



BRAC RWANDA MICROFINANCE COMPANY PLC

—
ANNUAL REPORT 2023





Don't ever lose sight of the mission to extend a hand to those who need it the most.

Sir Fazle Hasan Abed KCMG
1936 - 2019

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“Across everything we do, we are driven by our commitment to work with women living in poverty to enable them to become more financially resilient and independent.”

A handwritten signature in black ink, appearing to read 'Shameran'.

Shameran Abed
Board Chairperson
BRAC Rwanda Microfinance Company PLC

MESSAGE FROM THE BOARD CHAIRPERSON

BRAC Rwanda Microfinance Company Plc (BRMCP) was launched in 2019 as part of our mission to empower people living in poverty, particularly women, with access to responsible financial services. Today, BRMCO is one of the largest microfinance institutions in the country, serving nearly 70,000 clients, 98% of whom are women, supporting them to grow their livelihoods and businesses through the challenges of inflation and limited economic opportunities.

Alongside our two core products, group loans for women and small enterprise loans, we are scaling our agrifinance services to more branches in the country, targeting women smallholder farmers with credit tailored to their specific needs. We successfully piloted a financial literacy course for women micro-entrepreneurs supported by the Mastercard Foundation Accelerating Impact for Young Women (AIM) in partnership with BRAC programme, through which more than 11,000 women acquired essential skills and knowledge to manage their finances and businesses better.

To create a positive impact in the lives of our clients is our only bottom line. In 2023 we continued to measure our social performance through our annual Lean DataSM impact surveys. The results show that our clients are able to earn more, save more and manage their finances better after engaging with BRAC.

Across everything we do, we are driven by our commitment to work with women living in poverty to enable them to become more financially resilient and independent. As we look forward, we see the challenges that remain, but also the immense potential that can be unlocked when women can access the knowledge and support needed to build dignified lives. We are committed to growing and improving our services to create greater opportunities to realise this potential.

I want to express my deepest thanks to our regulator, the Bank of Rwanda, for our long-standing partnership, which has empowered women and girls throughout the country to build a better future for themselves and their communities. I am also grateful to the Government of Rwanda for their support and trust in our mission.

To our investors and partners, I thank you for being on this journey with us as we listen and learn together, and scale evidence-based approaches to address the needs of the clients we serve.

To our dedicated staff in Rwanda, especially those working directly in the communities, please know how much I value and appreciate your tireless efforts in providing essential support to the most marginalised every day. Together, we are building the world we want.



“In line with our commitment to innovation, BRMCP implemented a new core banking system, Temenos T24, enhancing operational efficiency and seamlessly integrating it with our Digital Field Application. Digital transformation remains a strategic priority for BRMCP in 2023, building upon the success of our digital field application and SMS alert service. We are expanding to introduce mobile payments, aiming to enhance convenience for our savings and borrowing customers.

Silent Clement Gonondo
Chief Executive Officer
BRAC Rwanda Microfinance Company PLC

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

BRAC Rwanda Microfinance Company PLC (BRMCP) celebrated its fourth year of operations in Rwanda in 2023. This milestone year followed a period of rapid expansion, growing from 10 branches in 2019 to 3 by 2023. Our efforts have been fruitful with a 24% increase in borrowers to 31,257, a 35% rise in savings account customers to 69,577, and a 61% growth in loan disbursements to RWF 11.24 billion compared to 2022. Notably, 99% of our borrowers are women, underscoring BRMCP's commitment to providing financial access to women in poverty-stricken, underserved areas.

In line with our commitment to innovation, BRMCP implemented a new core banking system, Temenos T24, enhancing operational efficiency and seamlessly integrating it with our Digital Field Application. Digital transformation remains a strategic priority for BRMCP in 2023, building upon the success of our digital field application and SMS alert service. We are expanding to introduce mobile payments, aiming to enhance convenience for our savings and borrowing customers.

Our commitment to social impact is further strengthened through initiatives such as the Agrifinance product, which saw significant expansion in 2023. Originally piloted in four branches and now rolled out to nine, this product supports individual smallholder women farmers in group settings, with 1,400 women benefiting from the revised offering this year.

