li>- Agent Network Policy available</li> </ul>	<ul style="list-style-type: none"> <li>- Verification of the ministerial decree establishing the NMS/MINECOFIN Secretariat</li> <li>- Review of the Programme Operations Manual</li> <li>- Review of quarterly and annual progress reports, and of minutes of meetings</li> <li>- Periodic meetings and dialogue with the BNR and MFIs</li> <li>- Certificates of participation in workshops and seminars</li> <li>- Review of MF supervision reports by the BNR</li> </ul>	<ul style="list-style-type: none"> <li>- UNDP to facilitate consultation and institutional relations</li> <li>- UNCDF for the provision of technical expertise in inclusive finance and the identification of strategic partnerships</li> <li>- UNCDF and UNDP for the provision of funds and the mobilization of additional resources</li> </ul>	<ul style="list-style-type: none"> <li>- Delays in the establishment and operationalization of the Programme</li> <li>- Lack of ownership by actors</li> </ul>
<p><b>R.2: At the Meso Level</b>            Consolidation of the sector, capacity-building and the financial infrastructure are supported, with a view to professionalising the delivery of inclusive financial services.</p>	<ul style="list-style-type: none"> <li>- AMIR is operational and provides quality services to its members including for rating and the IMS (N2, N3, N4)</li> <li>- 5 managers/MFs/year are trained (N1-N4)</li> <li>- 7 CGAP course modules are disseminated and replicated each year (N2-N4)</li> <li>- 110 CSUs in 30 districts are strengthened and adopt best practices (N2-N4)</li> <li>- A critical mass of audit firms are trained in MFI auditing (N2-N3)</li> <li>- Mobile banking and agent network are established in the Southern Province</li> </ul>	<ul style="list-style-type: none"> <li>- Operationalization and maintenance of the IMS</li> <li>- Number of rating missions and agencies evaluated</li> <li>- Number of missions to identify and raise awareness of entities not affiliated with a network</li> <li>- Number of business plans developed for new consolidated networks</li> <li>- Number of elected leaders and senior technicians trained</li> <li>- Number of performance contracts with local technology providers</li> <li>- Quality of financial statements submitted to the BNR</li> <li>- Number of mobile banking users in selected areas</li> <li>- Number of active agents at the community level</li> </ul>	<ul style="list-style-type: none"> <li>- Review of quarterly and annual progress reports</li> <li>- Review of the business plan and biannual Plan of action of AMIR</li> <li>- Technical dialogue with Amir and other partners on the monitoring of network development</li> <li>- Information collection about mobile banking services and agent network development from all stakeholder</li> </ul>	<ul style="list-style-type: none"> <li>AS ABOVE</li> </ul>	<ul style="list-style-type: none"> <li>- Delays in the establishment and operationalization of the Programme</li> <li>- Lack of technical capacity and human resources within AMIR</li> <li>- Possible resistance to change in the MFIs and CSUs</li> <li>- Infrastructural constraints for mobile banking and agent-network development</li> <li>- National E-payments providers remain in Rwanda</li> </ul>
<p><b>R.3: At the micro level</b>            The capacity of MFIs and CSUs is strengthened to develop innovative financial services accessible to all</p>	<ul style="list-style-type: none"> <li>- Each year 2 high-potential MFIs at least are financed (N2-N4)</li> <li>- The total number of clients of MFIs rises by an average of 5% annually to reach 200,000 additional customers, 50% of whom</li> </ul>	<ul style="list-style-type: none"> <li>- Technical analysis and needs assessment of MFIs</li> <li>- Regular operation of the IC and quality of investments.</li> <li>- Number of performance contracts signed</li> </ul>	<ul style="list-style-type: none"> <li>- Review of quarterly progress reports on performance monitoring of MFIs</li> <li>- Review of the business plans of MFIs</li> <li>- Technical dialogue with the MFIS</li> </ul>	<ul style="list-style-type: none"> <li>AS ABOVE</li> </ul>	<ul style="list-style-type: none"> <li>- Delays in the formalization of performance contracts and disbursements of funds</li> <li>- A low absorption capacity of MFIs and CSUs in terms of financing</li> </ul>

	<p>are women. (N2-N4)</p> <ul style="list-style-type: none"> <li>- Partner Financial Service Providers have increased service provision to women and youth owned MSEs</li> <li>- BDS outreach of MSEs increases by each year</li> <li>- Established network of business incubators, advisory services and mentorship programmes</li> </ul>	<ul style="list-style-type: none"> <li>- Number of MFIs that have developed new products</li> <li>- Availability of quarterly reports on key indicators (ROAR)</li> <li>- Number of MFIs posting their data on the MIX Market</li> <li>- Number of MSEs accessing the equity guarantee fund</li> <li>- Products and services developed by FSPs tailored for MSEs</li> <li>- Number of business ideas supported by BDS</li> <li>- Number of services provided to low-income entrepreneurs</li> </ul>	<p>- Dialogue with BDCs in relation to strategies to increase the outreach of low-income entrepreneurs and training quality</p>		
<p><b>R 4: At the client level: the capacity of low-income women and youth is strengthened to manage MSEs and access financial services</b></p>	<ul style="list-style-type: none"> <li>- Quarterly information collection about MSEs development</li> <li>- High impact curriculum reach XXX low-income youth and women</li> <li>- Access to Financial Services : Increase in the amount of savings and equity investment among targeted populations (TVETs &amp; CMSLGS)</li> <li>- Employment Indicator (CMSLGS)</li> <li>- Employment Indicator (TVETs)</li> </ul>	<ul style="list-style-type: none"> <li>- Trainee Assessment of quality of entrepreneurship development</li> <li>- Number of women starting/diversifying a business after capacity-building</li> <li>- Amount of savings and or accessed credit by low-income women</li> <li>- Number of youth starting a business after capacity-building</li> <li>- Amount of savings and accessed credit by low-income youth</li> <li>- Number and type of businesses that received equity finance</li> <li>- Number of services provided from business incubators, BDS, advisory services and financial service providers</li> </ul>	<ul style="list-style-type: none"> <li>- Semi-structured interview with the beneficiaries</li> <li>- Focus groups with CMSLGS and TVET graduates</li> <li>- Periodic meetings with entrepreneurial training providers</li> <li>- Dialogue with selected MSEs about successes and challenges</li> </ul>	<p>AS ABOVE</p>	<ul style="list-style-type: none"> <li>- Faulty sampling techniques</li> <li>- Low willingness of the population to undertake risky investment in business development</li> <li>- Human resources constraints</li> </ul>
<p><b>R.5: Management Programme Management, monitoring and evaluation programme is conducted efficiently</b></p>	<ul style="list-style-type: none"> <li>- 3 meetings of CCNMF, SC and IC per year at least (N2-N4)</li> <li>- The Secretariat of the NMS equipped (N1-N2)</li> <li>- Programme Manual of Operation available and updated (N1-N3)</li> <li>- At least 2 UNCDF technical review missions/year (N1-N4)</li> <li>- Technical assistance and the conduct of Programme operations are performed efficiently (N1-N3)</li> <li>- Mid-term and final evaluations (N3, N4)</li> <li>- Reliable monitoring and evaluation framework is established</li> </ul>	<ul style="list-style-type: none"> <li>- Provision of premises by MINECOFIN</li> <li>- Equipment acquired</li> <li>- Existence of a Programme Manual of Operations</li> <li>- Regular functioning of Programme bodies</li> <li>- Presentation of quarterly and annual reports</li> <li>- ROAR data available and updated</li> <li>- Technical review missions by UNCDF</li> <li>- Mid-term and final evaluation missions.</li> </ul>	<ul style="list-style-type: none"> <li>- Review of Programme management and implementation records: prodoc, AWP, budget revisions if necessary, quarterly and annual progress reports</li> </ul>	<p>AS ABOVE</p>	<ul style="list-style-type: none"> <li>- Delays in the establishment and operationalization of the Programme</li> <li>- Lack of ownership by actors</li> <li>- Possible difficulties for the integration of NTA</li> <li>- Challenges in creating synergies and harmonizing activities with other programmes supporting the sector</li> </ul>



