



MINUTES OF THE INVESTMENT COMMITTEE MEETING
30th January 2014, PS/ST BOARD ROOM.



Building an Inclusive Financial Sector in Rwanda Program (BIFSIR) - Expansion

The Investment Committee Meeting was held at MINECOFIN in PS/ST's Board Room starting at 11:00am, on 30th January 2014 following the Steering Committee Meeting held earlier in morning. The meeting was chaired by the Director General of Financial Sector Directorate in the Ministry of Finance and Economic Planning Mr Eric Rwigamba representing PS/ST. The proposed agenda was presented and adopted with no amendments as below.

1. Agenda:

- I. Welcome and opening remarks.
- II. Presentation on Mobile Banking proposal
- III. Deliberations and Decision of the IC members.
- IV. A.O.B

2. Investment Committee Members Present:

1. Eric Rwigamba: Director General- FSD, MINECOFIN (Chairperson)
2. Erick Sile: UNCDF Regional Office
3. Sophie Nyirabakwiye: Head Poverty Analyst- UNDP
4. Janvier Ntalindwa: UNDP
5. Dongrib KIM: KOICA-Rwanda
6. Kevin Kavugizo: National Bank of Rwanda

3. Technical Team members Present:

7. Frank Bahizi: Finance Manager SPIU, MINECOFIN
8. Crispus Ayebare: M&E specialist SPIU, MINECOFIN (Secretary)
9. Eddy Grace Ndamukunda: Account, MINECOFIN
10. Yoon Kyung Lee: M&E Officer, BIFSIR-UNCDF
11. Arthur Sabiti: National Technical Advisor-BIFSIR-UNCDF

I. Welcome Remarks:

4. The Chairperson, Mr. Eric Rwigamba- the Director General of Financial Sector Directorate in MINECOFIN welcomed members of the investment committee to the meeting. He briefed the members about the role of the investment committee and the objective of the meeting which was to deliberate and agree on the MOBILE BANKING FOR MICRO & SMALL ENTREPRISES (MSEs) proposal to BIFSIR by UMUTANGUHA Finance Company Limited. He welcomed the team which came to present the mobile banking proposal and requested them to present their proposal focusing on the impact of the proposed project and what gaps and market failures it is going to address.

II. Presentation on Mobile Banking proposal

5. The representatives from Umutanguha Finance Company presented the project proposal “Mobile Banking for Micro & Small Enterprises (MSEs). The proposed activity is to mainly design and implement agent/mobile banking in Kamonyi and Nyamagabe Districts. He highlighted that the estimated number of new MSEs to be served with this investment is targeting new clients estimated to be 10,000 direct beneficiaries plus 15,000 existing clients who will benefit for the system.
6. He disclosed that UMUTANGUHA Finance (UF) is seeking a grant of USD 115,000 from BIFSIR to expand its rural outreach through branchless banking using agent banking and later on mobile banking. Precisely the funding will enable UF to invest in:
 - i) The development of an agent banking platform to increase outreach deep in rural areas of NYAMAGABE and KAMONYI for the benefit of the rural MSEs;
 - ii) Acquisition of two strong servers to handle branchless (agent banking) banking and in the future, to facilitate the interoperability between mobile money phone accounts offered by MNO (Mobile Network Operators) and UF accounts.
 - iii) Purchase of interconnection equipments to facilitate these transactions;
 - iv) Purchase of agent banking devices (POS);
 - v) Training and awareness campaign targeting MSEs owned by youth and women of the above mentioned Districts in order to facilitate uptake and usage of the new technologies.
7. The representative of Umutanguha Finance (UF) that the IC for their keen attention and concluded the presentation by requesting the Investment Committee to endorse the proposal. He thereby welcomed observations, clarifications and inputs from the IC.
8. The Chairperson Mr Eric Rwigamba thanked the presenters for their detailed presentation on the technical and financial proposal and briefly requested the representative of UF a few clarifications before they were dismissed. The chair assured the representatives of UF that any questions that were left unanswered would be answered by the NTA to BIFSIR as he had worked with the technical team to evaluate the technical and financial proposal before its submission to the IC for consideration.

Discussions on the Mobile banking Proposal by the IC

9. The IC members deliberated on the proposal with major questions raised on the risks and uncertainties that the proposal was not able to address and the representative of UF had not raised as well as associated risks that were not addressed. Other issues raised by IC members revolved around capacity and security of the system and generally

the checks and balances in place to ensure that the financial system is not jeopardized. In addition, the financial proposal was judged to be low compared to other systems of the same magnitude.

10. The NTA Mr Arthur concurred with the some IC members on some issues raised, but also assured them that this project was only focusing on 2 districts and not the whole country thus the small budget. He went on to inform that IC members that this proposal involved costs for the procurement of PoS and supervision costs.

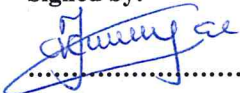
Deliberations of the Investment Committee (IC) on the mobile banking proposal.

11. The IC agreed that the proposal lacks information for implementation, the cost of the whole business model, the technical team to implement it.
12. The IC concurred that it was too early to present it for implementation.

Decision of the Investment Committee on the Umutanguha Finance proposal.

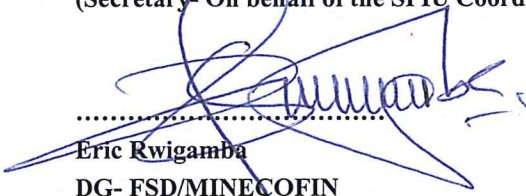
13. After thorough deliberation by the IC, the proposal was referred back to the technical committee to consider the comments raised by the IC members.
14. In his concluding remarks, the Chairperson Mr Eric thanked the NTA for a job well done.
15. There being no other matters to discuss, the meeting closed at 12:30pm

Signed by:



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Crispus Ayebare
SPIU M&E Specialist/MINECOFIN
(Secretary- On behalf of the SPIU Coordinator/MINECOFIN)



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Eric Rwigamba
DG- FSD/MINECOFIN
(Chairperson)



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Arthur Sabiti
National Technical Advisor-BIFSIR/UNCDF