Additionally, we are proud to report on our achievements in financial literacy and social impact assessment. In 2023, we introduced a comprehensive financial literacy and digital skills training programme, reaching over 11,690 women across 35 branches. This initiative not only enhances our clients' financial management capabilities but also fosters community cohesion and economic empowerment.

I extend my heartfelt gratitude to the National Bank of Rwanda, various government entities, sector leaders, and the Rwanda Development Board for their unwavering support. I also commend our resilient clients whose determination inspires us daily, and our dedicated staff whose commitment and professionalism drive our mission forward.

OUR ORIGIN

In 1972, in Bangladesh, Sir Fazle Hasan Abed laid the foundation for an organisation that would go on to impact the lives of millions around the world.

BRAC's journey began in a remote village in the newly independent Bangladesh, supporting refugees returning to a war-ravaged country to build back their lives. Today, BRAC partners with over 100 million people living with inequality and poverty globally to create sustainable opportunities to realise potential.

BRAC designs proven, scalable solutions that equip people with the tools, support and confidence they need to achieve their potential. With origins and roots in the Global South and a commitment to continuous learning, BRAC has a depth of experience and evidence that enables us to respond to the needs of diverse communities with humility and courage.



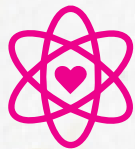
OUR VISION

A world free from all forms of exploitation and discrimination where everyone has the opportunity to realise their potential.



OUR MISION

Our mission is to empower people and communities in situations of poverty, illiteracy, disease, and social injustice. Our interventions aim to achieve large-scale, positive changes through economic and social programmes that enable men and women to realise their potential.



OUR VALUES

Integrity
Innovation
Inclusiveness
Effectiveness



BRAC INTERNATIONAL MICROFINANCE

BRAC believes that sustainable, large-scale change must address and deliver both economic and social progress. Access to financial services is a central part of BRAC's holistic approach to development, equipping people who would otherwise be excluded from formal financial systems with the tools to invest in themselves, their families, and their communities.

BRAC first started microfinance in 1974 and has been one of the pioneers. BRAC first expanded its microfinance operations internationally in 2002 and now operates in seven countries outside of Bangladesh - Myanmar, Tanzania, Uganda, Rwanda, Sierra Leone, Ghana and Liberia. Together, these seven entities serve nearly 830,000 clients, 96% of whom are women.

Our mission is to provide a range of financial services responsibly to people at the bottom of the pyramid. It particularly focuses on women living in poverty in rural and hard-to-reach areas, to create self-employment opportunities, build financial resilience, and harness women's entrepreneurial spirit by empowering them economically.

OUR REACH



7
countries



96%
of clients are women



829,791
borrowers



750,454
savers



USD **417.09 M**
disbursed in loans

STICHTING BRAC INTERNATIONAL

Stichting BRAC International is a non-profit foundation formed in the Netherlands. It governs all BRAC entities outside Bangladesh with the objective to engage in charitable and social welfare activities in any country of the world.

BRAC INTERNATIONAL HOLDINGS B.V.

BRAC International Holdings B.V. (BIHBV) was set up in 2010 as a private limited liability company and is a wholly-owned subsidiary of Stichting BRAC International. BIHBV is a socially responsible for-profit organisation engaging people in sustainable economic and income-generating activities.

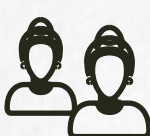
BRAC RWANDA MICROFINANCE COMPANY PLC



OPERATIONAL HIGHLIGHTS



35
branches



31,260
borrowers



69,577
savers



99%
of clients are
women



74%
outreach to
people living
in poverty*



USD **11.92 M**
disbursed in loans

* As of December 2023
* People living below USD 5.5 per day.



A LOAN THAT CHANGED EVERYTHING

“I was able to transform my micro petty trade into a more reliable and profitable micro enterprise. My lifelong dream is to become a prominent businessperson, supplying clothes and shoes to the local urban centre and beyond.”

Mukakarinda Monique, a 39-year-old mother of two, transformed her business with 250,000 Rwandan francs (USD 190).

Monique had a passion for fashion since childhood. In 2020, she started her business with a small stock of women’s clothing. Despite limited capital, her customer base grew quickly as neighbours admired her selection. However, her capital couldn’t keep up with the rising demand.

In 2022, she learned about BRAC through a friend and joined a village organisation where fellow members recognised her hard work. She discovered financial services and weekly women’s meetings. Within weeks, she secured her first loan of 250,000 Rwandan francs. Combining this with her savings, she travelled to Kigali to purchase in-demand clothes and shoes. Her business thrived, and she repaid the loan promptly. By 2023, she entered her fourth loan cycle, qualifying for up to 500,000 Rwandan francs (USD 380). That year, she diversified into household items such as kitchen utensils and bedding.

Monique saw her business flourish. Her loans were crucial in helping meet her clients’ needs at competitive prices. Her family’s life improved significantly. She renovated her current home and bought land to build a better house.



OUR PRODUCTS

Our core products include a group-based microloan provided exclusively to women, small enterprise loans for entrepreneurs seeking to expand their businesses, and group-based Agrifinance loans for smallholder women farmers. We also offer a voluntary savings deposit service, enabling our clients to build their own capital and become more resilient to shocks.

In 2023, we reviewed the features of the Small Enterprise Product in accordance with the feedback and needs of our clients. We introduced changes to the average loan size, loan ceilings, and interest rates to provide greater value and convenience to our clients.

Alongside our core products, continued our piloting of a new Agrifinance product for smallholder farmers in selected branches. The product is specifically tailored to fulfill the unique needs for women smallholder farmers including a grace period and flexible loan repayment methods based on the harvesting cycle.



DIGITAL TRANSFORMATION

The client value proposition is at the core of our digital transformation efforts, with a particular emphasis on reducing the gap in women's digital financial inclusion. We are embracing financial technology by digitising field operations and adopting alternative delivery channels to increase operational efficiency and offer greater convenience to our clients.

FINANCIAL LITERACY

In 2023, BRMCP launched the Financial and Digital Training programme with support from the Mastercard Foundation Accelerating Impact for Young Women (AIM) programme. The training is being provided to group loan clients, all of whom are women, to equip them with the necessary knowledge and skills to better manage their finances. The training covers topics on personal well-being, financial literacy, business development, and digital skills. By the end of the pilot, BLMCL had reached 11,690 women clients across 35 branches across the country.



SOCIAL PERFORMANCE

Being in the community and listening to clients has always been part of BRAC's DNA. Since 2019, we have been conducting annual impact surveys using Lean DataSM methodology in partnership with 60 Decibels. The Lean Data surveys complement our ongoing social performance management (SPM) and client protection (CP) initiatives. Combined, these initiatives allow us to learn directly from our clients, address challenges, and continuously improve client outcomes and impact.

In 2023, we conducted our fourth impact survey on five social outcome focus areas of BRAC: quality of life, financial resilience, women's economic empowerment, self-employment and livelihood opportunities, and household welfare. All respondents surveyed were women.

HIGHLIGHTS FROM THE 2023

LEAN DATASM IMPACT SURVEY

AFTER ENGAGING WITH BRAC



96%

of clients said their quality of life had improved



94%

of clients earned more



97%

of clients managed their finances better



97%

of clients saved more



66%

of clients contributed more to important household decisions

* As at December 2023

BRMCP SUPERVISORY BOARD

Shameran Abed	Chairperson
Hans Eskes	Director
Anne Abakunzi	Director
Ms. Bridget Dougherty	Director
Silent Clement Gonondo	CEO

