

RWANDA MICROFINANCE

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Savings:
A key to
unlocking
future
potentials and
opportunities



What is the role of microfinance national networks and how will they evolve?

P. 03



Microfinance in Transforming Rwandan lives

P.06-15

CONTENTS

Microfinance transforms Rwandan livelihoods



P 06-15

AMIR to revamp client protection principles in Rwanda microfinance sector

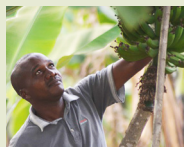
Page 4

The Rwanda Institute of Cooperatives, Entrepreneurship and Microfinance

Page 18-22

Digesting the new research of AMIR about causes of Non-Performing Loans

Page 9



Huge progress with PMT

Page 23

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What is the role of microfinance national networks and how will they evolve?

Microfinance associations (MFAs), member based organizations representing financial institutions serving poor and low-income segments, are critical financial sector actors that have an important role to play in promoting market development. Key market functions associated with standards promotion, knowledge sharing, and the development of transparent business environments rely on strong representative organisations to ensure local demand-driven approaches and scaling of innovations. Their ability to stay relevant to their members, and the broader industry, will depend on their ability to adapt to a rapidly evolving financial landscape.

Currently, there are 63 known national and regional level microfinance associations that have been in operation for over 2 years. Together, they represent 4,260 MFIs serving close to 100 million clients with an outstanding loan portfolio of slightly over USD 31 billion. The vast majority of MFAs are still relatively young institutions, the average age being only 12 years, with the majority having experienced the most significant development in the last 5 to 6 years only.

The traditional role of MFAs has been to support retail microfinance institutions (MFIs) with services improving their institutional performance and increasing the supply of services. However, as markets mature, associations have begun to broaden their role by playing a critical role in promoting industry standards in financial and social

reporting as well as market conduct associated with consumer protection practices. Likewise, they are extremely important in influencing the local policy environment. In all markets, advocacy is needed, the exact nature of which evolves based on the needs of the sector, ranging from basic “awareness building” around inclusive finance and the role of microfinance in meeting these goals, to more concrete and sophisticated actions like policy reform, engaging regulators around consumer protection, lobbying for the formation of credit bureaus and the promotion of banking agent.

Local associations have a critical role in promoting transparent business environments. The flow of information supported by MFAs serves to improve the performance of financial service providers by informing sound management decisions, and helps to attract needed commercial capital to fuel growth, as well as inform policy makers promoting financial inclusion initiatives. This generally consists of supply side data in the form of financial performance reports, benchmarking against industry standards, and social performance assessments. In some markets associations have expanded this role to include demand studies, credit information sharing systems, participation

of their members in local credit bureaus and promotion of financial literacy initiatives. Looking towards the future, MFAs are confronted with some very important opportunities and challenges. First and foremost, their role as industry representatives will be dependent upon their ability to engage a much broader spectrum of service providers in financial inclusion. This may include broadening their base to encompass new entrants into the sector including commercial banks, banking agent networks, and mobile service operators. For some MFAs, this will be a natural evolution, for others it may require a significant change in focus and mission. Likewise, they will need to find better means to promote greater responsiveness to client needs and demands of service providers. They may consider strengthening and expanding their data collection and knowledge, sharing functions to include a greater emphasis on performance analysis of new products and services (i.e. savings, insurance, agricultural finance) and key market segments (i.e. youth, women) to help influence stakeholders of potential opportunities and provide useful criticism of the sector when necessary. This may require access to new data sets, increased analytical capacities, and the development of new research functions.

... as markets mature, [MFAs] associations have begun to broaden their role by playing a critical role in promoting industry standards in financial and social reporting as well as market conduct associated with consumer protection practices.

AMIR to revamp client protection principles in Rwanda microfinance sector

By Bercar NZABAGEREZA

Different reports from microfinance regulators like National Bank of Rwanda show that Microfinance sector is significantly growing with a client base increasing rapidly.

However, the sector still needs to professionally improve, if it has to be sustainable and profitable. On this note, AMIR finds it very important to fully implement client protection principles (CPPs) aimed at helping microfinance institutions practice good ethics and business. The CPPs present the minimum protection that microfinance clients should expect from providers.

According to Straton Habyarimana, a CPP consultant the principles were internationally designed through consensus between international networks and national microfinance associations, to protect clients that were in trouble. "In 2000 some clients were committing suicide as result of over-indebtedness to microfinances." Habyarimana told this magazine that microfinance's practices fueled and sustained the troubles reasoning that they were only interested in money making

and not the clients. "There was a strong need to reverse the situation and abolish injustice that clients were facing," he concluded.

The spirit of this need started in 2000 with a so called "smart campaign" that aimed to set up a pro-client codes of conduct and practices that have to guide microfinance institutions in their business. The campaign came up with a design of six Client Protection Principles in 2004 to have seven in 2011.

Key content of the principles

According to Habyarimana, the seven principles can be summarized as follow:

- **Appropriate product design and delivery:** With this principle microfinance Institutions have to design products and delivery service channels that solve client's problems. Products that are able to change client's lives'.
- **Avoidance of over-indebtedness:** This principle urges the Microfinance Institutions to work with clients so that they do not borrow more money than they can repay or use products that they do not really need.
- **Transparency:** Microfinance has to communicate clearly, sufficiently and timely about loan and other services it provides. The communication must be in a manner and language that clients can understand to make informed decisions. "There are many clients who have no information about the loan they are requesting, tell them the truth." said Habyarimana
- **Reasonable pricing:** In running its business microfinance should keep in mind that making interest spirit has to go hand in hand with the protection of clients. It should set up interest rate, other terms and conditions in a way that is affordable to clients. It should also avoid any spend that can create direct or indirect consequences on clients.
- **Fair and respectful treatment of clients:** Habyarimana qualified this principle as a very important one. It requests micro finances to avoid any injustice while dealing with clients and avoid mistreating any clients who failed to fairly pay the loan. With this principle, microfinance must have a well designed employee's code of conduct that guide them in dealing with clients.
- **Privacy of client information:** According to Habyarimana, this principle obliges microfinance to protect clients' data to remain a secret and to be only used for the purposes. Data cannot be used for other purposes without the express permission of the client "As an example none has right to know how much money you have on your account or the loan you have," (I) insisted Habyarimana.

Mechanisms for complaint resolution

- Habyarimana told this magazine that the principle advises the microfinance to put in place an environment and channel that encourage its clients to present their complaints and problems for resolution and improvement of products and services. With this principles, the microfinance must also have a clear responsive mechanisms for clients' complaints and problem resolution.

Benefit of these principles

According to Habyarimana, the principles have a huge number of advantages both to clients and microfinance. The principles protect microfinance's clients from bad practices and injustices that can push them into poverty. "As most of microfinance's clients do not understand microfinance's procedures they have to be protected. Some Microfinance used to set up high interest rate at even 60%, but it is no longer possible," he pointed out

Habyarimana told this magazine that the CPPs protect not only clients but also microfinance institutions. He said that once observed, the principles create a very good image of the microfinance and improve its credibility among the public. According to him, this makes the clients very happy and proud of the institutions. "Once you have a happy client, he works well with you and brings more clients because of your good image. However, a finance institution that has a bad reputation collapses undoubtedly," said Habyarimana. He thinks that most of the microfinance institutions that collapsed in 2006 in Rwanda would not have, if the principles were there and observed.

The status in Rwanda

The clients' protection principles were recently introduced in Rwanda. However, Habyarimana confirmed that Rwanda has advanced in its implementation through microfinance code of conduct that was designed by AMIR before. "The recent research revealed that in observing the code of conduct, microfinance institutions were unconsciously implementing the principles," he concluded.

However, Habyarimana pointed out that two principles are not well observed. These are pricing and mechanisms for complaint resolution. "Most of microfinance service's providers are coping prices from each other. They even fix interest rate without any research," he said.

To revamp its implementation, AMIR has already spread the principles in more than 127 microfinance institutions that have accepted to implement them. It has trained 75 agents that will train more people about the implementation. AMIR has also set a steering committee that has responsibilities of supervising the implementation of the principles all over the country. National Bank of Rwanda is a member of the committee and has promised to come up with a law that will oblige all finance institutions to implement the principles.

Habyarimana urged all stakeholders to strongly collaborate to fully implement these principles. "We need to work together with microfinance service providers, clients and government to make this happen," he insisted.

Challenges

The first challenge that is underpinning the implementation of CPPs is the lack of law that compels all financial institutions to implement CPPs. "Even though AMIR has a strong will to fully implement the CPPs, it doesn't have power to force microfinance into the implementation".

However, Habyarimana said that the problem is being addressed.

"As the National Bank of Rwanda has agreed to set the law, I'm expecting a lot to change," he concluded.

According to Habyarimana, only 230 microfinance institutions out of 500, have a certain knowledge of the CPPs. For him, this is a very big challenge as many of microfinance institutions 'employees and clients don't know the CPPs. For this sake, there is a huge need of spreading the principles among all stakeholders and a monitoring mechanism.

Microfinance transforms Rwandan lives

SAVINGS:

A key to unlocking future potentials and opportunities

“My savings goal was to buy a turkey but due to insufficient means I bought a turkey egg which eventually got me an actual turkey,” Byiringiro Yesuwa, 12 years pupil in Primary 5 living in Bushambe village, Kivumu sector in Rutsiro district shares his success story.

Thanks to the AMIR/SBFIC child savings program, Byiringiro went through a financial education and savings mobilization session at his school with his fellow pupils. Since then he has never looked back and never been happier about taking the steps to start saving in a microfinance institute.

After the schools sessions, Byiringiro talked to his parents back home but it was not quite easy for them to fully comprehend how he could start saving in a microfinance institution especially at his age. Nevertheless, they pledged their support to him and that's when they helped him open up a child savings account in CLECAM Wisigara. He started his savings journey with 200 Frw and he did not stop. That was his first amount saved on his account which he got from family and relatives



Failure to buy a turkey he bought its egg that eventually earned him what he wanted.

during school vacation. He sacrificed all the candy at the opportunity cost of buying guinea pigs/lab rats at 500 Frw which he reared. He took care of them before and after school every day. He had a goal.

Subsequently, his savings grew especially after selling his guinea pigs at a profit. Byiringiro's savings goal was to buy turkeys but unfortunately his savings were not enough to buy even a single turkey. A better idea to reach his goal, which is equally fitting to “thinking out of the box” type, came

to his mind. He decided to buy turkey eggs which are cheaper compared to an actual turkey. During our conversation, I paused and wondered, what about the turkey eggs? But he surely had an entrepreneurial mindset touch to it.

While his father's hens were hatching eggs, he placed his turkey egg along in the hen eggs for his turkey egg to be hatched as well. Doing this, he was not sure what would happen, he only hoped something good would work out. Eventually, the turkey egg

got hatched and a baby turkey came out. She moved along in the clutch of chicks. With time, the turkey singled its self and lived independently. With this invention, Byiringiro sold his first turkey and bought more eggs. He continuously used his father's hens to hatch actual turkeys from the turkey eggs.

He continues to sell turkeys at the nearby market hence increasing his savings. Now he owns 7 turkeys and his next savings goal is to buy goats and sheep. He takes pride in his savings journey, despite being seemingly tough in beginning, it paid off. He can now help at home with domestic items, he buys himself some scholastic material and his parents are proud of him. Mostly importantly, to him saving is like a culture and his glad to have embraced this culture at such a tender age.

Byiringiro advises his fellow children not only to have savings goals, but also to work towards achieving them by, for example; reducing amount of candy eaten. “Savings is the key to unlocking future potentials and opportunities”, he adds.



CPF-INEZA a powerful institution and always adapted to the needs of its members to help them out of poverty

By Daddy Sadiki RUBANGURA

Hitimana Jean Damascene is citizen who living at Shyogwe sector, in Muhanga District in southern province, is a motor bicycle, through his job he earns and living from riding, and he is a father of 3 children's and one wife and trough his source of income he is able to supporting his children's for school fees.

Hitimana spent almost 5 years of experience in this job, but through a friend Hitimana got know about CPF-INEZA which he joined but this is 2nd year working with them and since then, life never became the same again. He has moved from one level to another progressively stabilized his income and natured saving culture in himself which can help to develop himself and all this he owes it to CPF-INEZA.

Hitimana said "after working with them I had an idea to asking for a loan which is a moto bicycle

which could help me to sustainable development of my life".

Before to start working with CPF-INEZA his life was in a bad condition, and he is unemployed except for occasion when he bowrred his friends a motor bicycle to earn a living from riding, and to save money in the bank was hard, unless he saved 90.000 Rwandan francs monthly, but after working with CPF-INEZA he achieving many things like saving at least 150,000 Rwandan francs per months.

Now Hitimana requested for a loan of one million and two hundred thousand Rwandan Francs, and he will pay in one year and six months.

Today, his project have started earning him revenues which he says is contributing to improving, his life.

" As my activities continue to expand , my financial capacity will also keep improving," he says " and that will require me to keep sinking



in more to make sure my project run as properly as possible, for me to get that money , I will continue working with the savings and credit cooperative."

"Working with micro-finance institutions give us the ability to implement projects we couldn't be able to carry out on our own," says Hitimana.

There are those who fear to work with financial institutions on pretext that they might not be able to service back the money, but what you need to do is to properly analyses your project , your possible market and all variables that might affect it and then execute it properly" he advices.

Hitimana sensitizes other local fellows to work with microfinance institutions as they are institutions having an eye for low and middle income producer's clients.





Empowered youth



CPF-INEZA Improving lives of the southern Province inhabitants

This is a microfinance institution that provides savings and credit to its clients, it is located in the southern province. Local population says CPF-INEZA provided solutions to problems they facing in their daily life, says “Uwamariya Chantal CPF-INEZA manager.

The CPF INEZA was approved by the National Bank of Rwanda as cooperative savings and credit in Rwanda following the approval certificate No. 347 of 16/08/2010. It is an initiative resulting from the will of Pentecostal Christians Parish Gahogo, MUHANGA District, and Southern Province.



Uwamariya Chantal - CEO of CPF-INEZA encouraging youth to embrace loans aimed at generating income

It is a cooperative that results overwhelming concern for the general promotion of the local environment especially the surrounding population had no access to basic financial services. The strategy followed is performing Microfinance is defined as a development tool by which the population excluded from traditional financial services access to basic financial services.

MISSION CPF INEZA

INEZA CPF’s mission is to:

- Touch a large number of poor people living in rural areas as urban areas and be closer to help them out
- To improve the conditions of people’s lives do not have sufficient means to access the services of conventional banks because of not only the complexity of operations but also almost impossible conditions of access to loans that require collateral as security.
- Supporting the spirit of solidarity and d’entraide among members, particularly young.

Digesting the new research of AMIR about causes of Non-Performing Loans

By Peterson Tumwebaze

Nearly after two years of consulting and debating, the Association of microfinance institutions I Rwanda (AMIR) has finally nailed down the major causes of bad loans in the sector.

In August 2015, the association conducted a study which revealed gaps and weakness within the legal procedures and loan recovery systems as main causes of bad loans.

It also sighted out high interest loans market players charge as the main cause of bad loans.

The study conducted between April and May 2015 sighted use of inexperienced professionals, high interest rates, weak financial education strategy, and weak monitoring and supervisory mechanisms as factors threatening the growth of the sector.

The study was conducted in all provinces of the country and covered 96 Microfinance Institutions and more than 74 MFI top managers were interviewed.

The findings confirm National Bank of Rwanda (BNR)' statistics which of recent indicated worsening of 7.0 in 2014 up from 6.8% end December 2013.

There is however a great sense of optimism amongst market players that the solutions could be on the way basing on the evidence.

The next step for AMIR is to prepare position and concept papers basing on the findings and will soon go knocking on the doors of the

concerned institutions.

"The next step is to use the findings of the study and engage all the relevant institutions to ensure that proper action is taken," Peter Rwema, AMIR's Executive Director, said.

Some of targeted institutions include Rwanda development Board, the Judiciary, National bank and the market players.

This is very important because according to Rita Ngarambe, managing director Amir Consult, the findings have a strong connection with institutions and therefore engaging them could provide a more sustainable solution to the increasing NPLs in the sector.

"Nonperforming loans are not only argued to adversely affect the financial performance of financial institutions, but they also have other far reaching implications affecting the economy of the country. This is because other potential borrowers may fail to access credit facilities since part of the funds that could be extended as loans by microfinance institutions are still tied to NPLs," Ngarambe said.

And according to Marie Mukantabana, the leading research officer at Restard consultancy limited, the objective of this research was to understand the causes of Non-Performing loans and to find solutions that reflect views and opinions of MFIs and other relevant stakeholders, she added.

"For example, the study sighted out high costs of collateral registration fees at RDB which can go up to Rwf20 000 and contract notifica-

tion fees of Rwf1 500 per page.

Limited number of commercial courts to settle cases related NPLs and high judicial fees on small loans defaulters of more than Rwf50 000 in commercial court and Rwf75 000 in high Commercial makes it hard for the sector to recover from bad loan," Mukantabana said.

Theoneste Ndayaho, Managing Director, Umutanguha Micro Finance Ltd believes there's need to decentralize registration of collaterals by RDB so that registration can be done at district levels.

"Registration fees for collateral should not be flat rather charged according to the loan size.

MFIs on the spot light

The study also revealed unnecessarily delays in loan approvals which according to analysts often affects the profitability of the industry.

Most MFIs reported difficult in recovering loans due to a weak legal and recovery procedures, and in addition using a lawyers is very expensive as they charge more than Rwf500 000 per case as compared to the loan taken. They now want commercial Courts services brought at District level and Small loans below 3 million to be handled by Abunzi while Court fees fixed in accordance to the size of loans.

Also putting in place high qualified credit committee while providing the exact loan required as per the need of the business is a must do to reduce NPLs in the sector.

"The borrowers tend to misuse these funds or at best use them for wrong or unplanned business ventures which in most cases fail to perform well. At the end, they are unable to repay the loan, Claudine Nsegimana, manager COOPEC Inkunga, said.

Our goal is to help people improve from their lives of poverty to better living- Joel Uwizeye CEO of Letshego Rwanda Limited

By Daddy Sadiki RUBANGURA

Ever since he started working with Letshego micro-finance institutions about two years ago, the life of a driver of Taxi Bus Muhire Pascal realized a sharp turn out and quick transformation.

The 25 years old man, living in Kimisagara sector in Kigali city praising the good service he getting from Letshego. In letshego microfinance the service is rapid and everyone admires it, Muhire do transaction every day, there he savings at least he deposit 500 thousand Rwandan francs per day.

Muhire says” I appreciated the good service I’m getting in this microfinance, that why I cannot leave them, and I will countinue to working with them forever”

Muhire depositing his money in letshego Microfinance for years ago, and he never worked with any other financial instutition, and he experienced quick growth which led to an improvement of his living conditions.

“I was teached and mobilized how to save and profit from my saving Banks, while changing my thinking, now I can see that socio-economic condition continues to improve and I look forward to continue improving it” Muhire says.

Letshego do not give them loans only but also it keep monitoring them during their business, that why Muhire Planning to ask for loan



Joel Uwizeye, The Chief Executive Officer of Letshego Rwanda Limited

in the days coming...

“One cannot develop without saving and access to the credit. It is better to join such microfinance which is the only response for its clients, and microfinance instutition do not ask much like banks and that they are friendly and good advisers making business.” Muhire advice.

About Letshego limited

This is a conversation we had with Joel Uwizeye, the chief executive Officer of Letshego Rwanda Limited,

Joel Uwizeye says “Letshego limited started in 1998, and has its headquarters in Gaborone in Botswana, so far letshego has expanded in 9 countries of Africa and we are looking forward to cover

up the whole African countries.”

Here in Rwanda, they replaced Rwanda Microfinance Limited (RML) was established in May 2004 as a regulated credit only microfinance company limited by shares. The institution was established to provide access to financial services to small and micro-entrepreneurs in Rwanda and started with the capital of 1.5 billion Rwanda francs.

Since 2004, RML has expanded its branch coverage and currently has 5 branches in operation in Kigali, Nyabugogo, Kimironko, Muhanga and Musanze.

“We started Letshego Rwanda Limited as a lending Microfinance to the group of people In order to improve their standards of living and being a lending Microfinance,

we were able to make partnership with the population while serving them with their needs while acquiring more customers, and later in October 2014 we were licensed to become Deposit Microfinance which extended our services to both Lending and Deposit savings and now acting as Bank.” Says Joel.

They are looking forward to establish more branches country wide. And they are working hand in hand with the poor to improve their ways of living while engaging with Bank services. For instance Letshego were able to offer 50 motorcycles to the people of Kirehe while improving their standards of livings and planning to establish a Micro Housing in Southern Province.

“We are currently approaching Rwandans while demonstrating the use of depositing their money in Banks, in order to know their capacities and make them meet their needs, and collaborate with the Bank. For example we managed to fund the KARANI NGUFU while teaching them how to save their money, and this will facilitate them to ask for loans in order to extend their abilities of working. And we offer 6% profits of the deposit saved.” Says Joel Uwizeye

Challenges

The great challenges that we meet is we started as a lending institution which means we had to invest and spend money we had, no money deposited in our institution, teaching and mobilizing people how to save and profit from their saving Banks, while changing their thinking capacities of Banking. And now we looking forward to bring changes like Agent Banking and Mobile Banking in order to facilitate our working with our customers.



OVER THE COUNTER: Muhire Pascal, is one of the happy clients of Letshego.

Achievement

RML provides loans through individual and group lending methodologies. The products offered to the business community include SME loans, Salary loans, Micro housing loans, Education loans, Asset Finance loans and Group loans.

The flagship loan product is the SME loan product, which comprises nearly three quarters of the loan book. All loans in RML are fully secured and perfected except the small size group loans, which use the group guarantee mechanism and cash collateral.

RML works closely with key industry stakeholders such as National Bank of Rwanda (regulator), Association of Microfinance Institutions in Rwanda (AMIR), and the Private Sector Federation (PSF) all of whom have an objective of facilitating financial inclusion in the country. Finally, RML shares its reports on the MIX MARKET and supports MF Transparency Pricing Initiative for products and services offered to customers.

“We thank the government

of Rwanda for supporting our institution’s idea while improving people’s lives and mainly thanking our customers and invite more customers to corporate with Letshego Rwanda Limited. And we are going to extend our branches and working not only in urban areas but rural areas in order to accomplish our goal of helping people to improve from their lives of poverty to better living”.

Products and Services

General access requirements

Copy of National ID
Copy of spouse ID if possible
Must be 18 years and above but below 60 year
Two passport size photos
Existence of a business, gainful employment, group member.

Products and services offered

SME business loan product

Salary loan product

Standing order loan product

Back to school loan product

Asset financing loan product

Business training service

Resilience to success:

How Duterimbere IMF Ltd Survived the 2006 MF chaos

By Bercar NZABAGERAGEZA

Duterimbere Ltd is one of the few microfinance institutions in Rwanda that survived the 2006 microfinance institutions mismanagement that led to the collapse of many.

