



Unlocking Public and Private  
Finance for the Poor



## CASE STUDY

---

# UNCDF - STRENGTHENING FINANCIAL RESILIENCE AMONG RURAL AND REFUGEE COMMUNITIES IN RWANDA

DECEMBER, 2020

# Acknowledgements

This case study highlights the achievements of UNCDF's 'Expanding Financial Access and Digital and Financial Literacy (REFAD)' project in Rwanda.

UNCDF would like to acknowledge the contribution of Inkomoko and Umutanguha Microfinance Company (UFC), who are part of the project's implementing partners and key contributors to this case study.

We also acknowledge the support and collaboration of the following partners in making this project a success:

- The Government of Rwanda;
- Equity Bank Rwanda;
- World Relief Rwanda.

April 2020. Copyright © UN Capital Development Fund.  
All rights reserved.

The views expressed in this publication are those of the author(s) and do not necessarily represent the views of UNCDF, the United Nations or any of its affiliated organizations or its Member States. Mention of any firm or licensed process does not imply endorsement by the United Nations. The designations employed and the presentation of material on the maps and graphs contained in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations or UNCDF concerning the legal status of any country, territory, city or area or its authorities, or concerning the delimitation of its frontiers or boundaries.

Photographs © UNCDF 2020



The COVID-19 crisis has highlighted the need to double down on efforts to scale up the deployment of innovative financing approaches that create pathways for poor and vulnerable communities across the globe to cope with existing challenges and new risks posed by the pandemic. In a rapidly changing development context, [UNCDF recommends accelerating transformational change](#), driven by innovation, risk-taking, digital solutions, small business financing, and partnerships led by local government action.

[Rwanda's Financial Sector Development Strategy](#) prioritizes savings — including informal Village Savings and Loans Associations (VSLA) models—, local investments, and digital financial innovations as key enablers of a transformational uptake and usage of financial services in Rwanda. The strategy harmonizes in ambitions with the [National Strategy for Transformation](#) and the [Rwanda Payment System Strategy](#) to promote domestic investments and a digital economy which will lift the country to an upper middle income country by 2035 and a high-income country by 2050 as articulated by the [Vision 2050 strategy](#).

With levels of financial inclusion in Rwanda rising up to 93 per cent as indicated by the Finscope 2020 report, Rwanda is shifting its focus from financial services accessibility to improving its population's financial health and living standards in general. Nevertheless, the 7 per cent financially excluded population of whom the majority are traditionally vulnerable groups such as the poor, those residing in remote rural areas, youth, women, and old people remain a priority for the government of Rwanda.

UNCDF prides itself on being Rwanda's development partner in the financial sector since 1981. Today, the organization is working to accelerate financial inclusion by connecting Rwanda's rural population and low-income groups to financial services and digital financial platforms to promote an Inclusive Digital Economy.

In 2019, UNCDF partnered with [Comic Relief](#) and [Jersey Overseas Aid](#) to launch the '[Expanding Financial Access and Digital and Financial Literacy \(REFAD\)](#)' programme with an objective to support a resilient and sustainable local economic development through empowering the demand and supply sides of Rwanda's financial sector ecosystem.

The REFAD model is an approach that coalesces digital financial education, designing and adopting client-centric financial products, strengthening VSLAs to provide rural and refugee communities with transformational, convenient, and affordable financial services that enable individuals and families to make sound financial choices and increase their households' incomes.



*The REFAD model is an approach that coalesces digital financial education, designing and adopting client-centric financial products, strengthening VSLAs to provide rural and refugee communities with transformational, convenient, and affordable financial services that enable individuals and families to make sound financial choices and increase their households' incomes.*

REFAD not only contributes to Rwanda’s financial inclusion objective of extending financial services to the unbanked and underserved groups, but it also delivers technical assistance and capacity building to the supply side of inclusive financial services in Rwanda. The programme equips UNCDF community-based partners –NGOs, social enterprises, and financial institutions – with the required training and tools to develop, test, and roll out innovative financial products tailored to the needs of low-income people in Rwanda.

**Inkomoko**, a social enterprise that provides business and entrepreneurship development services and **Umutanguha Finance Company (UFC)**, a microfinance institution that focuses on serving low-income people including refugees and their host communities, are two of the four REFAD programme implementation partners. The institutions have both dispatched their branches and agents in rural and refugee communities across different regions of Rwanda to support low-income people build their financial resilience while increasing the uptake and usage of digital finance by using savings groups as a point of entry.

