



Unlocking Public and Private
Finance for the Poor



Unleashing the Potential of Digital Saving Groups to Build Financial Resilience in Rwanda

CASE STUDY

January 2022

1. Introduction

In 2019, the United Nations Capital Development Fund (UNCDF) in Rwanda partnered with [Comic Relief](#) and [Jersey Overseas Aid](#) to launch the 'Rwanda: [Expanding Financial Access & Digital and Financial Literacy](#)' (REFAD) programme, which aims to increase financial and digital literacy among Rwanda's financially excluded populations, allowing them to gain greater access to and use of formal and informal financial services, with a focus on digital financial solutions. To contribute to the achievement of UNCDF's Inclusive Digital Economy strategy goals, the REFAD Programme has made significant strides in catalyzing Rwanda's digital finance ecosystem to reach digitally and financially underserved target populations such as refugees, youth, and women.

From February to August, 2020, UNCDF and Three Stones International Rwanda (TSIR), conducted a phone-based baseline survey of the REFAD programme with 1,247 respondents living near refugee camps in five districts. The study aimed to assess the levels of digital and financial knowledge and uptake among refugee and host communities in Rwanda.

The REFAD model converges both digital financial education and tailored digital financial solutions for its beneficiary communities. Both the education and digital solutions components of the programme are delivered through saving groups which, although informal, are the primary driver of financial inclusion in Rwanda. The baseline survey results indicated high rates of basic education (93.9%) and promisingly a widespread of mobile phone ownership and literacy among the REFAD programme target communities which are essential when digitizing saving groups.

[World Relief Rwanda](#) and [Inkomoko Entrepreneur Development](#) are among UNCDF's implementing partners of the REFAD Programme. Drawing from years of experience working with traditional saving groups, the two partners realized the groups were struggling with issues of accurate record-keeping, transparency, security of their money in cases of theft of their cash-boxes to name a few. In the last two years, such constraints were aggravated by the inability to hold physical meetings due to the restrictions imposed by measures to curb the spread of the COVID-19 pandemic.

This case study focuses on two fintech solutions to digitize saving groups with easy-to-adapt technology that emerged as enablers of financial resilience in four refugee camps and host communities where UNCDF and its partners have rolled out the REFAD programme. The digital saving group solutions are part of the innovative approaches that were adopted by the programme partners to release the potential of digital financial service products in achieving financial inclusion and strengthening financial resilience in refugee camps and rural communities in Rwanda. This case study also outlines some of the successes, enablers, as well as impediments on the road to digitizing saving groups in Rwanda.

2. Digital saving groups



I. 'Gwiza' saving platform for feature mobile phones

From April 2020 to July 2021, World Relief implemented a pilot project called Digital Savings for Life project in three districts of Rwanda, namely Karongi, Gicumbi and Gatsibo. Throughout the span of the pilot project, 6,872 community members benefited from the project. World Relief formed 178 digital saving groups with 3,351 members (61% female) and are actively transacting digitally on Gwiza digital platform (Gwiza: a Kinyarwanda word for 'Get prosperous'). The main objective of the platform is to link saving groups to formal financial service providers by connecting each group's Gwiza account to formal banking account. Through this connection, the bank is able to receive deposits from saving groups and may in turn provide credit depending on the group's banking routine.

Gwiza is a digital savings platform developed by a fintech startup called [Mvend Ltd](#). The platform hosts saving groups and group members data (Members ID, phone numbers, group's rules, and group admins), savings, loans, and social funds. Once World Relief complete community mobilization and members agree to form a digital savings group, World Relief put their group identification and rules on Gwiza platform then generate a group code. After that, members use a USSD code *737# to access the platform and can conduct transactions within bounds of their agreed upon rules. Once the group registration is done, they can simply dial *737#, enter their group code to start using Gwiza's service.

The Gwiza platform is also connected to mobile money services that are widely used in Rwanda enabling its users to send and withdraw money, ask for loans, and request for mini-statements of their personal and group accounts using their mobile phones.

Results per July 2021:



178 saving groups enrolled on Gwiza.



3,351 individual active users.



RWF 53,174,020 (US\$ 52,139.64) of cumulative savings.

RWF 51,695,966 (US\$ 50,690.34) of cumulative loans.

RWF 70,350,545 (US\$ 67,870.82) of reimbursed loans plus interests.



RWF 4,230,840 (US\$ 4,148.54) saved in social fund.

II. 'SAVE' platform for feature and smart mobile phones

From July 2020 to May 2021, Inkomoko supported 4,831 beneficiaries to be grouped into 232 savings groups located in four refugee camps, namely Gihembe, Kigeme, Mugombwa and Mahama. The groups were provided with training on financial and digital literacy, entrepreneurship, and business management. To promote the uptake of digital financial services among rural and refugee communities, Inkomoko introduced 'SAVE', a digital saving wallet that can enable saving groups to operate without physical encounters.

The SAVE platform was developed by [Exuus](#), a local fintech startup supported by UNCDF-led Fintechhub project in Rwanda. It can be downloaded from Google play or Apple store as well as be accessed by dialing *777#. Through SAVE USSD, saving group members are able to debit and credit the group's digital wallet from their individual mobile wallets seamlessly. Through SAVE Collector, village agents create saving groups, set them up and add members on the go. In addition, through the SAVE web features, NGOs are able to create a project, assign agents to specific areas of intervention and be able to receive real time data from all their agents.

Up to May 2021, Inkomoko had supported 232 saving groups to be enrolled on SAVE with 4,270 individual users. The SAVE platform for saving groups hosted Rwf 7,742,087 (US\$ 7,591.48) of cumulative savings, Rwf 7,186,200 (US\$ 7,046.41) of cumulative loans, and Rwf 2,996,356 (US\$ 2,938.07) of reimbursed loans, and Rwf 344,539 (US\$337.84) of social fund. The beneficiaries appreciated digital saving because it is safer for money, less time consuming, manage saved amount easily and reinvest in business. Some saving group members started small businesses with small loans they have accessed from the group savings and all loan installments are being paid well with a huge impact to the group members and their families.

Results per May 2021:



232 saving groups enrolled on SAVE.



4,270 individual active users.



RWF 7,742,087 (US\$ 7,591.48) of cumulative savings.

RWF 7,186,200 (US\$ 7,046.41) of cumulative loans.

RWF 2,996,356 (US\$ 2,938.07) of reimbursed loans plus interests.



RWF 344,539 (US\$ 337.84) saved in social fund.

3. User stories

The beneficiaries generally welcome the platforms because they help them to have real-time information about their group transactions. It is also easier to save and request loan from the group through the platforms anytime anywhere.



Devota, 37, is a member of one the saving groups supported by REFAD. She has been in a saving group for about two years now. Through REFAD supported village saving groups, UNCDF supports people like Devota with low economic means living in rural and refugee communities to establish social connections, supportive friendships, improved family health and education, and thriving self-sustaining businesses. The groups contribute weekly savings, small loan packages, and small business training that ignite personal development and improve family lives. The REFAD supported groups are unique because they are also utilizing a digital collective saving platform using their mobile phones.

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In our community, when you are not in a saving group, it is hard to achieve anything. I was lonely before and could not see a future for me. Other women told me to join a group. When I first joined a saving group, we were saving FRW 200 per week, but the amount has increased to FRW 500 as we continue to grow economically. We see change every day; the technology (saving digitally) is new to us, but we are glad for how it has made things easier has improved the management of contributions. I can check my personal and group accounts balances from home using my phone. I used to grow and sell sweet potatoes only to afford my family's basic needs. I am very happy and grateful for the project that supports our groups because with my savings in this group today, I pay health insurance for my husband and our four children. I bought a goat and started selling vegetables. I even started producing and selling Ubushera (a non-alcoholic sorghum drink) to make more money. My goal is to increase my shares (savings) and buy 4 or 5 cows.

Devota

Nevertheless, there has been some disinclination in adopting the platform among a few group members due to different factors including:

- Low mobile penetration due to low economic means among youth and old populations
- Low levels of digital literacy among older generations
- Religious superstition that look down on technology and its influence (E.g: beliefs that associate digital technologies with evil influence.
- In addition to poor access to mobile phones, the youth who are still going to school are less involved in saving groups' activities due to their inconsistent availability.



Juvenal Ndahayo, 49, is the President of DUTER-IMBERE VISION, one of the digital saving groups in Gicumbi, a district in the north of Rwanda. He says the group has not only brought economic growth in his family and community but has also enabled them to utilize technology tools.

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Through this group I was able to save and take a loan that I used to buy a Hectare of maize plantation thanks to a small amount of RWF 300 I saved every week. When I bought it, it made our village leaders and the whole community proud of me. I am currently negotiating with a company that processes maize into flour so that they can buy my harvest. Another thing I like about our saving group, is the security of our money and the transparency that comes with saving digitally. We used to be in groups that kept their money in a box which can be easily stolen, or whereby corrupt leaders of groups could open it and take some of the money. With the new groups (Digital saving groups), every member can track movements of their contributions through a mobile phone. The project has really brought something new and we are grateful.

Juvenal

4. Key Lessons Learned

On the platforms level

The key difference between “Gwiza” and “Save” platforms remains that the former is only USSD code based while the latter has both the USSD code option and an application that is available on Android and iOS mobile phones. Their utility and accessibility in the context of saving groups supported by REFAD is largely identical. Similarly, the platforms share almost the same appreciation and ratings from users in terms of functionality and uptake.

It is also worth noting that although the two applications have served a significant advantage to digital saving groups compared to non-digital groups during the pandemic lockdown periods, they were not originally developed as a mitigation to the pandemic challenges. Both Gwiza and Save were already in use pre-pandemic.

On the partnerships and ecosystem level

The project catalyzed wider ecosystem development like mobilizing external investment and cooperating with local government and technology companies. For example, facing movement and group gathering restrictions due to COVID-19, Inkomoko have partnered with Viamo (a local technology company) to push trainings through Interactive Voice Response. To meet the need for communities to recover from COVID-19, Inkomoko partnered with Mastercard Foundation to disburse RWF 46,000,000 (USD 46,000) in COVID-19 recovery grants to 46 savings groups across four refugee camps in Rwanda. World Relief encouraged some beneficiaries to be linked with the government's initiative of long-term saving scheme-LTSS (EJOHEZA) and some of them already registered to this initiative as a result of the joint mobilization.

On the programme level

The advantages of saving groups as informal drivers of financial inclusion for marginalized communities, especially women, are self-evident. Saving groups teach members how to better manage their financial flows and transact with financial institutions, in addition to providing them with digital and financial knowledge. Most members of the group rely on their savings to pay for their personal and family public health insurance, as well as to purchase productive assets to improve their socioeconomic situation. World Relief supported 2050 females to join new digital saving groups and 2,505 females in the existing saving groups on digital financial literacy. The project enabled 464 females to purchase productive assets (i.e. sheep, cows, goats, pigs, chicken, rabbits) via loans and facilitate their socioeconomic transformation. Inkomoko trained 4,209 female savings group members in digital and financial literacy, supported 8,213 female savings group members, and helped 1,513 female individuals to receive a loan.

Nonetheless, during the pilot phase, the applications were used to increase efficiency in the operations of savings groups. The next step would be to leverage the digital financial services that are gaining traction, particularly in the current pandemic situation, to develop business analyses and cases that would provide long-term strategies for connecting digital saving groups with Financial Services Providers (FSPs) for greater societal and economic transformation.

UN CAPITAL DEVELOPMENT FUND



The UN Capital Development Fund makes public and private finance work for the poor in the world's 46 least developed countries (LDCs).

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 three channels: (1) inclusive digital economies, which connects individuals, households, and small businesses with financial eco-systems that catalyze participation in the local economy, and provide tools to climb out of poverty and manage financial lives; (2) local development finance, which capacitates localities through fiscal decentralization, innovative municipal finance, and structured project finance to drive local economic expansion and sustainable development; and (3) investment finance, which provides catalytic financial structuring, de-risking, and capital deployment to drive SDG impact and domestic resource mobilization.

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 (SDGs) 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 SDGs.

This publication is brought to you by the ‘Expanding Financial Access and Digital and Financial Literacy (REFAD) programme. REFAD is administered by the UN Capital Development Fund in Rwanda and receives funding from Comic Relief and Jersey Overseas.

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January 2022

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