The population loss confidence in these institutions. However, Duterimbere Ltd managed to build confidence among clients to become one of the leading microfinance in Rwanda with 8 branches in the country. How did they manage to strengthen the institution? Charles Kayumba, the Director General of Duterimbere-IMF, attributes the resilience of the micro finance to the strong management and good corporate governance as the main pillars of Duterimbere. "The management team members are upright people and the board is always active to avoid any mismanagement," he explained.

At Duterimbere, teamwork is the driving force where all employees' contributions towards fairly serving the clients count.

"This has helped Duterimbere-IMF Ltd to attract many clients and retain," he concluded.

"Our clients trust in us strongly".

Kayumba told this magazine that their management has promoted Duterimbere's good image among



Charles Kayumba, the Director General of Duterimbere-IMF, looks forward to further diversification of products.

the clients. "Our clients trust us strongly as we give them other additional services in besides financial services. We are not only their partners, but also their advisor in development," he pointed out.

Duterimbere makes a follow up to make sure that the clients performing well and their projects are progressing. "When one of our clients fails in his business we are more concerned than he is concerned. We avoid that," he explained.

Kayumba emphasizes that the diversification of products they offer is also among the strength they have in the financial industry and has helped the MFI recruit more client.

Apart from standard products, they offer specific products that are designed and offered to clients to address a specific issue. These products are like micro leasing. This is a kind of loan where Duterimbere-IMF, Ltd buys a material (Vehicle, Moto cycle and wood machine) on behalf of client in kind of leasing after showing the prior saving of 20% of the desired material.

Client protection principles as one source of confidence that clients have in Duterimbere-IMF Ltd

Apart from observing social performance management that consist of respecting the company mission and target people, Kayumba said that they observe client protection principles. These principles present

(Vox-Pop: Clients on Microfinance Finance

In 2006 most of the Microfinance institutions in Rwanda collapsed after failing to honor withdrawal requests from its depositors. Clients lost their money and some of them are still being paid by the government. This situation pushed the population in loss of confidence in these institutions. The magazine collected views of clients to evaluate the level of confidence they have after 9 years of the incidents.

"I think that there is much to appreciate in microfinance operations. They are now developing a professional spirit especially in a way they deal with clients. They however have to improve their services in a way that change clients' lives, instead of working with rich people" Alphonse Ndikumana, a motorist who works near Kimironko car park

"Some of the microfinance institutions have to improve their management to avoid any failure. I know some microfinance branches that have recently closed because of unclear reasons. I think that they have to revise some strategies to avoid the chaos," Bahati Jerome, a shop owner at Kabuga trading enter.

the minimum protection that microfinance clients should expect from providers.

"We avoid giving credits that push our clients into poverty and we never rebuke them in case they fail to repay properly. We treat them fairly."

However, Duterimbere- IMF, Ltd has not displayed the principles to the public. But Kayumba told this magazine that they are going to

display them where their clients can easily access them.

Mr Kayumba who has 10 years of experience in the sector, advises microfinance institutions to always keep in mind a number of some key point to attract and maintain confidence of clients. He urges the Microfinance institutions to take care of the clients by listening to them and provide them with products that respond to their need and products

that are in their capacity.

He advises the Microfinance institutions to learn how to assist their clients in the implementation of their projects to advise them for proper projects management. Mr Kayumba finds very productive for microfinance, to recognize that they are different from commercial banks.

"Both leaders and employees have to keep in mind that they generally work with poor people. They have to differentiate themselves from commercial banks" He concluded

Duterimbere provides loans to individuals but focuses on Cooperatives as they are more credible than individuals but, they also make sure that women access credit in large numbers.

"Women are our targeted people, and we wish that they made 70% of people we serve both in saving and lending," added Kayumba.



Ever since I joined Vision Finance Company, my business has improved tremendously- Nsabimana claver

By Daddy Sadiki RUBANGURA

Nsabimana Claver is famer and living in Kimisagara Sector, Nyarugenge district, at Kigali town. His farming is based on irish potatoes and livestock. His started working with Vision Finance Company in 2011 after realized their reliability.

Nsabimana Claver had been saving with Vision Finance Company since 2011 with 2 million Rwandan francs, when he teste their reliability. Previously he never trusted microfinance companies and other microfinance companies who bolted away with their clients' money.

After saving with Vision Finance Company for some time, he realized their reliability and uniqueness in the delivery of their operations. This is because anytime he requested for money in the form of a loan or any other withdrawals, he was never disappointed at all. Vision Finance act promptly and professionally.

"Ever since I joined Vision Finance Company, my business has improved tremendously. Previously I was selling only 5 tons of Irish potatoes but now I have a stock of all kinds of Irish's , and I sell on a large scale (wholesale), where people come in to buy and sell on retail bases". Says Nsabimana claver

The uniqueness of Vision Finance Company has made me to make compulsory savings by my supporting workers. I have four (4) workers who now save with Vision Finance Company on a daily basis. Not



Francis Ndayiziga is the head of Banking and savings.

only my staff, have I also convince fellow traders around the market to do business with Vision Finance Company since they can be trusted, unlike other microfinance companies. It is against this background that I even convinced my elderly sister to close his account with a commercial bank and save at Vision Finance Company.

"Yes Vision Finance Company is truly a provider of real financial freedom"

About Vision finance company

Vision finance Company it a microfinance, started in 1997 as a department of world vision, and by December 2004, they got a license to be deposit microfinance.

In the interview with Francis Ndayiziga is the head of Banking and savings which is involved in operations in Vision finance, explains that the Vision finance Company started in 2004 when it got a licence to be deposit microfinance, with almost 2944 clients and portfolio

close to 500 million Rwandan francs, but currently VFC has 17,000 non creance with the portfolio of 1, 7 billion. 23000 and savings accounts with almost a portfolio of 600 million Rwandan francs, and in total they have almost 40.000 clients.