Inkomoko has, since 2019, formed over 200 saving groups in 4 refugee camps and host communities across Rwanda. Over 3000 members of these groups were trained in designing viable business ideas and managing micro businesses with an overall goal to transform their groups from VSLA to business-oriented groups.

Before the pandemic, the trainings were held through in-person meetings but eventually shifted to Interactive Voice Response (IVR) when the COVID-19 pandemic hit and restrictions on gatherings were imposed in March 2020. Members of the savings groups have now received training on utilizing a group saving mobile app, **Save**, which helps the groups to keep transacting without meeting physically. About 100 savings groups have already joined the digital group saving platform.

Joanne Mugema coordinates the REFAD project’s activities at Inkomoko. She notes that when the groups started having rules and governing structures in place, they got better at managing their meetings and funds, worked together to come up with business ideas for the group, and they changed their mindset around consuming all their savings like they used to.



*They are now investment-oriented collectives, and we are following up on them with regular advisory services and coaching. Some groups in the programme have benefitted from the capital grants that we offer after they have gone through the training process. We have also helped other groups to connect with Microfinance Institutions (MFIs) which leads them to adopting formal financial services.*

**JOANNE MUGEMA**  
REFAD Project Lead, Inkomoko



Over **200** saving groups formed in **4** refugee since 2019



Over **3000** individuals trained on starting and running micro-businesses



About **100** groups registered on a digital group saving platform

Umutanguha Finance Company (UFC) offers digital financial education in addition to providing traditional banking services of savings and credits to refugees and host communities. The REFAD project has enabled the microfinance company to open over 3500 new bank accounts and disburse more than 350 loans to small entrepreneurs in 3 refugee camps and neighbouring communities in one year. In addition, about 1500 UFC clients in the refugee settlements and nearby communities have received financial education that focused on saving, loan management, and digital banking.

Ghislain Cyizihiro who leads the REFAD implementation at UFC emphasizes that client-centric financial products have brought significant social and economic benefits to refugees and host communities. 'They are now able to access banking services and financial education within their proximities,' says Cyizihiro. The COVID-19 pandemic, however, has affected some key aspects of the programme including the financial literacy activities.



*Normally, the savings groups need to have at least basic levels of financial education and guidance to ensure they are effective and efficient in terms of how they manage the groups' resources. With no gatherings allowed during the lockdown, the trainings (financial education) stopped and we found ourselves unable to carry on with disbursing loans because the training is a prerequisite for our clients in refugee camps and host communities to access loan services. However, savings and withdrawals were still operational as our bank*

**GHISLAIN CYIZIHIRO**  
REFAD Project Lead, UFC

Since mid-May, UFC has been able to resume most of their activities in and around the refugee camps helping micro-entrepreneurs recover from the shocks of COVID-19. They are restructuring loan terms for clients with payment difficulties, providing capital grant and re-financing packages for new and existing savings groups involved in small business activities.

Aside from banking and educational activities, UFC has distributed face masks, hand sanitizers, and paid health insurance for micro and small business owners grouped in VSLAs. The company has also supplied household items such as jerry cans, hoes, and soap to the most vulnerable members of the VSLAs.