## **Annex 5: ToR of the Investment Committee (IC) Fund for Financial Innovation and Institutional Support (FFIIS)**

### **1. Background/Rationale for the FFIIS**

Established as part of the contribution of the BIFSIR Programme, a joint UNDP/UNCDF programme for the implementation of the National Microfinance Strategy (NMS) of Rwanda, the FFIIS aims to strengthen and professionalize the microfinance sector in Rwanda. It is a mechanism for consultation and coordination of support bringing together various stakeholders: microfinance institutions (MFIs), the Association of Microfinance Institutions in Rwanda (AMIR), organizations supporting the sector, the Government, the National Bank of Rwanda (BNR), donors, and the private sector. The establishment of the Facility is the Outcome No. 3 of the BIFSIR Programme, the aim of which is to strengthen the capacity of various stakeholders at the macro, meso and micro levels, with a view to supporting the development of sustainable, quality and diversified financial services that are accessible to the most disenfranchised Rwandans, both in rural and in urban areas, and to improving their economic and social status.

To support the development of an inclusive financial sector contribute to poverty reduction in Rwanda, donors/investors involved in the establishment of the FFIIS agree that their partnership will be based on the following principles:

1. Transparency
2. Independence
3. Responsibility
4. Objectivity
5. Adherence to best practices in microfinance

### **The Investment Committee**

#### ***Role of the Investment Committee***

The FFIIS has an Investment Committee (IC), which provides an appropriate framework for donors to:

1. Define the strategy of the FFIIS and approve the work plan of the Management Unit supported by an National expert in Inclusive Finance;
2. Make investment decisions (financial support) for selected MFIs, decide on the investment strategy and direction of the FFIIS, including the entry of new donors/investors in the IC;
3. Monitor and supervise the activities of the Management Unit for support at the micro level.

All members undertake to respect the basic documents of the FFIIS (Manual of Procedures and ToRs)

#### **2.2 IC Membership**

The IC is the governing body of the FFIIS. It is composed of voting members and observers:

- a) MINECOFIN and representatives of donors or investors of the FFIIS are the voting members;
- b) Observers sitting in an advisory capacity are:
  1. The BNR;
  2. the Private Sector Federation (Financial Sector Board)
  3. the Management Unit (SPIU), which will serve as a secretariat; and,
  4. any other donor/investor willing to participate in the coordination mechanism established at the level of the IC of the FFIIS

On the proposal of a member, and after approval by all other members, the IC may invite resource persons as observers.

#### **2.3. Meetings of the IC**

The IC shall meet at least twice a year in plenary sessions in Kigali, to make investment decisions and ensure their monitoring, to monitor the work plan of the SPIU or any other business on the agenda. On the proposal of a voting member or of the SPIU, and if necessary, the IC may also meet via conference calls or video conferences.

Any member of the IC who cannot attend a committee meeting may appoint a representative of his/her choice. The member shall inform the IC of his/her decision to be represented at least two weeks prior to the meeting.

The agenda of the meeting is proposed by the SPIU to donors. The SPIU shall forward the necessary documentation to members of the IC before the meeting.

## **2. The Management Unit of the FFIIS**

A National Expert of the SPIU shall be recruited based on a widely published vacancy announcement, including on the portal microfinance and on UN Job Shop). Donors of the FFIIS are responsible for recruitment. They must ensure that all measures have been taken to recruit the best candidates meeting the profile of the position.

The SPIU is accountable to the IC, including for the following activities:

- Identification and diagnosis for the selection of MFIs;
- Secretariat of the IC and focal point for donors interested;
- Technical assistance to MFIs and to their network, in close collaboration with AMIR;

If the volume of work justifies it, the SPIU will enlist the expertise of local consultants to assist in the assessment of MFIs and in the financial analysis of funding applications.

## **3. Selection Criteria**

The MFIs and CSUs approved by the BNR and international MFIs wishing to operate in Rwanda shall submit requests for financial support to the FFIIS. The basic criteria for selecting investments will take into account the following aspects:

- Licensed by the BNR
- Vision and leadership:
  - a structure with governance style suited to the institutional nature of MFIs and free from any political or governmental interference;
  - Transparency: opportunity for donors, the Government, customers and the general public to have information on the status of operations of MFIs;
- Quality:
  - management with all due rigour and skills;
  - management and risk control: the ability to manage appropriately a grant and/or loan and repay the loans fully and in due time;
  - appropriate operational techniques;
  - proper design of products;
  - Reporting and accountability: regular reports on operations and the financial situation, and audit reports.
- Opportunities for growth and financial independence:
  - realistic prospect of financial independence within the 5 to 7 years to come for MFIs participating in the Programme;
  - Ability to reach out a significant number of customers.

The specific criteria for different categories of local and international MFIs are defined in the Handbook of Policies and Procedures of the FFIIS.

## **4. Decision-making**

Proceedings of the IC shall be valid only with a majority of voting members present. Each voting member of the IC has one vote and decisions shall be validly adopted by consensus. Where applicable, majority voting is applied.

Decisions on investments shall be taken:

1. forthwith in Rwanda, or through teleconference; or,
2. Electronically, by e-mail exchanges between voting members of the IC. Each donor decides on issues as they are transmitted by the SPIU.

Donors shall have two weeks upon receipt of a complete electronic application to determine the compliance of the application with the requirements of the FFIS Manual. They shall also decide within that period on which donor(s) are to participate in funding.

Donors who do not respond within this period shall be deemed supportive of the decisions of other voting members. Members shall take all the measures necessary to ensure actual receipt of documents sent by the SPIU.

Decisions made at meetings shall be recorded in writing and signed by all members of the IC and the SPIU, specifying, among others, the amount of funding and the donor to enter into an agreement with selected MFIs. Joint-financing of a grant by two donors is possible.

Any donor with a loan contract outside the FFIS with selected MFIs shall inform the other members of the IC upon receipt of the application file.

Modalities and details for the implementation of funding agreements are specified in the FFIS Handbook of Policies and Procedures.

#### **5. Implementation Modalities:**

Based on the minutes of the meetings of the IC, the donor(s) interested in funding shall formalize the financial support agreement with the beneficiary MFIs through the SPIU.