Performance of Vision finance company

From when their started the performance was good so far, there the portfolio had been on the standard of Central Bank, at least one day where it is below at 10%, and in 30 days below 5%.

Challenges

So basically the challenges their had is any others in the market, like to managing they portfolio, it was one of challenges they had , but slowly they achieving the management and their having a bright future.

Francis Ndayiziga says" In 2011 we had a lot of issues, like system crash issues, but after those challenges the



Clients receive a warm welcome at Vision Finance Company

clients became hopeless with the vision finance Company, it seems they didn't hope with us again."

After those challenges Vision Finance Company introduced different systems, which is to addressing they clients complains, like introducing meeting clients, and in every branches their have a senior management use to go to clients to each branch once per coder and also their introduced clients complains where every clients freely come to branch and login his or her request and also they have a toll free, where every clients can call freely and address his complains.

Francis Ndayiziga says" after the clients complains, they taken all complains and have been discuss them in every senior management team meeting where they address each and every clients complain , and by the end of the month, the branches managers' report this complains to the head of projects, who compare the senior management team to discuss them in the meeting. The complains have been taken seriously and addressing them on monthly bases."

Client's data protection,

"About clients data protection, we know all of us we have money in

central bank on protecting clients data and as I told you vision finance has a part of vision fund international network, so we have to protecting data, we know we can't disclose any clients data to outside us without clients consent and without court decisions, our clients data are protected serious, and it something we take seriously as a vision finance that client protection has to be taken serious as we should be." Says Francis.

Purpose of Vision finance

As I said the vision finance Rwanda is a sub diary of World vision, and world vision is mainly dealing with children's, all we do it like a Rwanda family, to help a children's to have a good life access, have an insurance, go to school, so our mission is basically the children, we give loan to parents and women, and our main objectives the children's are well-being treated, so we have different products as a microfinance. We have a community banking, a solidarity Banking , we have an individual loan, education loan, and current account, savings account , we have children saving account and we developing a youth saving account because we saw in the market youth has so many , so we have many plan in the future. Vision finance started with 5 staff but now has 116 staff so it a big achievement,

and 50.000 clients among them 17,000 are loan clients.

Future plan on the future

Vision Finance Company having many plan on the future, one of the plans, it was like to making a vision finance, and making a microfinance which can call every successful in Rwanda by technology, they having plan on mobile Banking and a lot of initiative which is coming on, also they have a plan to develop a portfolio up to 4 billion next year and doubling clients numbers and working so hard for those plans and they hope by God they will achieving them.

Messages

"Our clients can keep a relationship we have with them, and keep trust with us, we are really their servants because we are serving them, so we have many thing to come with in the market very soon ,just we need to keep working with us .

Currently we have credit office in every district of Rwanda but we have 3 deposit taking branches , which is in Muhima(Kigali) , Musanze(North province) and Genda (Bugesera) in Eastern province , those are deposit taking branches, and we plan to have many branches in the future before next year."Francis Ndayiziga, advice.

MODULES DEVELOPED BY RICEM AND BEING ROLLED OUT IN THE TRAINING OF COOPERATIVES, MICROFINANCE INSTITUTIONS AND MICROENTREPRENEURS

No.	PILLAR	POSITION	NAME OF THE MODULES
1.	Micro Finance and Sacco's	Board members	MFI Laws and Regulations
			Governance
			Basic Financial Analysis & Management
			Social Performance Management
			Strategic Management
			Leadership Skills Managerial Skills
2	Micro Finance and Sacco's	Senior Managers	Strategic Management
			Business Planning
			Leadership Skills
			Governance
			Managerial Skills
			Negotiation & Organizational Behavior
			Financial Analysis
			Financial Reporting & Narrative
			Risk Management
			Change Management
			Governance
			Social Performance Management Stress & Time Management
3.	Micro Finance and Sacco's	Loan Officers	Project Appraisal and Analysis
			Loan Management
			Delinquency Management
			MFI Laws & Regulations
			Fundamental Skills in Financial Analysis
4.	Cooperatives	General Assembly	Cooperative Theory & development.
			Entrepreneurship Issues
			Leadership & Basic Communication
5.	Cooperatives	Board of Directors	Cooperatives theory & Development
			Management of Cooperatives
			Cooperative Planning & Entrepreneurship
			Strategic Management of Cooperatives
			Cooperative Governance Leadership Skills

			Reporting Systems and Monitoring & Evaluation
6.	Cooperatives	Managers	
			Cooperatives Strategic Management
			Leadership Skills
			Managerial Skills
			Cooperative Governance
			Cooperative's Marketing
			Communication & Negotiation
			Financial Management
			Accounting and Auditing
7.	Entrepreneurship	Micro Entrepreneurs	
			Financial Management
			Business Plan
			Entrepreneurial Mindset
			Business Management
			Communication, Negotiation & Networking
			Marketing
			Legal Issues of Business

NB: Development of the Modules for the following positions is yet to start.

- Accountants in Micro Finance
- Accountants in Cooperatives
- Audit committee in MFIs and Cooperatives

The Rwanda Institute of Cooperatives, Entrepreneurship and Microfinance

The Rwanda Institute of Cooperatives, Entrepreneurship and Microfinance known commonly by the acronym RICEM is a newly established training institution that supports cooperatives, MSMEs and MFIs in addressing capacity gaps at the individual and institutional level. At the moment, the institute is supported by MINICOM and through joint capacity programmes with stakeholders mainly AMIR and the ministry of Finance and Economic Planning. Other key stakeholders working closely with RICEM include BNR, RCA and NCCR. RICEM has already undertaken capacity building in a number of areas. A summary of the tasks we have accomplished in one year is provided in this article.