**3500** new bank accounts opened by refugees

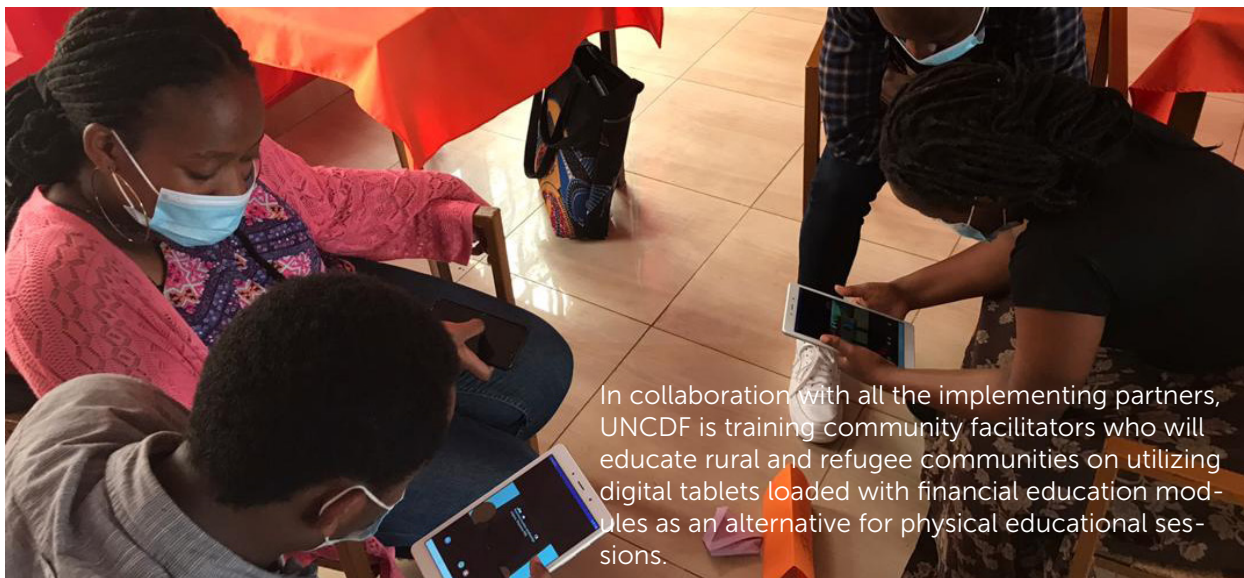


**350** loans disbursed to small entrepreneurs in **3** refugee camps and host communities



**1500** UFC clients trained on saving, loan management, and digital banking

Two other organizations, [World Relief Rwanda](#) and [Equity Bank Rwanda](#), are also part of the REFAD implementing synergy. They are active in supporting VSLAs and developing tailored digital financial products that meet the needs of low-income people especially women, youth, and rural populations.



In collaboration with all the implementing partners, UNCDF is training community facilitators who will educate rural and refugee communities on utilizing digital tablets loaded with financial education modules as an alternative for physical educational sessions.



*The REFAD project started with an aim of equipping vulnerable and low income people with digital financial education skills to enable them to master their cash management, budget, saving and eventually be able to work with formal financial institutions. With the COVID-19 crisis, the project became a solution to these people as it equipped them with digital skills to navigate this new digital world. The project is also promoting the digitalization of savings groups' operations to facilitate members' transactions and ease access to their financial data*

**ROSELYNE UWAMAHORO**

UNCDF Rwanda Programme Coordinator

Between 2019 to 2021, the REFAD programme seeks to reach **15,000** beneficiaries through savings groups and **37,000** beneficiaries through digital and financial literacy trainings to enhance access to and the use of beneficial financial services in Rwanda, with a focus on women, youth, and refugees.



## LEAVING NO ONE BEHIND IN THE DIGITAL ERA

The UNCDF strategy 'Leaving no one behind in the digital era' is based on over a decade of experience in digital finance in Africa, Asia and the Pacific. UNCDF recognizes that reaching the full potential of digital financial inclusion in support of the Sustainable Development Goals aligns with the vision of promoting digital economies that leave no one behind. The vision of UNCDF is to empower millions of people by 2024 to use services daily that leverage innovation and technology and contribute to the Sustainable Development Goals. UNCDF will apply a market development approach and continuously seek to address underlying market dysfunctions.

## ABOUT THE UN CAPITAL DEVELOPMENT FUND

UNCDF makes public and private finance work for the poor in the world's 46 least developed countries. With its capital mandate and instruments, UNCDF offers 'last mile' finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. UNCDF's financing models work through two channels: financial inclusion that expands the opportunities for individuals, households and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and localized investments—fiscal decentralization, innovative municipal finance and structured project finance—that drive the public and private funding that underpins local economic expansion and sustainable development. By strengthening how finance works for poor people at the household, small enterprise and local infrastructure levels, UNCDF contributes to Sustainable Development Goal (SDG) 1 on the eradication of poverty and SDG 17 on the means of implementation. By identifying those market segments in which innovative finance models can have a transformational impact in reaching the last mile while addressing exclusion and access inequalities, UNCDF contributes to a number of different SDGs.

For more information, please contact: