



**For the quality
and sustainable
microfinance
services**

The AMIR newsletter

**A regular publication providing inspirational information on the
microfinance sector**

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CORE VALUES:

- ✧ PROFESSIONALISM
- ✧ TRANSPARENCY
- ✧ UNITY
- ✧ INTEGRITY

Areas of intervention:

- ✧ Advocacy
- ✧ Capacity building and coaching
- ✧ Financial inclusion
- ✧ Financial literacy
- ✧ Performance monitoring
- ✧ Research

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In this issue:

1. AMIR builds MFIs capacities, propels vibrant financial performance;
2. AMIR is committed to create a conducive environment for youth to have access to microfinance;
3. Partnering with academic institutions: a strategic approach for finding research-based sustainable solutions for microfinance sector;
4. NCAT proved that AMIR has made considerable progress strengthening its operations in core capacity areas;
5. Shared IT-Services are set to boost and transform the microfinance sector in Rwanda
6. Dual system: a remedial exercise to close skills gap

SPECIAL NEWS REPORT



AMIR builds MFIs capacities, propels vibrant financial performance

“Rwandans have developed due to utilization of formal financial institutions” says Peter RWEMA, the executive director of AMIR.

The Association of Micro-Finance Institutions in Rwanda (AMIR) was created in June 2007 with 32 microfinance institutions and has since excelled, transforming into an institution with a vision of becoming a strong organization that contributes to the development of the microfinance sector through promotion of transparent management systems, innovative and market-led financial services and products.

AMIR is legally recognized as a professional association by the Ministry of Public Service and Labor with a mission to offer diversified services to microfinance institutions, enabling them to work professionally and contribute towards national development and poverty reduction in a sustainable manner.

Membership is open to all Rwanda Microfinance Institutions (MFIs/SACCOs that have been registered by the regulatory authority (the Central Bank of Rwanda). Members access information on good microfinance practices through workshops and trainings, to a database on microfinance institutions and on the advancement of the sector in general. They also have opportunities to exchange and share experiences with various stakeholders of the sector (local and international Microfinance Institutions, international networks. NGOs and donors). *Turn to Page 2*

AMIR is committed to create a conducive environment for youth to have access to microfinance



AMIR in partnership with IPRC Kigali organized a one day workshop on writing excellent business project proposals.

In interview with media, Mr. Jean Pierre UWIZEYE the AMIR's Senior Programs manager revealed that the reason why they partnered with IPRC in co-organizing such workshop, is that AMIR is a strong partner of the Government of Rwanda in the implementation of the financial inclusion strategy as well as National Employment Program. He further emphasized that AMIR has to ensure that the microfinance sector is serving youth by enabling and facilitating youth to have access to finance.



This workshop was considered to be a supplementary phase to the Innovation Competition organized by IPRC. During this proposal writing competition IPRC has pre-selected 29 project proposals (applicants) the most attracting from IPRC's departments: Civil Engineering, Electrical Electronics & Telecommunication, Mechanical Engineering, Information and Communication Technology and Technical Secondary School (TSS).

The 29 project proposal applicants were then invited for a one day workshop for them to have comprehensive guidelines on how to write excellent project proposals attracting and arousing financial institutions, sponsors and donors' attention.

The workshop participants were given an opportunity to learn from inspiring success stories of some self-employed TVET school graduates who thanks to microfinance services they received, managed to establish their own potential business.

Simon Pierre is one of the IPRC's graduates who inspired the workshop participants, by his success story. Sometimes back, he got little seed money from a microfinance institution, but currently he is running a business whose capital worth 27 million.

Considering the views of students who attended the workshop, apparently, they are enthusiastically ready to start their own business, immediately after finishing their studies; which may imply that equipping these students with business skills, for AMIR, is like a “demand creation”

Mr. UWIZEYE promises that AMIR members will develop products which best suit the needs of these students. “Now we are preparing our MFI/SACCO to have proper products developed for youth graduates from TVET...” he declared

Rwanda Microfinance Week

The Micro-Finance week has been organized for the third time in the country by AMIR under the support and partnership of Savings Banks Foundation for International Cooperation (SBFIC).

The week which kicked off on 14th June 2016 started with AMIR members, together with their partners, SBFIC, travelling around the country to meet all MFIs/SACCO managers and presidents operating in different districts of Rwanda and also had the CEO round table.

AMIR and its partners met all micro-finance practitioners across the country in different districts where they operate.

Based on the AMIR’s strategic plan Rwanda Microfinance Week is a fundamental component in AMIR’s advocacy and communication strategy.

Rwanda Microfinance Week is the best way of information exchange and sharing in the areas of best practices in social performance management.

“When many Rwandans save part of their money, financial institutions will be able to give loans and many people will do investments; but more emphasis is to see young Rwandans growing with the positive attitude of saving such that they can secure their future,” says Rwema.

During the Micro-Finance week, four best performing institutions were selected for their excellent performance. These are Umutanguha Finance, Letshego Ltd, Sacco Niboye and RIM Ltd. The selection criteria were staff retention, client’s protection, social performance and product development.

Best performer speaks

Letshego Ltd was among the best performers in the area of staff retention. Joel Uwizeye, the Letshego Chief Executive Officer says they always carry out trainings on customer services to make staff more skilled and involve staff in the process of planning and implementing strategies that can take the institution to greater horizons. “Being a best performer means a lot to us. We always endeavor to retain staff through applying best human resource management practices,” Uwizeye said, adding that Letshego is committed to come up with more innovations to financially support large numbers of people. “We shall soon be launching e-loans and e-education to enable easy access and convenience,” promises Uwizeye.

Microfinance Institutions performance

AMIR has been committed to its mission as evidenced in the statistical data of its achievements and indeed with the sector’s growth as evidenced in the report of National Bank of Rwanda.

The Microfinance sector’s assets grew by 31.1 per cent from Rwf159.3 billion in December 2014 to Rwf208.9 billion in December 2015. This increase is attributed to sharp increase in loans by 28.6 per cent.

As for Umurenge SACCO performance, 379 out of 416 Umurenge SACCOs had reached their break-

even point in terms of profitability by end December 2015. Umurenge SACCO holds 48.3 per cent and 56.6 per cent of the total MFIs’ assets and deposits respectively.

Between December 2014 and December 2015, U-SACCO assets grew by 39.5% from FRW 72.3 billion to FRW 100.9 billion due to high increase in loans by 20.8% to FRW 32.3 billion end December 2015.

Statistics from Finscope 2016 show that, 57 per cent of Rwandan adults trust most Umurenge SACCOs with their savings, 27 per cent trust banks, 9 per cent and 4 per cent trust savings groups and mobile money respectively.

Recommendations and resolutions adopted

The CEO round table meetings was one of the main components of the Rwanda Microfinance Week. Six round table meetings took place consecutively in Musanze, Gasabo, Karongi, and Nyanza. Most of the recommendations and resolutions adopted during these meetings converge to building capacity and equip AMIR members with technical skills necessary to their daily work.

In this regard, AMIR has committed to organize training and coaching programs for members as soon as possible. Recently, AMIR organized the PMT training (Performance Monitoring Tool) for 120 SACCO managers.

According to the training consultant, the training is a first step, moving forward AMIR is expected to do technical assistance for all the trained institutions on a quarterly basis to ensure that there is consistency in the submission of the reports by the managers. This was highlighted by the training consultant Miriam NANYONGA.

Partnering with academic institutions: a strategic approach for finding research-based sustainable solutions for microfinance sector



AMIR signed a partnership agreement with UTAB: the University of Technology and Arts of Byumba.

The ultimate goal of establishing this kind of partnership between the two institutions was about establishing a link to foster cooperation for

the development and implementation of collaborative programs.

During the MoU signing event which took place at AMIR headquarters, the representative of two institutions highlighted that the partnership will center on offering professional courses in different management sciences such as; Finance, Accounting, Economics, Banking, Microfinance, Entrepreneurship and Investment; sharing guest lecturers and organizing public conferences on Microfinance and Entrepreneurship; collaborating in students’ trainings (practices) through internships, study trips, and research projects; collaborating in the enhancement of personnel capacities of both UTAB and AMIR.

After signing this partnership agreement, both parties agreed on how to speed up the related activities for the beneficiaries to start profit from this partnership. Looking at the MoU content and pace on which the MoU’s activities are being implemented, undoubtedly, the Rwanda microfinance sector, soon and very soon, will gain a lot, from this partnership and find sustainable solutions to the most challenges that the sector is currently encountering.

AMIR enthusiastically, wants to see its members benefiting from this partnership without any delay or interruption, and thus, AMIR has provided is supportive contribution by playing its role in effectively performing its duties.

Ten proposed research topics have been shared with UTAB, and UTAB has already allocated these research topics to different students. The latter are on field conducting the research. The research topics shared include the following:

- (1)To what extent has governance improved the performance of MFIs/SACCOs;
- (2)Assessing the effects of Governance on the sustainability of MFIs/SACCOs;
- (3) Analysis of Product development on reduction of non-performing loans;
- (4)Capacities of MFIs/SACCOS personnel in scaling up their profitability;
- (5)The role of social performance management in promoting efficiency and effectiveness of MFIs/SACCOs
- (6)Digital Finance: its impacts on financial inclusion;
- (7)Evidence based study of Agriculture financing and its long term impacts on MFIs/SACCOs;
- (8)How has Cash based lending improved the performance of MFIs/SACCOs;
- (9)The role of financial education in addressing over indebtedness in MFIs;
- (10)Examining transparency on the effectiveness interest rates.

NCAT proved that AMIR has made considerable progress strengthening its operations in core capacity areas



The Seep Network analysts pose with the board members and the executive director/ AMIR at the closure of the NCAT exercise

The Network Capacity Assessment Tool (NCAT) was developed by The SEEP Network to help build the capacity of its local partners.

SEEP (The Small Enterprise Education and Promotion Network) is a non-profit organization that acts as a network for practitioners working in microenterprise development and microfinance fields. Founded in 1985 by Elaine Edgcomb and Candace Nelson and sponsored by the Bill and Melinda Gates Foundation, Ford Foundation, Citi Foundation, USAID, and Omidyar Network, The SEEP Network since then has developed into a global learning community of 124 member organizations.

The NCAT is the only globally recognized assessment methodology for evaluating the institutional capacity of microfinance associations. The NCAT looks at eight overarching capacity areas—governance, operations, financial viability, human resources, external relations, service delivery, transparency and consumer protection.

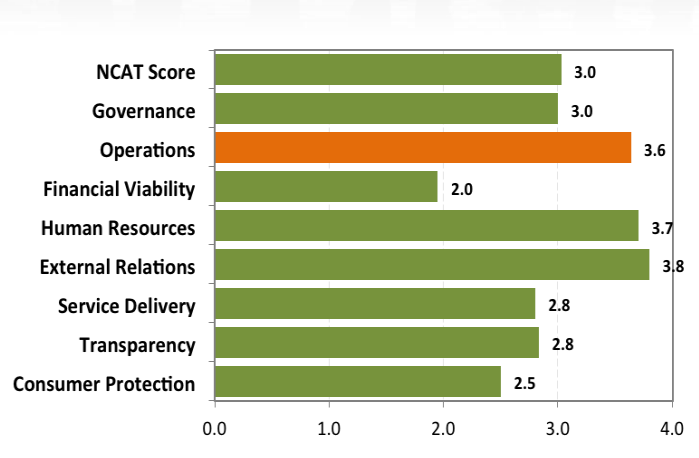
This NCAT was conducted as part of the final evaluation under the Responsible Finance through Local Leadership in Sub-Saharan Africa (RFLLSA) Program. The goal of the four-year program sponsored by The MasterCard Foundation has been to promote the responsible development of the microfinance markets through strong local leadership by:

- (1) Building the organizational capacity of microfinance associations (MFAs) to consistently deliver high quality, demand-driven services to local markets;
- (2) Creating more transparent business environments to support responsible finance;
- (3) Promoting the widespread application of consumer protection principles and practices, and
- (4) Developing a strong learning platform to scale and sustain industry development in Sub-Saharan Africa.

The Association for Microfinance in Rwanda (AMIR) is one of the seven competitively selected MFAs in Sub-Saharan Africa participating under the program.

The results of this assessment conducted by two analysts from the SEEP Network showed that AMIR has made tremendous improvements compared to the 2012 NCAT, conducted at the launch of the program.

The 2016 NCAT score, illustrates clearly the progress made area by area.



Source: NCAT report 2016

AMIR made a courtesy call for interviewing some of its partners and the analysts who conducted the NCAT, for them to share their views on the just concluded exercise.

AMIR:

Could you please describe briefly the current image of AMIR, considering basically – according to your observations: after conducting the NCAT?

Deena M. Burjorjee: Analyst



“AMIR has a strong, professional leadership, qualified and committed board and representative and participatory membership base. As a national microfinance association, AMIR has built up a reputation for being a trusted, collaborative and highly professional advocate for the microfinance sector, maintaining strong and long standing relationships with the government and the range of funding partners with whom it works. AMIR’s policy advice and support is regularly sought by the Government of Rwanda and incorporated in the legal and regulatory framework and is considered a key source of information for the microfinance market in Rwanda.”

What do you think will be the image of AMIR in few years to come, if basically it respects your recommendations (as consultant who conducted the NCAT)?

Deena M. Burjorjee: Analyst

“As AMIR continues to evolve and adapt to the changing needs of the microfinance sector, it has every opportunity to continue to build up its image as a member based association committed to the needs of its members and the market it serves. AMIR will do this by continuing to promote transparency and consumer protection in the microfinance industry, while at the same time representing the needs and interests of its members through a range of demand driven services to build up their institutional base.”

AMIR:

What do you think will be the impact on the AMIR’s strategic work style?

Deena M. Burjorjee: Analyst

“Given its commitment to responsible finance and the work it has done under the SEEP/MasterCard project to sensitize its members to the topic, AMIR is uniquely positioned to broaden the dialogue to the larger stakeholder group supporting low income financial services, in order to ensure broad based adherence to evolving national and international norms of market conduct. As the key advocate for the sector, AMIR can use its convening role to bring together diverse views and agendas around a common goal of responsible and inclusive financial markets, and in so doing have a positive impact on the lives of low income clients served by its members.”

AMIR:

What were your expectations for AMIR before conducting the NCAT?

Deena M. Burjorjee: Analyst

“I had heard very positive things about AMIR under the RFLLSA project particularly around some of the innovative work being done on the Code of Conduct and the implementation for roll out. Therefore, I was not disappointed from my week with the AMIR staff, during which time I was able to get to know the institution better and to validate my positive impressions by other actors in the market.”

**Yaw Gyamfi (Executive Director) Ghana
Microfinance Institutions Network)**



AMIR:

Describe briefly the current image of AMIR, considering basically – according to your observations: after conducting the NCAT?

Yaw Gyamfi:

“The image of Amir is good in general terms as most of the activities involved are of importance to the sector. These are especially the high level things that will prepare the industry for take-off and growth. Eg: shared IT platform and PMT data collection tool and analyses system. But there are areas that one has to be careful as there general concern that AMIR is too much donor driven and has relegated core member needs and services to the background. Some members feel the core things are not being done. These had made some members seem to think that there is little that can be offered to support their growth.”

AMIR:

What do you think will be the image of AMIR in few years to come, if basically it respects your recommendations (as consultant who conducted the NCAT)?

Yaw Gyamfi:

“AMIR could easily become sector leader in all aspect of MFI business. I think AMIR can re-focus on the core business of a member Association needs and extended to other areas of supporting services to be more effective in carrying you mandate within the microfinance space. This will make you the sector mouth piece and information hub. Amir could make itself sector advocate and provide Microfinance Market intelligence.”

AMIR:

What do you think will be the impact on the AMIR’s strategic work style?

Yaw Gyamfi:

“The key things I see are that AMIR would achieve a lot of good things but most of them would be for the donors to achieve their targets and own most of the projects’outcomes. A lot would be done for the sector through the various project but if AMIR sustainability is not been considered in the process then when all the projects are completed There would be financial issues. So AMIR must watch her back while you chasing events and projects.”

AMIR:

What were your expectations for AMIR before conducting the NCAT?

“My major expectation judging from the work done with SEEP and efforts so far to be close to a matured network but I think there are still few thing to be done to move to that level. Much of you energy can be used on compliance of AMIR and Central Bank reporting requirements.”

**Britta Konitzer (Country Director) Savings Banks
Foundation for International Cooperation (SBFIC)**



AMIR:

According to your personal observation, and considering the discussions you had with the NCAT team, how do you think the NCAT exercise will improve your “institutional” partnership with AMIR? How do you relate this activity with your usual collaboration – cooperation – partnership with AMIR? Is NCAT a supportive tool?

Britta Konitzer

“I think indeed that NCAT is an appropriate tool to evaluate associations like AMIR. It helps them to rethink about their approaches, about their work and how far they are. For us as partner it is the same: It helps us also to think about how we can further support AMIR in their strategy in their activities.”

**Bintou Ka Niang: Director
Association Services: The SEEP Network**



AMIR:

Give brief description, overview on the NCAT – explain “NCAT” for someone who hears this term, for the first time?

Bintou Ka Niang:

“NCAT stands for Network Capacity Assessment Tool and for the process used by SEEP in order to review and rate eight different areas of a microfinance association’s performance: governance, operations, human resources, external relations (includes communications and donor relations), service delivery to members (includes satisfaction), financial viability, transparency as well as consumer protection.”

AMIR:

How would you want the microfinance practitioners/ sector in General and AMIR in particular, to understand how “NCAT” relate to the SEEP Network’s mission in one hand and to the microfinance sector on the other hand?

Bintou Ka Niang

“The objective of an NCAT is to identify the stage of development of an association, Nascent, Emerging, Expanding or Mature, at a given point in time in order to establish training, technical assistance, or other interventions to strengthen its institutional capacity. SEEP conducts one such assessment of each of the associations it is supposed to support in order to define the key priority areas on which we should focus our assistance to the MFA. We provide the required assistance in order for the associations to perform better its role in the market (as described in the response to the next question)”

AMIR:

How do you think the “NCAT” would impact on the AMIR’s core business/ activities?

“SEEP believes that Microfinance Associations are critical market system actors that have an important role to play in promoting sustainable and pervasive change in the markets they serve. The traditional role of MFAs has been to support retail microfinance institutions (MFIs) with services that improve their institutional performance and increase the supply of sustainable services. And as markets mature, associations have begun to broaden their role by setting and promoting industry standards and legal frameworks that help influence market access and outcomes. Through the provision of key services to their membership and the development of formal rules in the market, microfinance associations can help to create opportunities and incentives for market actors to learn from one another, pool and leverage resources, experiment with new ideas and disseminate successful models throughout the system. The NCAT helps associations such as AMIR to identify the gaps in their performance and operations that are preventing them from fulfilling their roles successfully, and develop and implement corrective actions to address these gaps. AMIR’s core services are impacted in the course of implementing these actions”

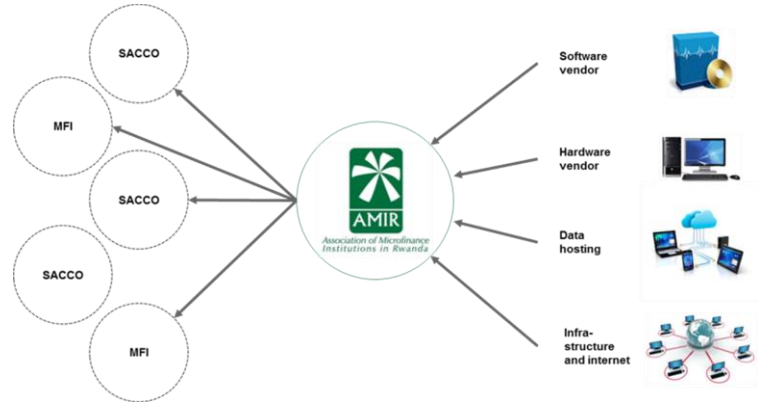
AMIR:

Is NCAT a regular/ occasional exercise? Is it stimulated by some situational circumstances? Or it is a periodical activity? Is it part of the SEEP N’s initiatives: namely Global Learning Exchange - Practitioner Learning Program (PLP) – Network Development Exchange – Value Initiative – SEEP Community – The SEEP Annual Conference?