Part I. General Information about RICEM

Full name of the organization	RWANDA INSTITUTE OF COOPERATIVES ENTREPRENEURSHIP AND MICROFINANCE (RICEM)
Legal status	A Private Public Partnership Institution sponsored by MINICOM, AMIR, RCA, PSF, NCCR, BNR and MINECOFIN
Public Benefit status	The public benefits primarily from the activities of the institute through transfer skills and knowledge in microfinance, cooperative and entrepreneurship. RICEM also provides technical support in research and consultancy to respond to the needs of the public in the areas of cooperatives, entrepreneurship and microfinance. RICEM also allows the public to access its facilities for various purposes including seminars, conferences etc...
Address	RICEM is located at KABUSUNZU- NYAKABANDA Sector, NYARUGENGE District, Kigali City , Former Centre IWACU, KN 193 St Email: info@ricem.rw
Office Telephone	+250782296627
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PART II: DESCRIPTION OF THE INSTITUTION

2.1 Background

RICEM stands for 'Rwanda Institute of Cooperatives, Entrepreneurship and Microfinance. The institution started in August 2014 with initiative of both public and private institutions. Public institutions include Ministry of Commerce (MINICOM), Rwanda Cooperative Agency (RCA), Ministry of Finance and Economic planning (MINICOFIN) and the National Bank of Rwanda (BNR). Private Institutions include Association of Microfinance in Rwanda (AMIR), Private Sector Federation (PSF) and National Confederation of Cooperatives in Rwanda (NCCR).

This institution has a mandate to offer practical training and education in the areas of:

entrepreneurship (management of micro, small and medium sized enterprises and related topics like technical knowledge of specific occupations or industries, personnel management governance, accountancy, etc.)

Cooperatives management (beyond the topics named above, specific knowledge of cooperatives management, such as values, philosophy and advantages of cooperatives movement, specific regulatory requirements, etc.)

Microfinance (trainings for technicians: cashier, loan officer, accountant, back-office processor; management training, i.e. credit risk management, internal control systems, auditing, HR management; etc.)

RICEM attempts to promote and provide quality lifelong learning opportunities, through a

Continuous education and training road map, yet flexible to meet the diverse strata of the Rwandan human capital through the following:

1. To strengthen cooperatives, entrepreneurs and microfinance institutions through education, training and business advisory services at different levels appropriate for the target groups.
2. To conduct research on the capacity building needs of cooperatives, entrepreneurs and microfinance institutions to contribute to the policy making process that creates conducive environment of emergence, sustenance and growth in those sectors.
3. To produce and harmonize training methods and materials that will be used by all practitioners in the sectors mentioned above.

2.2 Vision of RICEM

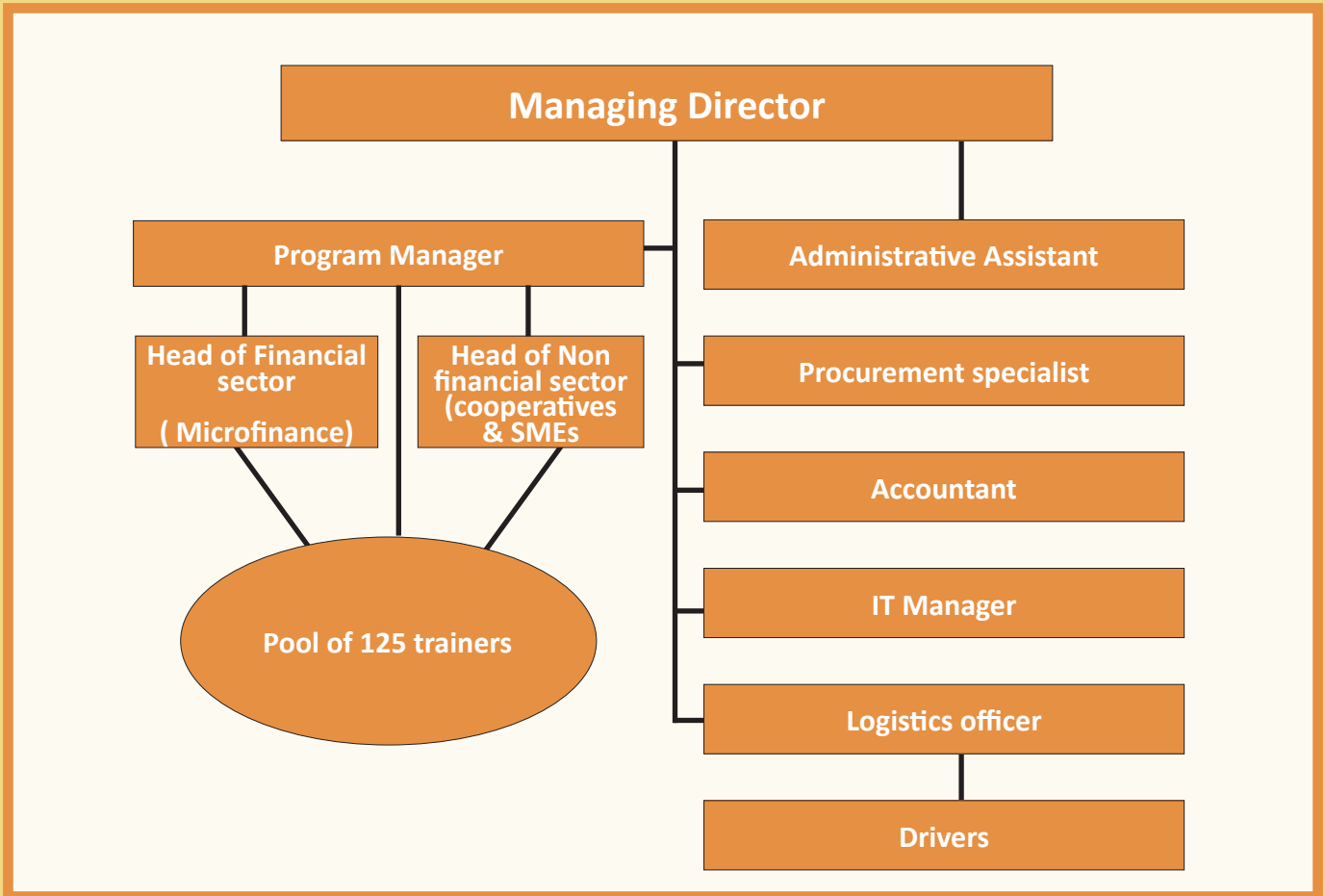
"RICEM's vision is to be the most innovative, accessible, supportive and convenient business and technical capacity services provider for cooperatives, MSMEs and Microfinance institution in Rwanda and within the East Africa region"