The SPIU shall be responsible for the preparation of all documentation, including the loan contract, to ensure the completion of financing in due time as described in the FFIS Handbook of Policies and Procedures. The SPIU shall also be responsible for informing the MFIs on the terms of disbursements, any preconditions to be met by them, deadlines and the documentation required, in accordance with regulations and procedures of the donors, to enter into a contract with them.

Donors shall commence disbursements within six weeks of acceptance by the IC (except in cases of force majeure). Donors failing to meet this deadline or to disburse the amounts payable (except in cases of force majeure) shall have their voting rights suspended until their obligations are met.

Donors shall disburse, in accordance with the terms of the loan contract, directly into the bank accounts of beneficiary MFIs, and inform the SPIU within 24 hours of disbursement.

The use of these funds shall be subject to annual external audits conducted by an independent audit office accountable to the IC.

#### **7. Rules governing the Entry of New Donors/Investors in the IC**

To create synergies, and avoid duplication of efforts and overestimation of contributions to the financial sector, donors and private investors wishing to support the MFIs in Rwanda will be encouraged to participate in the FFIS. By becoming members of the IC, the new entrants shall undertake to comply with the guidelines of the ToRs of the IC and the terms of the FFIS Policies and Procedures Manual. Any investor/donor who contributes \$US 1,000,000 at least shall have a voting right in the IC. New entrants are approved by the voting members of the IC, in line with the criteria specified in the FFIS Policies and Procedures Manual.

A collaborative agreement shall be formalised by a protocol binding upon parties. The protocol shall set out their respective commitments to strengthening FFIS and specify details of the implementation modalities of investments.

## Annex 6: Performance Indicators for MFIs

Indicators in the table above relate to the MFIs that are Programme partners. For institutions other than MFIs specific performance indicators will be developed by the FFIS.

Output Information		2011				2010
From:		Quarterly Indicators				Annual
Standard code	Name of Indicator	Q4	Q3	Q2	Q1	Year Ended
		31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
<b>Outreach</b>						
O1	Number of Active Borrowers					
O2	Number of Voluntary Depositors					
O3	Value of Loans Outstanding					
O4	Voluntary Savings					
O5	Total Savings					
O6	Percent Women Active Borrowers					
O7	Percent of Women Voluntary Depositors					
<b>Client Poverty Level</b>						
CPL1	Average Outstanding Loan Balance per Borrower					
CPL2	Average Outstanding Savings Balance per Saver					
CPL3	Average Loan Balance per Borrower/ GNI per Capita					
CPL4	Average Savings Balance per Saver/ GNI per capita					
<b>Collection Performance</b>						
CP1	Portfolio at Risk (PAR) Ratio > 30 days					
CP2	Write Off Ratio					
<b>Sustainability</b>						
S1	Operational Self-Sufficiency (OSS) (annualized)					
<b>Efficiency</b>						
E1	Operating Expense Ratio (annualized)					
E2	Cost per Active Client (annualized)					
<b>Overall Financial Performance</b>						
OFF1	Adjusted Return on Assets (AROA)	Only Need Last Fiscal Annual Indicator				
OFF2	Financial Self Sufficiency (FSS)	Only Need Last Fiscal Annual Indicator				
<b>Targets</b>						
	Target Indicators	2006	2007	2008	2009	2010
T1	Number of Active Borrowers					
T2	Number of Voluntary Depositors					
T3	Portfolio At Risk					
T4	Financial Self-Sufficiency					
T5	Cost Per Active Client					

## **Annex 7: ToR - National Technical Advisor in Inclusive Finance**

<b>I. Post Information</b>	
Post Title: National Expert in Inclusive Finance Country: Rwanda Organizational Unit: UNCDF Supervisor: UNCDF Regional Technical Director Source of Funding: BIFSIR Expansion Project	Current Grade: Proposed Grade: SB5 Approved Grade: Post Classified by: Classification Approved by:
<b>II. Organizational Context</b>	
<p>Under the administrative supervision of the UNDP Rwanda Country Director and the Technical Director of the UNCDF Regional Inclusive Finance Unit based in Johannesburg, the National Technical Advisor (NTA):</p> <ul style="list-style-type: none"> <li>▪ provides technical assistance to the BIFSIR Expansion Programme and conducts related operations;</li> <li>▪ provides further support/advice to various structures, such as the contracting MFIs, the Secretariat in charge of the NMS/MINECOFIN, the National Bank of Rwanda (BNR), the Professional Association of MFIs (AMIR), BRD/Microfinance Unit, private sector actors, including MFIs and the UNDP Office;</li> <li>▪ develops partnerships with donors and other investors and contributes to resource mobilization.</li> </ul> <p>At the country level, the NTA supervises the management team and provides technical support to the UNDP Microfinance Focal Point. S/he receives technical and policy guidance from UNCDF's Regional Office.</p> <p>S/he shall inform the Regional Office on opportunities to launch programmes and to develop relationships with key partners. S/he also receives support and guidance from the Regional Office, including on disbursements, financial and performance management, organizational issues, business development, resource mobilization strategies and related tools. The NTA acts as a technical advisor to UNDP in the field of inclusive finance and works in partnership with other organizations of the UN System for policy advice and knowledge management and sharing.</p> <p>The NTA shall work in close collaboration with UNDP and ensure that inclusive finance activities are reflected in annual work plans according to the objectives of the Support Programme to the National Microfinance Strategy (BIFSIR Expansion). S/he develops strong partnerships with other development partners (including the World Bank, DFID, KfW, the Belgian Cooperation) through promoting the comparative advantages of UNCDF and UNDP, especially in the field of financial inclusion, with a view to enhancing opportunities for mobilizing resources for non-core activities.</p>	
<b>III. Functions/Key Results Expected</b>	
<p><b>The National Technical Advisor:</b></p> <ul style="list-style-type: none"> <li>▪ Provides technical assistance to the Programme, conducts related operations, and plays the role of a technical assistant;</li> <li>▪ provides further support/advice to various structures, such as the contracting MFIs, the Secretariat in charge of the NMS/MINECOFIN, the SPIU, the National Bank of Rwanda (BNR), the Professional Association of MFIs (AMIR), BRD/Microfinance Unit, and the UNDP Office;</li> <li>▪ Develops partnerships with donors and other investors and contributes to resource mobilization;</li> <li>▪ Provides support in the development and use of business development strategies and tools, and in the</li> </ul>	

collection of information to build and develop strategic partnerships, enhance business opportunities and resource mobilization for inclusive finance in Rwanda;

- Provides support in the acquisition and management of knowledge for the development of financial inclusion;
- Provides support to the efforts of the UNCDF Regional Unit for Southern and Eastern Africa regarding the development of the Organization and its initiatives in general.

### **Impact of Results**

The work of the NTA on Financial Inclusion has an important impact on the effectiveness, efficiency and scaling-up of programmes, at the national and regional levels, as emphasized in the Results-Oriented Annual Report (ROAR), as well as on aspects of service delivery and financial achievements, business development and resources mobilization, including for non-core activities. It has a direct impact on the success of the National Microfinance Strategy and on the achievement of the objectives of the UNCDF Regional Unit, and ultimately, of the MDGs. The results of the NTA in Inclusive Finance have an important impact on UNCDF's reputation as the preferred partner in Inclusive Finance, a centre of excellence in the country and the region, and in light of its successes in developing strategic partnerships with main actors and implementing joint programmes for inclusive finance in the country and the sub-region. Finally, the work of the National Expert has a significant impact on resource mobilization (for non-core activities) and the ability of UNCDF to contribute to the successful development of inclusive financial sectors in the country and the region.

### **Competencies**

#### Corporate

- Demonstrates integrity and fairness by modelling UN values and ethical standards;
- Displays cultural and gender sensitivity and adaptability;
- Treats all people fairly and without favouritism;
- Shows strong corporate commitment;
- Promotes the vision, mission and strategic goals of UNCDF and UNDP.

#### Functional

- Demonstrates strong technical knowledge in field of Inclusive Finance;
- Proven practical knowledge of Inclusive Finance especially as applied in the context of LDCs, in Africa and Rwanda in particular ;
- Familiarity with UNDP and UN system and role of key institutions in the field of Inclusive Finance. Knowledge of UNDP field level organization;
- Comprehensive understanding of the project management cycle and managing for results;
- Knowledge of programme framework ;
- Knowledge of Atlas at the required level for this position.

#### Managerial/Behavioural

- Leadership

- Focuses on impact and results for client;
- Takes initiative and calculated risks;
- Builds trust in interactions with others;
- Leads team creatively and effectively, and resolves conflicts;
- Displays positive attitude;
- Takes decisions.

- Managing Relationships

- Builds strong client relationships;
- Builds strong relationships with partners;
- Communicates clearly and convincingly.

- Task Management
  - Provides quality outputs in a timely manner;
  - Analyses problems carefully and logically, leading to fact-based and practical recommendations.
  
- Managing Complexity
  - Manages projects effectively;
  - Supports development of clear Unit strategy;
  - Develops innovative solutions.
  
- Building and Sharing Knowledge
  - Shares knowledge and experience with colleagues;
  - Actively builds deep knowledge in Inclusive Finance area;
  - Makes valuable practice contributions in Inclusive Finance;
  - Promotes knowledge management in the Unit/Office.
  
- Learning and People Development
  - Provides constructive coaching and feedback;
  - Promotes learning environment in Unit/Office.

## VI. Qualifications

<b>Education :</b>	Master’s degree in economics, finance, business administration, law or related field.
<b>Experience :</b>	A minimum of 7 years experience, with at least 5 years in Microfinance in progressively more responsible positions in microfinance and inclusive finance, with proven experience in Africa. Success in building strong partnerships and mobilizing resources.
<b>Language Requirements:</b>	Fluency in English or French. Working knowledge of the other language would be an advantage.

## **Annex 8: Monitoring and Evaluation Specialist Job Description**

### **I. General Information**

Title: M&E Officer

Sector of Assignment: Inclusive Finance

Country: Rwanda

Location (city): Kigali

Agency: UNDP

Name of Supervisor: Head of the Environment and Poverty Reduction Unit

### **II. Organizational Context**

UNDP Rwanda in partnership with UNCDF Rwanda submitted (via UNDP HQ-BPR) a proposal to the Korea MDG Trust Fund to scale up the BIFSIR Program (Building an Inclusive Financial Sector in Rwanda). The program was designed to address the quality of both supply and demand of financial services. Specifically the program proposed to improve the delivery of financial services to youth and women owned MSMEs by encouraging Financial Service Providers to further expand service and geographic coverage targeting this population; proposed financial services included savings, remittance and loan products offered using technology enabled platforms. In regards to the demand for financial services the program sought to improve the capacity of low income entrepreneurs, specifically women and youth, to manage MSMEs and engage with the financial services market. This program will be implemented in the Southern Province of Rwanda, in synergy with programs currently funded by KOICA.

### **III. Job Overview**

Title of Supervisor: Head of the Environment and Poverty Unit, UNDP

Content and methodology of supervision: The M&E Officer reports to the Head of the Environment and Poverty Unit at UNDP. Within this framework, the supervisees with the supervisor are expected to set annual key results, mid-term reviews and final evaluation of results achieved. Supervisee performance evaluations will take place once a year.

### **IV. Duties, Responsibilities and Output Expectations**

The M&E Officer will be responsible for supporting, monitoring and evaluating the implementation of KOICA funding. The support will have two objectives: (1) The Monitoring and Evaluation Officer will ensure that the program's log frame is aligned with implementation realities, so that results can be communicated effectively and efficiently to program managers and donors. Likewise M&E systems should be aligned with best monitoring practices applied within the UN system (e.g. Result Based Management); This entails assuring key data and indicators are identified and that there is capacity to collect and process it. (2), the M&E Officer will support the analysis of data from the projects to ensure that information is (a) appropriately represented in internal (periodic and quarterly reports) and external reporting (public communication about project results and impact) and (b) of use to independent evaluation.

The M&E Officer will also serve as a resource person/expert to ensure that innovative approaches of monitoring are included in the planning and formulation of all projects' activities. Specifically, the post holder will be responsible:

- To assist in establishing a coherent M&E system for the project that provides reliable data;
- To review new project activities and analyze how to evaluate and communicate clear and verifiable results;
- To assist in establishing and supporting an M&E framework that ensures linkages between donors and implementing partners toward M&E systems harmonization;
- To strengthen the M&E capacity of implementing partners to track project impact;
- To improve the quality and substance of reporting on project performance and achievement of development results according to the United Nations Development Assistance.



## **Annex 9: BIFSIR EXPANSION OPERATIONAL MANUAL**

### **I. INTRODUCTION**

1. Building Inclusive Financial Sector in Rwanda (BIFSIR) Expansion is a programme set within the strategic framework of the National Microfinance Strategy (NMS) and aims to contribute to poverty reduction and achieve Millennium Development Goals.
2. The specific objective of the programme is to contribute to capacity building of the various stakeholders at the macro, meso and micro levels, with a view of supporting the development of sustainable, quality and diversified financial services that are accessible to the less advantaged Rwanda, both in rural and in urban areas, and to improve the economic and social status.
3. This manual aims to lay down rules governing BIFSIR Expansion as a joint UNCDF and UNDP programme. It is then necessary to clarify procedures and rules which will govern the programme. This document is in line with UNDP and Government policies and guidelines.
4. For any concern which may arise and not mentioned in this document, the UNDP Programme and Operations Policies and Procedures will be referred to.
5. In drafting the following manual, different documents have been referred to such as:
  - a. BIFSIR Project document signed by the Ministry of Finance and Economic Planning, UNCDF and UNDP;
  - b. UNDP national execution manual and UNDP guideline for Direct execution;
  - c. UNDP Programme and Operations Policies and Procedures;
  - d. BIFSIR management manual for Inclusive Finance Programme;
  - e. Government Official gazette Year 42 N 17 of 1 September 2003.
6. BIFSIR Expansion programme will support the improvement of the regulatory and institutional framework, the strengthening of the national association of microfinance, and the professionalization of the MFIs, including aspects related to the consolidation of small MFIs, financial transparency, risk management, as well as the strategic partnerships between banks and MFIs.