Bintou Ka Niang:

“We conduct NCATs as a standalone exercise requested by microfinance associations, or a part of an institutional capacity building program in which we conduct a baseline NCAT to have an idea of where the MFA stands in various areas of performance and to be able to develop an action plan for institutional building. We do recommend that MFAs go through an NCAT every few years (2-4 years) in order to re-assess themselves, monitor their evolution through the years, and also redefine priority capacity development areas for themselves.”

Shared IT-Services are set to boost and transform the microfinance sector in Rwanda



Microfinance Institutions (MFIs) have been at the forefront of poverty alleviation efforts around the world and in Rwanda particularly. Of course, for MFIs to achieve this, they must properly employ some strategies; some of these strategies - one may certainly bring up the information technology strategy. According to different and various reports and surveys, Information Technology can be a strategic tool for boosting microfinance services in Africa. It can allow more efficient and effective collection, processing and use of data; it opens the door for microfinance institutions to offer new products and better customer service; it enables greater outreach; and it facilitates integration with the rest of the financial sector.

Rwanda is an ICT based country and it has good IT policies, it wants to use modern technologies to foster and achieve cashless economy as well as reaching financial inclusion goals which is attaining a rate of 90% by year 2020. The IT infrastructure in Rwanda is well established and this is a good opportunity for the success of the shared MIS platform specifically in the microfinance sector. AMIR, being a professional umbrella of microfinance institutions (MFIs), savings and credit cooperatives (SACCOs) strives to support its members to become professional and sustainable institutions. Through different services namely IT services par excellence.

In the general assembly of AMIR members which took place in December last year, AMIR members expressed their strong wish and thirst about technology services: shared IT platform composed of core banking system, hardware, connectivity, payment system and digital finance services; and this was like a “rocket booster” for AMIR to introduce its MIS project that it had been designing longtime ago. The AMIR management told media that Rwanda Microfinance sector is well harmonized with sufficient microfinance policies, law and regulation. The shared MIS platform once going live with at least 70% of AMIR members joining, will definitely set precedent in the region and Africa in general; making a proof to the entire world that Rwanda microfinance sector is digital, hence attracting investors to MFIs and SACCOs. Additionally, the management promised that there will be great benefits for all partners of the AMIR Shared IT-Services namely sustainable improvement of Rwanda’s Microfinance Sector, and sustainable business opportunity.

On the other hand the microfinance practitioners have a feeling that this service will be an opportunity for: Automation of core banking and

management procedures; Strengthening competitive ability in a long-term perspective;

Reduction of IT –efforts; Improvement of data quality for accountancy; Improvement of security and fraud prevention because of automatic internal controls; Fulfillment of regulatory requirements through IT and automatic reports.

Though the pilot phase for this project will kick off on 1st June 2016; there are some important and tremendous achievements recorded so far, as it was revealed by the technical team in charge of the implementation of this project, we should note specifically:

- selection of the software vendor as a business partner of the AMIR Shared IT-Services
- 25 pilot institutions have been identified; Collection of basic data of AMIR members (ongoing)
- Project MOU Signing workshop between AMIR and 25 identified MFIs/SACCOs members, for taking part in the pilot phase

According to the project projections, the pilot phase (1) targets 272,236 customers, and will reach a total target market of 400,000 customers in total in project phase (2), with the below electronic payment channels added to the platform:

- Agency Banking: 50% (200,000 customers)
- Mobile Money: 50% (200,000 customers)
- Mobile Banking: 30% (120,000 customers)
- ATM: 30% (120,000 members)

Dual system: a remedial exercise to close skills gap

In order to enhance the level of quality of labor in the Rwandan microfinance sector and to improve skills development in the sector, AMIR in partnership with SBFIC intends to establish a pilot for a Dual Apprenticeship System for the occupation of ‘Microfinance Specialist’. The Dual System is a capacity development intervention consisting in a rotational exposure of job entrants to both theoretical classes at a Technical and Vocational Education and Training (TVET) school and on-the-job-training within a company. Selected AMIR members are partnering with AMIR and SBFIC in the implementation of a 10-month pilot. They aim to provide an answer to changing skills needs in the industry and close the prominent skills gap observed especially for junior members of staff.