To be a competitive business capacity service provider for SME, cooperatives and MFI in Rwanda and in the region

2.3 Mission of RICEM

To provide capacity Building and other business advisory services to C, SMEs & MFIs through training, skills transfer, Consultancy, research and Technical support.

2.3 RICEM Structure



As shown on the structure above, RICEM has a strong management team of 11 permanent staff.

In addition RICEM has a pool of 125 certified trainers in capacity building of cooperatives, microfinance institutions and SMEs development. They possess a strong experience. In terms of education level, 80% are masters degree holders, 16% are bachelor degree holders and 4% are PhD holders.

3. Services offered by RICEM

RICEM offers the following services:

Trainings (Core business) in cooperatives, Entrepreneurship and microfinance sectors

Accommodations (we have the capacity to accommodate 120 people)

Training/ conference/ workshop/ meeting rooms for hire. RICEM has a big hall with a capacity of 500 people, 1 training room with the capacity of 100 people, 4 training rooms with the capacity each of 25 people, open space for weddings and meeting in the tent.

A modern Kitchen and catering services

PART III. ACHIEVEMENTS

3.1 Training

In terms of training RICEM, has curricula approved by WDA and 40 modules (14 in cooperatives, 19 in Microfinance and 7 in entrepreneurship) are ready for deployment. RICEM is still developing more modules as the need arises. Since August 2014 where the institution started, RICEM has conducted the following trainings:

Type of Training	Number of participants
Pilot training (MFIs regulations, Project Management, Business communication & negotiation, Cooperative management, Finance, Marketing	112
Training of Women in Cross-Border Trade on cooperative management and business plan writing	287
Training of TVET graduates on cooperative management and business plan writing	182
Training of Selected SACCOs & MFIs members on Cashflow based lending	333
Training SACCO & MFIs from Rulindo, Gicumbi, Bugesera, Rubavu and Kicukiro districts on loan management	93
Training of SACCO representatives on financial education	90
Certification of RICEM Trainers	125
TOTAL	1222

RICEM has a contract agreement to implement the project of capacity building to Agri Business Development Service providers. In collaboration with RCA and AMIR, RICEM jointly with ENCLUDE LTD (International company) is implementing a pilot project of “Financial Education to SACCOs” funded by the World Bank through MINECOFIN.

3.2 Memorandum of Understanding (MoU)

RICEM has signed a number of Memorandum of Understanding (MoU) with different organizations/institutions:

RCA	NCCR	AMIR
RULINDO district	KICUKIRO district	BUGESERA district
AQUADEV	INES	

The purpose of these MOUs is to streamline our training activities with our partners in order to address the critical capacity gaps that exist in the three areas. As a result of these MOUs, we have conducted trainings in five different districts namely Rulindo, Rubavu, Kicukiro, Gicumbi and Bugesera. MOUs with other districts are in pipeline.



Entrepreneurs participated in Entrepreneurship training at RICEM



RICEM Management addressing ToTs at RICEM training room.



Closing of KICUKIRO District Loan Officer's training at RICEM



Closing of GICUMBI district Loan officers Training

Huge progress with PMT

PM T in Rwanda is currently being used by 91 institutions and yet AMIR is targeting the whole industry consisting of about 496 financial institutions. To achieve this, AMIR has put in place a team of consultants to push the PMT usage across the country. It is in this regard that a Training of Trainers for 5 participants was conducted by AMIR in direct collaboration with AMFIU.

Within 4 days, the intention of the training was to increase the number PMT trainers so that they can contribute in terms of training AMIR members and assisting them in terms of PMT technical assistance.

About recent trainings conducted

Recently, two additional trainings have been conducted in MUSANZE and KARONGI where 30 and 11 members were trained respectively; hence in total 4 trainings of AMIR members from different corners of the country have been trained.

The good news is that with AMIR in acquiring a PMT/S which serves as a basis in monitoring the performance of its members, the trained members have positive appreciations on how PMT/S has contributed to tracking their performance which in turn will help in taking an immediate action on weak and strong areas.



Some of AMIR members in the PMT training

So far, analytical feedback reports generated by PMS at AMIR level have been produced and sent to the respective AMIR members who appreciated so much those reports saying that they can serve as a basis of improving their respective institutional performance through maintaining a good position where it is strong and making improvements where the situation is weak.

As a way forward, AMIR is in the continuous process of training PMT to all members so as to ensure a better performance to its members and Microfinance industry as a whole.

PMT rationale

Transparency and efficiency in accessing credit across the country are to be strengthened thanks to a roll out plan of a new computer soft ware application to monitor performance and data collection across the micro finance sector.

Performance monitoring soft ware application (PMT) due to be rolled out next month is projected to boost transparency and efficiency within micro finance institutions.

The technology will also aid access to credit by the rural poor and help create a one stop centre for data collection for all the credit institutions at the Association of Micro Finance Institutions of Rwanda (AMIR) head quarters in Kigali.



Association of Microfinance institutions in Rwanda

Mission

Offering diversified Services to MFIs and to the sector at large that enable them to work professionally and contribute efficiently to poverty reduction in a sustainable manner.

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