### **II. BIFSIR EXPANSION INSTITUTIONAL ARRANGEMENT**

#### **II.1. STEERING COMMITTEE**

##### **II.1.1 Composition of Steering Committee**

The steering committee is composed of members of MINECOFIN, Central Bank, RCA, AMIR, Rwanda Development Bank and BIFSIR Expansion Donors as they are appointed by the Minister of Finance and Economic Planning instruction. The SPIU ensures the SC secretariat.

##### **II.1.2 Responsibilities of the Steering Committee**

- Approves the SPIU Annual Work Plan;
- Monitors implementation by reviewing quarterly reports and submit recommendations.
- Approves Annual Reports submitted by the SPIU before the final signatory
- Recommends modifications, additions and/or deletions to be done within the programme document

##### **II.1.3 Management function of the SC**

1. The National Technical Adviser submits Annual Work Plan and Budget (AWPB), quarterly narrative reports and any other documents concerning the BIFSIR Expansion programme to SC members prior convening the meeting for approval or monitoring the implementation of the project activity;
2. The SC acts through at least two annual meetings to approve the work plan and annual budget submitted by SPIU as appropriate;
3. The chairperson of the committee shall convene the meeting no later than December 1 to approve the Annual Work Plan and Budget (AWPB) of the following calendar year;
4. An official letter prepared by the SPIU signed by the chairperson of SC must be sent to members one week before the meeting. The letter is forwarded via either e-mail and/or courier, stipulates the agenda and is attached to supporting document to be discussed;
5. The participants sign the attendance list while entering meeting room;

6. The meetings can only be held if at least 50% of members is present or represented. Any member may be represented by designate. The designation should be formally communicated to the chairperson of the Steering Committee before the meeting takes place either by an official letter or by email.
7. Decisions are taken by consensus but in cases of failure to converge, decisions will be made by majority vote.
8. The committee will be chaired by the Chairperson of SC, in his/her absence it will be chaired by the chair person of the IC;
9. The written minutes must be signed by the Chairperson, the Secretary and the National Technical Advisor,
10. The minutes of the SC meeting must include the following:
  - a. Date and venue
  - b. Name of Member:
    - i. Present
    - ii. Represented
    - iii. Absent
  - c. Decisions made for each item on the agenda
  - d. The signature of
    - i. The Chairperson of the meeting
    - ii. The secretary
    - iii. The NTA
11. A copy of the minute is sent to all members of the Steering Committee and forwarded to the Head of Regional Office.
12. The funding requests approved by the Steering Committee must be subsequently forwarded by the National Technical Advisor to the Investment Committee,

## **II.2. INVESTMENT COMMITTEE (IC)**

### **II.2.1. Composition**

Investment Committee is composed of voting members and observers/advisors:

- The government represented by MINECOFIN,
- The Donors (UNCDF and UNDP) and any other donors contributing at least 1M USD to BIFSIR Expansion programme
- Programme Management Unit serving as secretariat.
- The BNR sits at the Investment Committee as advisor.

### **II.2.2. Attribution**

- Define the Strategy of the Institutional Capacity Building and Financial Innovation Facility (ICBFIF) and approve SPIU quarterly reports.
- Make investment decisions (financial support) for selected MFIs and,
- Decide on the investment strategy and direction of the ICBFIF, including the entry of new donors/investors in the IC
- Monitor and supervise the activities of the SPIU work plan for support at the micro level

### **II.2.3 Investment Committee Procedures**

1. The Chairperson shall convene a meeting. In case of absence of the Chairperson of IC, the chairperson of SC may convene the meeting. The agenda must be accompanied by funding requests recommended and submitted by the SPIU;
2. The meeting will be held only if the donors who will finance the request are present or represented;
3. The secretariat of the meeting is provided by the SPIU;
4. The committee reviews the compliance of the application with the AWP;
5. Decisions are taken by consensus. Failing to agree upon, the application is rejected or postponed for further reviewing.
6. Decisions on investment shall be taken forthwith in Rwanda or through teleconference or electronically by e-mail exchanges between voting members;
7. Upon receipt of applications, SPIU analyses the applications, preselects relevant application and submits the pre-selected applications to IC members. Donors shall have two weeks upon receipt of a

complete electronic application to determine the compliance of the application with the requirement. They decide within that period on which donor are to participate in the funding. Donors who do not respond within this period shall be deemed supportive of the decisions of the other voting members;

8. The minutes report is drafted by the SPIU and submitted for signature by all members present;
9. The signed copy of the report is circulated to all members.

### **III. ANNUAL WORK PLAN ELABORATION PROCEDURE**

1. The National Technical Advisor develops the Annual Work Plan and Budget (AWP) on the basis of project document that contains a plural annual plan;
2. The National Technical Advisor must update the work plan to achievable and realistic activities for which funding and expertise are available;
3. The National Technical Advisor must make an inventory of activities mentioned in Project Document with particular emphasis on:
  - a. The expected outcome by the project document;
  - b. The main activities to be performed;
  - c. Funding sources;
  - d. The amount of financing activity;
  - e. Periods of realization.
4. After drafting the Annual Work Plan and Budget, the SPIU convenes a meeting with stakeholders for joint analysis and arbitration in relation to the project document. The working meeting with stakeholders helps to establish the programme AWP with timing of the completion of monthly activities;
5. The AWPB must be finalized by the National Technical Advisor not later than 15<sup>th</sup> November of the current fiscal year for the period of the next calendar year. The proposed AWPB is transmitted to the Head of UNCDF Regional Office. If applicable, the Head of Regional Office of UNCDF sends back their observations within 10 days;
6. The National Technical Adviser takes into account any observations of the Head of Regional Office before sending the draft AWPB to the Chairperson of the Steering Committee no later than November 30<sup>th</sup> ;
7. The Steering Committee is convened to approve the AWPB no later than 15<sup>th</sup> December and the plan is sent to be signed by the appropriate signatories annexed to the SC meeting report.

### **IV. SELECTION PROCEDURES FOR FUNDING MFIs**

1. The Programme Management Unit (SPIU) prepares a call for expressions of interest inviting the MFIs to submit applications for funding to BIFSIR Expansion. The call for expressions of interest must be published in nation newspapers but also in any other channel to provide appropriate information to MFIs. Interested MFI submits its application to Programme Management Unit on the date and time specified in the express of interest;
2. The SPIU analyzes the application documents based on the evaluation grid and in conformity with the project document, taking into account the criteria and performance indicators and financial resources provided by each donor for the current year;
3. The SPIU and FSDU organize a mission to visit the MFIs as pre-diagnosis for the purpose of collecting data;
4. The SPIU transmits to the members of the Investment Committee a complete file containing a synthetic analysis of application document, including its recommendations as well as the application documents relating to each request;
5. The Chairman of Investment Committee shall, whenever necessary, call for a meeting of the Investment Committee to consider requests from institutions selected following the above process;
6. The decision of the IC is communicated to the concerned MFIs by the NTA or her/his designate after the report of meeting has been signed.

### **V. DISBURSEMENT PROCEDURES TO MFIs AND OTHER PARTNER INSTITUTIONS**

#### **V.1. Support to MFIs for grants and/or loans**

1. Following the IC meeting, the National Technical Advisor informs the MFI of the decision of the IC and finalizes the Performance Based Agreement (PBA).

2. The PBA along with signed minutes of IC and any relevant document if necessary should be sent to the Head of UNCDF Regional Office for review and transmission to the UNCDF Headquarters for signature;
3. Once the agreement is signed by both parties, the National Technical Advisor sends a request for disbursement of funds to Head of Regional Office together with vendor profile and bank details of the MFI and the signed PBA;
4. The Head of Regional Office informs the SPIU of the transfer of funds to the account of the MFI for follow up. If the funding is made in instalments, the disbursement follows the same procedure but the request must be attached to by a note indicating the compliance of the MFIs with performance indicators

## **V.2. Support to MFIs for warranty**

If there is a guarantee fund, the approach is as follows:

1. The MFIs sent a request for financial guarantee and/or warranty renewals to SPIU along with last three (3) audited financial statements certified by recognized BNR auditor, income statement and balance sheet. In case of renewal, the financial statements of the previous year is sufficient;
2. The SPIU analyses the request and gives findings to the Steering Committee. The Steering Committee also reviews the request and gives recommendations for the Investment Committee consideration;
3. The Investment Committee further examines the request and gives a response. The IC informs the SPIU to issue or not the guarantee. The SPIU sends to the bank the guarantee letter signed by the chairperson of the IC with a copy to the concerned MFI.

## **V.3 Support to Non- Financial Institutions Partners (MINECOFIN, BNR, AMIR, RCA)**

1. The SPIU ensures that the investment to non financial institutions partners is planned in the AWP. After completion of SC meeting, the SPIU informs stakeholders of the adoption of the AWP by the Steering Committee attached herewith a copy of the AWP. The institutional partners, therefore, send to SPIU funding requests;
2. SPIU therefore, coordinates the drafting and signing of PBA by the approved partner institutions This agreement is forwarded to the UNCDF Head of Regional Office for review before final signature by both stakeholders;
3. Except for purchases of equipment (vehicles, computers, etc.), once the agreement is signed by both parties, the National Technical Advisor sends a request for disbursement of funds as well as the vendor profile to the Head of Regional Office.
4. The Head of Regional Office informs the NTA of the transfer of funds to the institutional partners' account for follow up.
5. In case the support is funding on UNDP funds, the National Director (MINECOFIN) sends a request for funding to UNDP to transfer the fund to institution beneficiaries.
6. As for support to purchase of goods and services the NTA sends a request to Head of Regional Office to purchase goods with technical specifications along with the request addressed to the SPIU by the partner institution as well as minutes of SC.

## **VI. PROCEDURES FOR MONITORING MICROFINANCE INSTITUTIONS (MFIs)**

1. MFIs need to produce every 30 days following the quarter a report in the format described in the contract signed showing:
  - a. Data from the MFI
  - b. Customer data
  - c. Income statement
  - d. Balance Sheet
  - e. Portfolio Data
  - f. Macro economic data
  - g. Performance indicators
2. National Expert should analytically review the reports to assess the evolution of the activity. Any significant variation from one period to another must be justified.

3. National Expert may require a detailed explanation of certain items. Any irregularity will be addressed by the National Expert/National Technical Advisor;
4. The quarterly report analyzing the evolution of performance indicators is forwarded to the Head of Regional Office one month after the end of the quarter;
5. Every year, no later than April 30, the MFI must provide to the SPIU previous year financial statements certified by audit firm that is approved by BNR.
6. The auditors should prepare a special report on the portfolio of the MFI and performance indicators;
7. Financial statements should be analyzed by the SPIU to ensure the achievement of performance indicators and fund management.
8. Opinion report must be issued by the Finance & Admin Officer. The FAO transmits the financial statements and opinion report to the National Technical Advisor for action;
9. The National Technical Advisor transmits to the Chairperson of the Steering Committee the financial statements, general and report on portfolio performance indicator of the auditors and the SPIU report for approval.

## **VII. FINANCIAL MANAGEMENT AND REPORTING**

### **VII.1. Direct implementation**

1. The UNCDF funds will be managed under Direct Execution. UNCDF assumes overall management responsibility and accountability for project implementation.
2. Under direct implementation, BIFSIR Expansion budget and expenditure should be managed using ATLAS. BIFSIR Expansion will use ATLAS to keep track of the financial status at all times, to control expenditure, to handle outstanding obligations, to make payments and to monitor the performance of contractors.
3. ATLAS provides information on the availability of funds, electronically transfers authorized payments and generates the proper payment instructions, and produces the Combined Delivery Report (CDR). National Technical Advisor is responsible for certifying the CDRs.
4. National Technical Advisor, as Project Manager for BIFSIR, is responsible for transactions charged on BIFSIR Expansion UNCDF funds and approves all e-procurement purchase requisition as well as requesting for non purchase order payment.

### **VII.2. National execution**

1. UNDP funds are to be managed under national execution scheme as well as funds allocated to UNDP by ONE UN Funds. The Ministry of Finance and Economic Planning is the executing agent and responsible for the management of UNDP funds allocated to BIFSIR Expansion.
2. UNDP will make quarterly advances funds to the BIFSIR Expansion based on forecast on quarterly expenditures in accordance with the annual work plan. All request for advances are submitted to UNDP Rwanda Office by the National Director nominated by MINECOFIN through quarterly financial report. The financial report is submitted within 15 days after the end of the quarter and replaces the request for advances of funds.
3. UNDP may be requesting by SPIU to make direct payment to providers of services or goods. A request for direct payment, duly completed and signed by the National Director is submitted to UNDP attached to it FACE form. The request for direct payment is first signed by the SPIU and co-signed by MINECOFIN
4. The bank account on UNDP funds has National Directors as signatories.

### **VII.3. Reporting**

1. The quarterly advances are prepared by SPIU on basis on the Annual Work Plan approved and the quarterly Work Plan. The following documents shall always be attached to the report:
  - a. The financial report of the previous advances,
  - b. Execution report of the quarter,
  - c. The projected work plan of the next quarter.
2. The quarterly reports are strictly submitted not later than 15 days of the next quarter that is every 15 of April, July, October and January.
3. The quarterly reports are consolidated into an annual report by the SPIU. The annual report is submitted to the Steering Committee for approval.

## **VIII. PROCUREMENT PROCEDURE**

1. Any procurement will be planned in advance. In development AWP, major deliverables and necessary inputs are identified; hence, this involves preparation of Procurement Plan. The signed procurement plan will be sent to UNDP before March. The procurement plan may be revised during implementation due to changes in activities or budget that affect AWP.
2. SPIU will initiate the procurement plan execution. The Project Manager is responsible for ensuring that action is taken within the timeframe identified. The SPIU Project Manager submits request for procurement to UNDP. The request is attached to the terms of reference of the services or technical specification of the goods needed. This procedure applies to UNCDF funds. The request for procurement for UNDP is signed by the MINECOFIN National Director.
3. BIFSIR Expansion may use available contract signed between MINECOFIN and vendor institution, private firm or NGO to carry out specific activities, or to provide specific goods or services.

