

Scottish Government Rwanda Development
Programme

End Year 2 Report

1. General Project Information			
1.1	Project Reference Number:	RWA4	
1.2	Name of Organisation:	Opportunity International UK	
1.3	Lead Partner(s):	Urwego Bank	
1.4	Project Title:	Strengthening Livelihoods in Rural Rwanda	
1.5	Reporting Period:	From: 01/04/2018 To: 30/03/2019	
1.6	Reporting Year:	Year 2 2018-19	
1.7	Project Start date	06/11/2017	
1.8	Project End date	30/09/2021	
1.9	Total Project Budget*	£1,628,755	
1.10	Total Funding from IDF*	£1,200,000	
1.11	Have you made any changes to your logframe? If so please outline proposed changes in the table below. Please note all changes require Scottish Government approval. If changes have already been approved please indicate this in the table.		
	Outcome/Output	Proposed Change	Reason for Change
			Date Change Approved and by Whom
	Outcome Indicator 1	From assessed income to self-reported income variations	Difficulties in measuring income quantitatively
			15/03/19 REDACTED
1.12	Supporting Documentation Check box to confirm key documents have been submitted with this report	Up to date Logical Framework, which reflects any changes detailed above.	<input checked="" type="checkbox"/>
		Up to date Budget Spreadsheet	<input checked="" type="checkbox"/>
		Recent Case Study	<input type="checkbox"/>
1.13	Please highlight any actions identified by the Scottish Government in your most recent review. Please tell us about what action you have taken to address this feedback, if relevant.		
	Scottish Government Feedback:	Action taken:	

Report Author:	Signature:
REDACTED	REDACTED

2. Progress and Results

Please use this section to give an update on the progress the project has made during this reporting period. This section will be reviewed together with your Logical Framework and budget spreadsheet.

2.1 Please give an update on the progress your project has made during the reporting period. Please use this space to update us on what has gone well and any challenges you have experienced, detailing how you have overcome these. (Max 500 words)

Despite adverse environmental conditions at the beginning of the reporting period (initial drought followed by excess rains, moisture and floods during planting season B), demand for loans from the farmers' cooperatives supported by the project remained very high. In order to satisfy such demand, with approval by the Scottish Governments unused funds from two of the project's budget lines were reallocated to agricultural loans, which resulted in the project exceeding its end-of-year target by a significant margin. During Year 2 of the project, a total of 3,642 smallholder farmers accessed micro-credit for agricultural inputs, against a milestone of 2,000. Gender balance among loan recipients remains skewed towards males; although this reflects the actual gender profile of the sub-groups of farmers accessing credit, it is something that will be given more attention during Year 3. Anecdotal evidence points to increasingly effective commercial practices employed by farmers who are said to become "more professional and business oriented". Productivity is also said to be improving as better agricultural practices are being used as a result of the training being offered as part of the project.

After a slow start in Year 1, lending activities to micro-entrepreneurs picked up considerable speed in Year 2. However, the process of setting up Village Savings and Loans Associations remains an inherently slow one, and one which requires the participation of a number of different actors. In particular, the involvement of the Care extension workers dealing with the forming and norming of new groups in Muhanga province proved initially difficult and it was only towards the end of the reporting period that the first loans were issued there. With this as a backdrop, and with activities in the Rusizi province only scheduled to start in Year 3, the project underachieved on Output 2, with 517 micro-enterprise loans issued against a milestone of 850. However, with all Urwego's VSLA officers now recruited and trained and with relationship issues settled in Muhanga, Year 3 looks set for a further acceleration. Interestingly, micro-enterprise in Rwanda appears to be almost dominated by women, with a 4:1 ratio between female and male loan takers.

Every single agricultural or micro-enterprise loan taker went through training in business management, financial literacy and the use of digital financial