## **IX. HUMAN RESOURCES MANAGEMENT**

### **IX.1. Supervision of the personnel**

1. The NTA is under administrative supervision of the UNDP Rwanda Country Director and the Head of the Regional Office of UNCDF in Johannesburg. A monthly activity plan is kept for by the NTA. The Plan is first signed by the NTA, thereafter by the UNDP Country Director or by UNCDF Head of Regional Office. The signed plan is transmitted to UNDP Human resources for filing with a copy to Regional Office.
2. NTA fills the annual leave form and makes it signed by UNDP. The signed form is sent to UNCDF Regional Office for filing.
3. The Administrative and Finance Associate is under the supervision of the NTA. The driver is under the supervision of the Administrative and Finance Associate
4. The BIFSIR Expansion local staff fills the annual leave form and submits it to the UNDP HR to verify the availability. UNDP HR transmits the form to the NTA for approval and designation of the replacement during the leave period. Thereafter, the NTA sends the form to the UNDP for signature.

### **IX.2 Evaluation of the personnel**

1. Individual Evaluation Document based on UNDP *Result and Competency Assessment (RCA)* and the terms of reference of every member constitute the central instrument for evaluating and supervising of the BIFSIR Expansion staff. Two months before the end of the contract, everybody in conjunction with his/her immediate supervisor as first evaluator fills the Individual Evaluation Document. The two parties agree by signing on the document and transmit it to the second evaluator.
2. The Individual Evaluation Document of each staff is then sent to the UNDP Human Resources Unit.

## **X. LOCAL AND INTERNATIONAL TRAVEL**

### **X.1. Local travel**

1. The BIFSIR Expansion staff will be governed by UNDP rules and regulation regarding local travel. Prior to travel, BIFSIR Expansion fills local travel authorization claim form. The latter is approved by hierarchical authority. On the basis of the travel authorization claim duly signed, the travel allowance is calculating using Daily Subsistence Allowance (DSA) as per UNDP rate.
2. All government civil servants or programme beneficiaries staff invited by the programme who go on official trip will follow government rules and regulations. The Minister or Head of the Institution signs the travel clearance for the trips inside the country. On the basis of the travel clearance duly signed, the travel allowance is calculating using ministerial order as instructed by the Minister of Finance and Economic Planning.
3. On completion of the trip, the officer concerned compiles an official trip report at least within the three days for the local trips from the day of return from the trip.

### **X.2. International travel**

1. BIFSIR Expansion staff will fall under UNDP rules governing international travel. The travel plan will be done on a quarterly basis on approved work plan. BIFSIR Expansion staff present to the UNDP Finances Unit, within a reasonable time, a travel authorization duly completed and signed. The Daily Subsistence Allowance is calculated using UNDP rate.

2. Government officers who go on official trips abroad must require prior authorization from the Prime Minister which is confirmed by a travel clearance. Trips are carried out on the basis of the approved work plan. The MINECOFIN Minister or head of the Institution requests higher hierarchical competent authorities to issue travel clearance for official trips outside the country. On the basis of the travel clearance duly signed, the travel allowance is calculating using ministerial order as instructed by the Minister of Finance and Economic Planning.
3. On completion of the trip, the officer concerned compiles an official trip report at least within the seven days for the international trips from the day of return from the trip.

#### **XI. MAINTENANCE AND DISPOSAL OFF EQUIPMENT**

1. The equipment acquired in the context of the programme support, remain the property of UNDP and UNCDF, which will decide on their allocation at the end of the Programme, according to specific performance criteria regarding the beneficiary structure.
2. On annual basis, BIFSIR Expansion prepares a signed inventory of all equipments procured under this programme. SPIU maintains detailed inventory of all durable goods financed by donors specifying their use, storage as well as their status. SPIU ensures that the use of furniture and equipment provided by donors are strictly reserved for purpose of the project and ensures proper maintenance of such equipment.

#### **XII. AUDIT OF THE PROGRAMME**

1. In conformity with UNDP rules and regulation, the programme will undergo an annual audit mandated by UNDP under the NEX execution and UNCDF under the DEX execution.
2. The audit report is an integral part of the monitoring and evaluation process. Its contents are taken into account in the annual progress review of the programme. SPIU ensure that appropriate action is taken to implement audit recommendations.
3. BIFSIR Expansion will mandate certified auditing firm to audit private institutions which have signed a performance based agreement. It is the responsibility of the programme for following up with the financial institution on the implementation of the recommendation made in the audit report that pertains to them.

#### **XIII. VEHICLE MANAGEMENT**

1. BIFSIR vehicles must be used for the project needs only. They must be driven by:
  - a. Drivers specially recruited for the project,
  - b. BIFSIR Expansion officially authorized staff holding valid and appropriate driving licenses and proven driving skills. Authorization is issued in writing by UNDP Management.
2. BIFSIR Expansion project driver fill upon completion of each trip, vehicle log book, indicating the date, time, mileage, official, and its route. At the end of the month, the driver must complete a monthly control sheet and transit it to the Administration by 15<sup>th</sup> of each month.
3. A technical log book for follow up of maintenance and reparation will also be maintained by the driver stating the maintenance period, replacement of spare part. In case of reparation, vehicle cannot be taken to the garage without purchase order.

#### **XIV. PROJECT CLOSURE**

1. BIFSIR Expansion will be operationally completed when all planned activities completed in accordance with project document. The following reports will be submitted:
  - a. Final Project Review assessing result and progress made towards targets,
  - b. Lesson learnt report highlights problems encountered and how they were solved.
2. The project will be financially completed upon receipt by UNDP of financial report and signature of final Combined Delivery Report (CDR) by National Director.

## Annex 10: Programme Results Chain

National priorities

UN Framework

**Vision 2020 Umurenge –**

**Pillar 5:** A private sector led economy with development of entrepreneurship and the private sector

**EDPRS (2008-2012):** Growth and Poverty Reduction  
1.4.2.4: Widen and strengthen the financial sector

**Microfinance National Policy (2006):** contributing to social and economic development in both rural and urban areas

**National Microfinance Policy & Implementation Strategy (NMFS):** "Promoting a vibrant and dynamic microfinance industry with inclusive, diverse and sustainable financial services for the majority of poor households by 2011"

**Millennium Development Goals:**

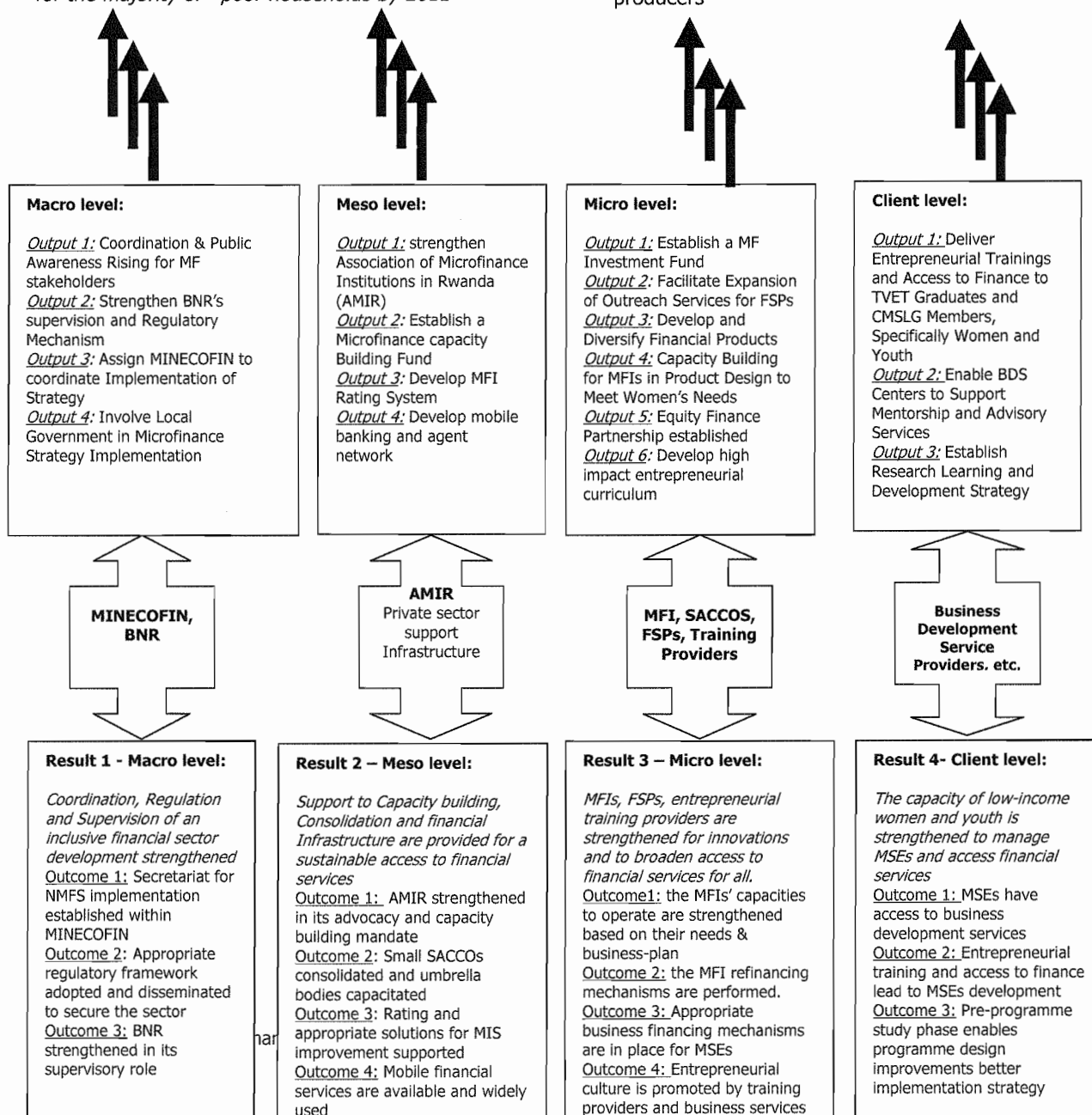
**Target 1.a:** Reduce by half the proportion of people living on less than a dollar a day.

**UNDAF Result 5 - (2008-2012)**

Rwandan Population benefit from economic growth and is less vulnerable to social and economic shocks.

**UNDAF Outcome 5.3:** Productivity Improved and access to markets enhanced for small producers and MSEs

**One UN– Output 4.5:** National strategy for financial inclusion implemented to enhance sustainable access to financial services by small producers



UNDAF

NATIONAL MICROFINANCE POLICY

MIS



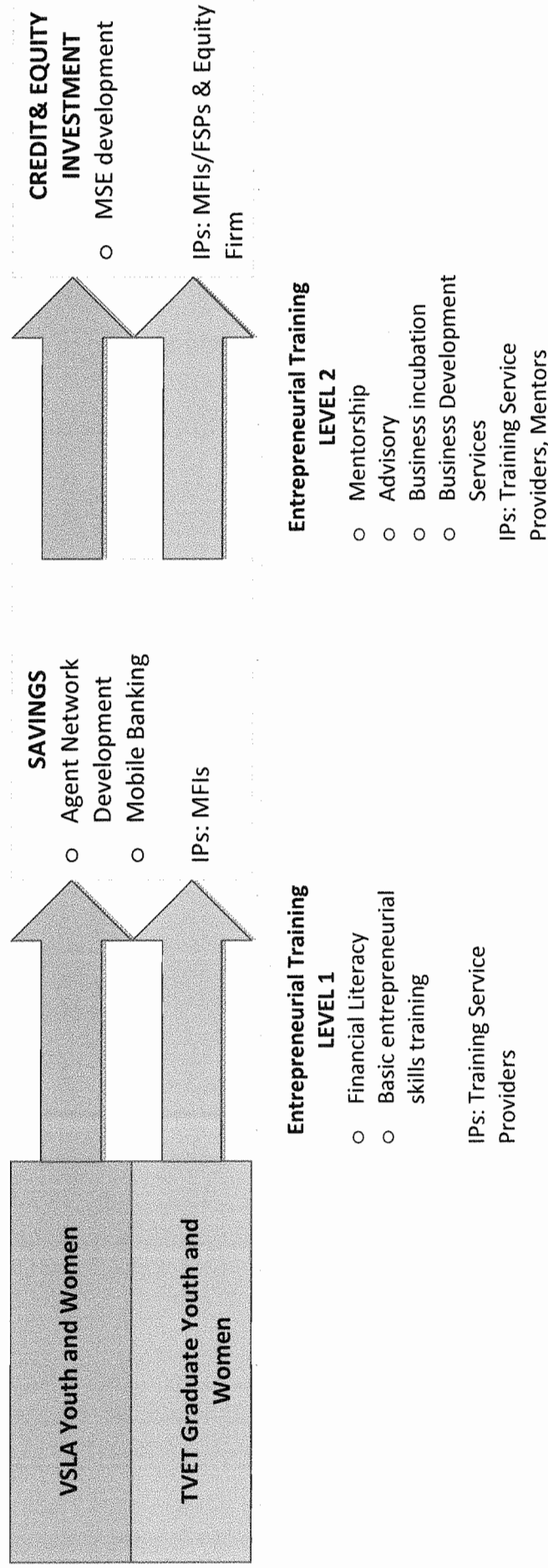
## ANNEX 11: KOREA MDG TRUST FUND PROGRAMME DIAGRAM

### BIFSIR SCALING-UP OPPORTUNITIES FOR WOMEN AND YOUTH

The specific objectives of the Programme are as follows:

- **Macro level:** Coordination, regulation and supervision framework of the sector improved to promoting financial inclusion in Rwanda
- **Meso level:** Consolidation of the sector, capacity building and financial infrastructure are supported, with a view to professionalising MFIs in the provision of inclusive financial services
- **Micro level:** The capacity of leader MFIs, FSPs and entrepreneurial training providers to develop innovative services accessible to low-income populations is enhanced
- **Client level:** The capacity of women and youth to manage MSEs and access financial services is built.

**Geographic Focus:** Southern Province (Kamonyi and Nyamagabe)



### ENABLING POLICY FRAMEWORK FOR VILLAGE SAVINGS AND LOAN GROUPS