	<p>services. The first part of the training is usually delivered before the loan is issued, and the second part one week before maturity. Recipients always express a high degree of satisfaction and better management and financial skills are also reflected in the loan repayment rates, which is close to 100%.</p> <p>Additionally, all farmers received training on good agricultural practices. In this case, training is delivered after the loan disbursement so that the newly acquired skills can immediately put into practice. Clients reportedly feel that this is the true competitive advantage Urwego offers, and a key and much appreciated component of the project.</p> <p>29 Agents were recruited against a milestone of 30. Better selection and improved IT reporting brought the percentage of active agents up to 100%. Although the number of savings account opened was lower than planned, all the ones opened during the reporting period are active, which in fact exceeds the project milestone.</p> <p>Following discussions with the Scottish Government, a major survey is now planned for November 2019 to assess outcomes through self-reported changes in family income and other livelihoods proxy indicators, as well as changes in confidence in using financial services.</p>
2.2	<p>Has the focus or plans for delivery changed significantly during the last year? Please highlight what issues or challenges prompted this change and how you anticipate any changes in focus will impact on the previously agreed outcomes. (Max 250 words)</p> <p>In agreement with the Scottish Government, a minor part of the loan portfolio was switched from micro-enterprise to agricultural loans. This was a tactical move reflecting both the continuing demand for agricultural loans and the relatively slow growth of the micro-enterprise market – it does not signal a strategic shift in priorities for the project. The process of setting up a VSLA, getting it to work properly and bringing it up to the level of qualifying for micro-credit is thorough, multi-stakeholder and inevitably slow; the results of accessing formal financial services for savings groups, however, are very significant and support to micro-enterprise remain a main focus for the project.</p>
2.3	<p>Taking into consideration what you have achieved during the last year, along with any challenges you have experienced, please highlight to us what lessons you have learned in this reporting period, and how these will be applied in the project in the future. (Max 250 words)</p> <p>Right from the start of the project, it became apparent that reaching the planned number of young people with agricultural and micro-enterprise loans would have been a major challenge. The reasons for this were briefly summarised in the mid-Year 2 narrative report. Conscious of these “environmental” challenges, loan officers worked with farmers cooperatives and savings groups during the reporting period, putting more emphasis on youth inclusion. As a result, the number of young people reached with loans</p>

grew quite substantially (from 96 during the first year to 872 in the second) but remains short of the targets. Since actors on the ground only have advocacy and information as tools at their disposal to increase youth representation in cooperatives and savings groups, it is not likely that the overall project targets in this area will be met.

On a separate but related issue, similar advocacy and information initiatives will be adopted in Year 3 in order to correct the imbalance in female/male representation among agricultural clients.

2.4 Project Impact
 In the table below, please list each of your project Impacts, and provide further detail on your progress and results over this reporting period. Describe any delays or other challenges that you have experienced and how these have been addressed, and provide information about any unexpected results. Progress should be updated within the logframe

Impact: Poverty levels and financial inclusion		
Impact Indicator	Milestone / Achievement	Progress
1 Percentage of the population of Rwanda who live below the National Poverty Line	<30%	Data not available for 2018/19 from the national FinScope survey
2 Percentage of households in Rwanda that are formally banked	No milestone set	Data not available for 2018/19 from the national FinScope survey

2.5 Project Outcomes
 In the table below, please list each of your project Outcomes, and provide further detail on your progress and results over this reporting period. Describe any delays or other challenges that you have experienced and how these have been addressed, and provide information about any unexpected results. Progress should also be updated within the relevant fields of your logframe

Outcome: improved livelihoods:		
Outcome Indicator	Milestone / Target	Progress
1. Percentage of households that achieve average annual household income improvements of at least 30%	10%	Change of indicator agreed with Scottish Government; major survey planned for the end of 2019
2 .Number of jobs created and sustained	4,000 and 2,850 respectively	Based on estimates, targets have been substantially exceeded (8,316 jobs created and 4,158 sustained).because of a higher number of agricultural clients; furthermore, as indicated in previous reports, the actual

		number of jobs created is likely to be much higher than estimates
3. Number of savings accounts opened and active	3,000 and 1,000 respectively	The really important target (number of active accounts, defined as having at least one transaction every three months) has been exceeded (1,065 accounts created, all of them active).
Please add additional Outcomes / indicators as required as required		
2.6	Project Outputs In the table below, please list each of your project Outputs, and provide further detail on your progress and results over this reporting period. Describe any delays or other challenges that you have experienced and how these have been addressed, and provide information about any unexpected results. Progress should be updated within the logframe	
Output 1: Access to micro-credit		
Output Indicator	Milestone / Target	Progress
1.1 Number of smallholder farmers accessing micro-credit for agricultural inputs (sex-disaggregated)	2,000 (1,000/1,000)	Substantially exceeded: 3,642 (F1344, M2298); gender balance to be improved
1.2 Number of micro - entrepreneurs accessing business loans through their Village Savings and Loan Associations (VSLAs, (sex-disaggregated)	850 (640/210)	Substantially improved vs previous year but target not achieved: 516 (F401, M115). Since misunderstandings between Urwego Bank's provincial director in Muhanga and local Care extension workers have now been resolved and activities are planned to start In Rusizi province in Year 3, the project is poised to achieve Year 3 milestones.
1.3 Number of young people reached with micro credit loans (sex - disaggregated)	1,539 (831/708)	Substantially improved vs previous year but target not achieved: 872 (F330, M542). "Environmental" factors (few young people own land and there is a measure of mistrusts vis-à-vis youth in VSLAs) remain and are likely to affect

		achievements on youth inclusion in the future.
Output 2: Agents		
Output Indicator	Milestone / Target	Progress
2.1 Number of Agents recruited and trained	30	29
Percentage of active Agents (based on 20 transaction per week per Agent)	60%	100%
Output 3: Training		
Output Indicator	Milestone / Target	Progress
3.1 Number of target households receiving training in business management, financial literacy and use of digital financial services	2,850	Substantially exceeded (4,158) due to bigger number of agricultural loan clients
3.2 Percentage of direct beneficiaries reporting an increase in confidence in using financial services	35%	To be assessed during mid-term evaluation – end of 2019
3.3 Number of smallholder farmers trained in Good Agricultural Practices (sex-disaggregated)	2,000 (1,000/1,000)	Substantially exceeded: 3,642 (F1344, M2298) due to bigger number of agricultural loan clients
Please add additional Outputs / indicators as required		
2.7	<p>If data is not available to update progress against planned milestones or targets for any Outcome or Output indicators, please provide an explanation below, including how you plan to overcome any gaps in monitoring data. (Max 250 words)</p> <p>Concerns about Outcome indicator 1 (percentage of households that achieve that achieve average annual household income improvements of at least 30%) as originally listed in the project's logframe were raised with the Scottish Government at the end of 2018. At the same time, a proposal for changing the indicator from externally-assessed to self-reported income variations was submitted and approved by the Scottish Government in January 2019. Accordingly, variations in household income (Outcome 1) and levels of confidence in using financial services (Outcome 2) will be assessed during the project's mid-term evaluation at the end of 2019.</p>	
2.8	<p>Have any evaluations/ reviews been produced during the reporting period? Please give details of these below, including any key recommendations from these and how they will be addressed. Please attach any evaluations to the report. (Max 200 words)</p>	
2.9	Changes to Logframe	

Please outline any changes you have made (with permission from SG) or would like to propose, to your logical framework. Please include full justification for proposed changes below.			
Indicator no	Proposed change	Reason for change	Date Change Approved and by Whom.
Outcome indicator 1	From “measured” to self-reported variations in household income	Household income itself is notoriously very difficult to measure in low income, rural settings; changes of income over time are even more challenging to measure/assess. On the other hand, experience and research indicate that families (women in particular) are actually quite good at assessing themselves if their financial situation has improved, stayed the same or worsened over time. Such self-reporting can be further validated by collecting information on household expenditure and wit community level statistics (e.g. school enrolment, health insurance coverage).	REDACTED 15/03/19
Have you included an updated version of your logical framework, which reflects these proposed changes?			No

3. Partnerships and collaboration

This section allows you to discuss how partnership working is progressing on the project, as well as wider collaboration and sharing of learning.

3.1	Please give an update on how partnership working has progressed during this reporting period, letting us know about any highlights, challenges or changes to roles and responsibilities. (Max 350 words)
	Urwego Bank continues to prove a professional, reliable and effective partner in Rwanda. Opportunity International’s Scottish Project

	<p>Manager enjoys an excellent relationship with his two counterparts in Kigali (an overall Project Manager and a Finance Officer).</p> <p>Collaboration with the Care extension workers responsible for the formation of VSLAs continued with excellent results in Ruye and Rubavu provinces. Misunderstandings with the provincial manager of Urwego Bank in Muhanga resulted in a delayed start of activities there. These have now been cleared and the outlook for Year 3 is positive.</p>									
3.2	<p>How are you monitoring and assessing your partners capacity to manage and deliver the project as it progresses? Please outline any plans for training, capacity building or shared learning between your organisation and your partner (s). (Max 300 words)</p>									
	<p>Monitoring tools have been put in place since the beginning of the project for the Scottish PM to follow implementation activities and track expenditure: these are used on an ongoing basis, with worksheets being updated on a monthly basis and discussed in follow-up conference calls. The Bank's IT system readily provides in-depth, sophisticated data, essential, for instance, for gender and age breakdown of client data. The system, which stores information about all individual loan recipients, will be used to generate lists for a statistically significant random sample of clients for the upcoming mid-term survey.</p>									
3.3	<p>Please give details below of all visits to country during this reporting period, the purpose and outputs of each visit.</p>									
	<table border="1"> <thead> <tr> <th>Date of visit</th> <th>Key achievements / outputs of visit</th> <th>Follow up actions</th> </tr> </thead> <tbody> <tr> <td>21-29 May 2018</td> <td>Scottish PM to meet with Urwego's counterparts and establish common working methods; visits to two farmers cooperatives and two VSLAs.</td> <td>Regular updating of joint expenditure tracking tool; monthly conference calls; planning and execution of employment survey.</td> </tr> <tr> <td colspan="3"><i>Add more rows if required</i></td> </tr> </tbody> </table>	Date of visit	Key achievements / outputs of visit	Follow up actions	21-29 May 2018	Scottish PM to meet with Urwego's counterparts and establish common working methods; visits to two farmers cooperatives and two VSLAs.	Regular updating of joint expenditure tracking tool; monthly conference calls; planning and execution of employment survey.	<i>Add more rows if required</i>		
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<i>Add more rows if required</i>										
3.4	<p>Please tell us about any dissemination and learning throughout this reporting period. How have you promoted effective learning across the project? Please explain what processes you have used both internally and externally to share learning from the project so far, and how this learning is being used. (Max 300 words)</p>									
	<p>The background and initial experiences of the project have been reviewed during a panel discussion at the Power of Savings Groups 2018 Conference in Kigali (May 2018). During the reporting period, the project featured twice in the Newsletter of the Scottish International Development Alliance. Most importantly Opportunity International UK has entered into a partnership with</p>									

	<p>Glasgow Caledonian University concerning a research project entitled “Farmer Cooperatives, Microfinance and Climate Change in Rwanda”. OIUK has contributed 10,000 Pounds from its own reserves to co-fund the pilot phase of the research, which is going to take place in Rwanda in July 2019. The project will address the following research questions:</p> <ol style="list-style-type: none"> 1. How does climate variability affect Rwandan smallholders’ livelihoods? 2. What are the mechanisms through which Rwandan smallholders respond to climate variability? 3. What are the climate justice implications of being a participant in this type of intervention and what is the effect of microfinance on the local social, economic and political relations?
3.5	<p>With reference to Q39a & 39b in your original application form, please highlight how you are maintaining an awareness of others working in this region, giving details of collaboration, joint working or partnerships with others. (Max 300 words)</p>
	<p>Since June 2018, a new in-country coordination and information sharing mechanism has been set up in Kigali among Scottish Government grant holders. Monthly meetings are held with the participation of Urwego Bank, Challenges Worldwide, Water Aid and Tearfund amongst others.</p>

4. Inclusion & accountability

With reference to question 38 in section E of your original application, please use this section to tell us how you are mainstreaming through your project, ensuring that you are aware of and actively working to reach vulnerable and marginalised groups.

4.1	<p>Is the project still relevant for the beneficiaries you are working with? Please highlight how you ensure accountability on the project, ensuring beneficiaries have the opportunity to feedback on the project and influence its development? (max 250 words)</p>
	<p>The project continues to work in some of the poorest and most disadvantaged rural communities in Western and Southern Rwanda. Urwego serves the economically active poor – those generating income through micro-enterprises/farming, who with training and support can manage loans to increase productivity and income levels.</p> <p>It is essential to remember that the poor accessing agricultural and micro-enterprise loans are not “beneficiaries” – technically, they are clients. The fact that Urwego Bank is a commercial provider of financial services puts the users of such services in a position of power incomparable with the beneficiaries of traditional development assistance projects. The process of issuing a loan, be it for a sub-group of farmers within a cooperative or for a group of micro-entrepreneurs in a VSLA, is a highly interactive one involving a number of stakeholders. Critically, every single loan taker is involved in the discussions in preparation and follow-up to the issuing of the loan. Clients</p>

	<p>have power: they can make demands and hold the other partners accountable.</p>
4.2	<p>Do you have an awareness of particularly vulnerable or marginalised groups within the community in which your project is working? Please give details on how you are disaggregating data to recognise these groups across the project. (Max 250 words)</p>
	<p>At the moment, no specific information concerning particular vulnerabilities is collected as part of the project. However, initial discussions have been held with CBM UK, an NGO specialising in disability issues who has projects in the same Rwandan provinces, about possible collaboration on the field to address any emergent disability issue, particularly for VSLAs. In light of the challenges concerning youth inclusion in the project activities, age data are regularly collected.</p>
4.3	<p>How is your project working to actively meet the needs of these vulnerable and marginalised groups, ensuring they are benefiting from the project? Please outline any mechanisms you are using. (Max 250 words)</p>
	<p>Please see the following section.</p>
4.4	<p>Taking into consideration some of the challenges of mainstreaming, please describe any challenges you have faced in reaching vulnerable and marginalised groups, how you have overcome these or plans you have developed to support inclusion on the project. (Max 250 words)</p>
	<p>As highlighted in previous reports, and as mentioned under section 2.3 of this report, an issue of marginalisation emerged with respect to youth 18-35 years). On the one hand, people belonging to this age group tend not to own land and are therefore under-represented amongst farmers cooperatives members. On the other, they are often not welcome into VSLAs owing to the opinion prevailing amongst older members that youth are not particularly committed and/or reliable and are likely to create difficulties for the group.</p> <p>These are particularly difficult challenges to address, especially in the short term. Firstly, the issue of land ownership is not really one on which the project can realistically intervene. Secondly, OIUK's in-country partner is a bank, and the beneficiaries of the project are clients. It would be problematic for a bank to treat a group of clients differently, for instance by making loans conditional upon a certain level of youth representation.</p> <p>The only avenue available to increase the level of youth inclusion and progress towards meeting the project's goal is to work with CARE extension workers in order for them to actively seek out potential young micro-entrepreneurs and strongly encourage existing VSLA members to accept them into the groups. Project underspend from year 2 may be allocated to sensitisation campaigns and inclusion promotion activities. In-depth talks with CARE will be undertaken in June to discuss the possibility of setting up</p>

youth-focussed VSLAs. If feasible, however, this will remain a slow process (a VSLA requires minimum one year – and more typically two – before being mature enough to access formal credit from financial institutions).

5. Financial Reporting

This section will be reviewed alongside your budget report, which should be included alongside your narrative and logframe. Please ensure this spreadsheet is completed with both a detailed breakdown of expenditure for this financial year, along with your projected spend for the next financial year.

Please note carry over of funds to the next financial year should have been agreed with the Scottish Government by January 31st of the current financial year.

5.1 With reference to your budget spreadsheet, please give a detailed explanation of any variances between planned and actual expenditure, including reasons for the variances and whether these are as a result of timing issues, price achieved, quantity etc. If these are temporary variances, please outline plans for expenditure. (Max 350 words)

During the reporting period, a relatively major underspend occurred on the in-country transport budget line (GBP 21,326 against a projected expenditure of GBP 33,555). This did not depend on Urwego staff not travelling to the region as required by the project activities. Rather, it was linked to the difficulty of providing appropriate justification for travel expenses related to the use of informal transportation means (motorcycle taxis, which typically do not issue receipts) and ad-hoc accommodation. In consideration of this, Urwego Bank decided to take upon itself to cover transport expenses for which no appropriate justification could be produced, thereby creating underspend for the project.

A smaller underspend occurred on the VSLA loans portfolio, as detailed in earlier sections of this report (GBP 23,455 against a projected expenditure of GBP 29,750).

Following agreement by the Scottish Government, granted during a field visit paid in January 2019, the underspend from these two budget lines and minor amounts from other budgets lines (totalling GBP 19,668) were reallocated to the agricultural loans portfolio.

As a result, during Year 2, against a grant offered of GBP 315,442, the project only produced an underspend of GBP 5,455. This includes savings on the Scottish PM salary and GBP 1,621 underspend on M&E. As detailed in the budget worksheet, it is requested that the M&E underspend is carried over to Year 3 for delayed spending on the same budget line. GBP 3,834 are ringfenced for Year 3 (a proposal for use of these funds to increase youth participation will likely be put forward at a later stage). GBP 5,400 in savings expected in Year 3 on the Scottish PM salary (actual expenditure GBP

	27,600 against an original budget of GBP 33,000) have been allocated to “other staff” and will be the subject of a later proposal.
5.2	Please give details of any capital expenditure in this reporting period.
	n/a
5.3	Please explain how you are working to ensure cost effectiveness on the project, whilst maintaining the quality of delivery. (Max 250 words)
	<p>OIUK’s Scotland programme manager costs are lower than set out in the original budget – this makes additional funding available for either increasing the loan portfolio or other activities as agreed with the Scottish Government. At a local level, Urwego remains focused on working within the budget and demonstrating economy with the staff working on the Project. Moreover, as detailed in section 5.1 of this report, considerable savings were made on the in-country transport budget line, thereby making available extra funds for the agricultural loans portfolio. In general, working through large farmers’ groups and/or cooperatives reduced the number of loan officers needed as they could serve 500 to 2,000 clients at a time, thus reducing the cost of delivery. The delivery of services through mobile money agents and branchless banking has reduced costs whilst enabling the bank to reach more rural clients.</p>

6. Any other Information

Please use this section to tell us any other relevant information regarding your project. If the additional information included within this section is urgent please ensure it is highlighted. (Max 250 words)

n/a