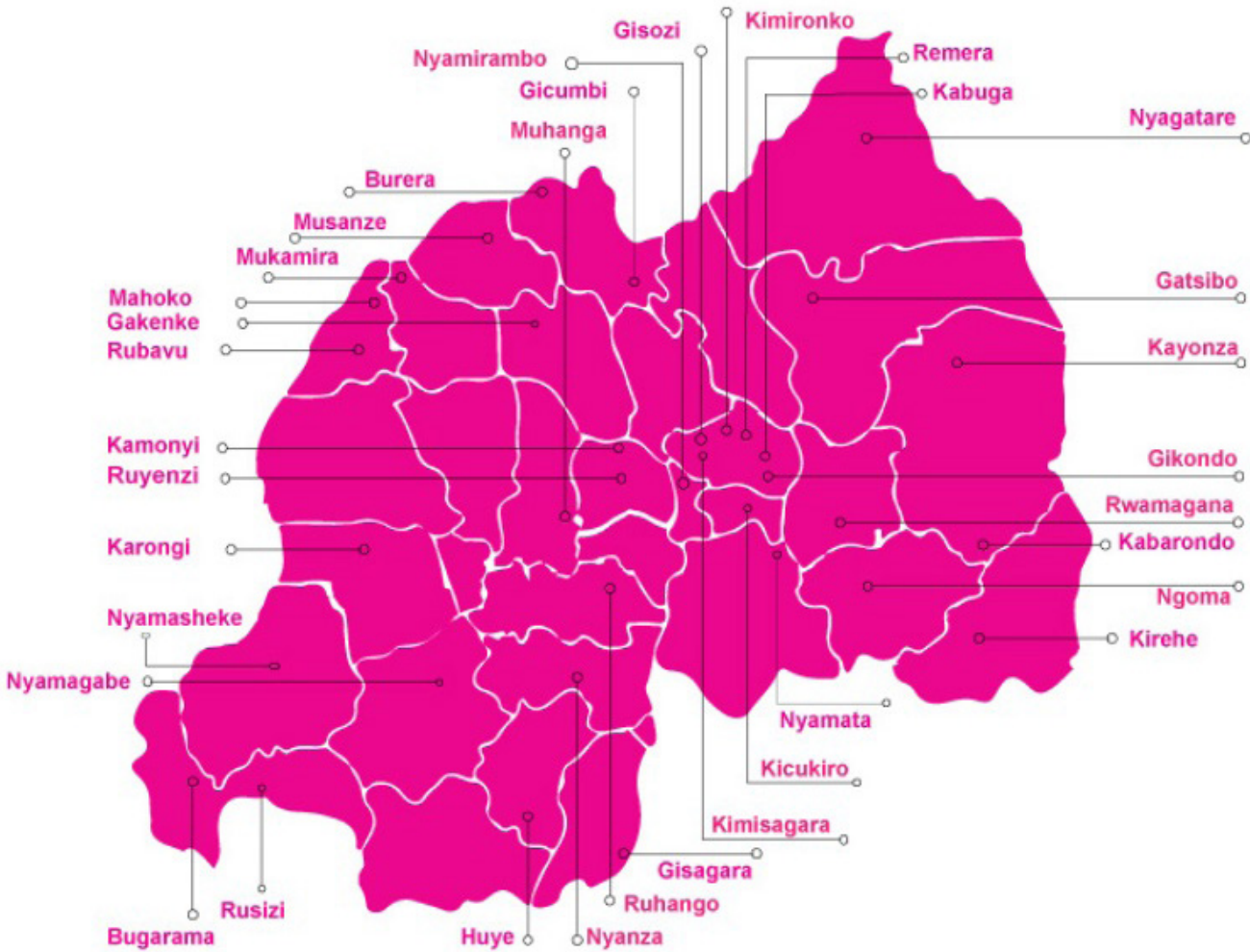
BRMCP MANAGEMENT TEAM

Silent Clement Gonondo	Chief Executive Officer
Alvina Zafar	Programme Manager
Md. Shariar Shourav	Head of Internal Audit
Md. Eyashin Chowdhury	Manager, Finance and Accounts
Mirembe Joseline	Human Resource and Training
Marie Claire Umugwaneza	Social Performance and Product Associate
Philip Mutijima	Administration and Public Relations Manager
Augustine W. E. Bruce	Head of IT

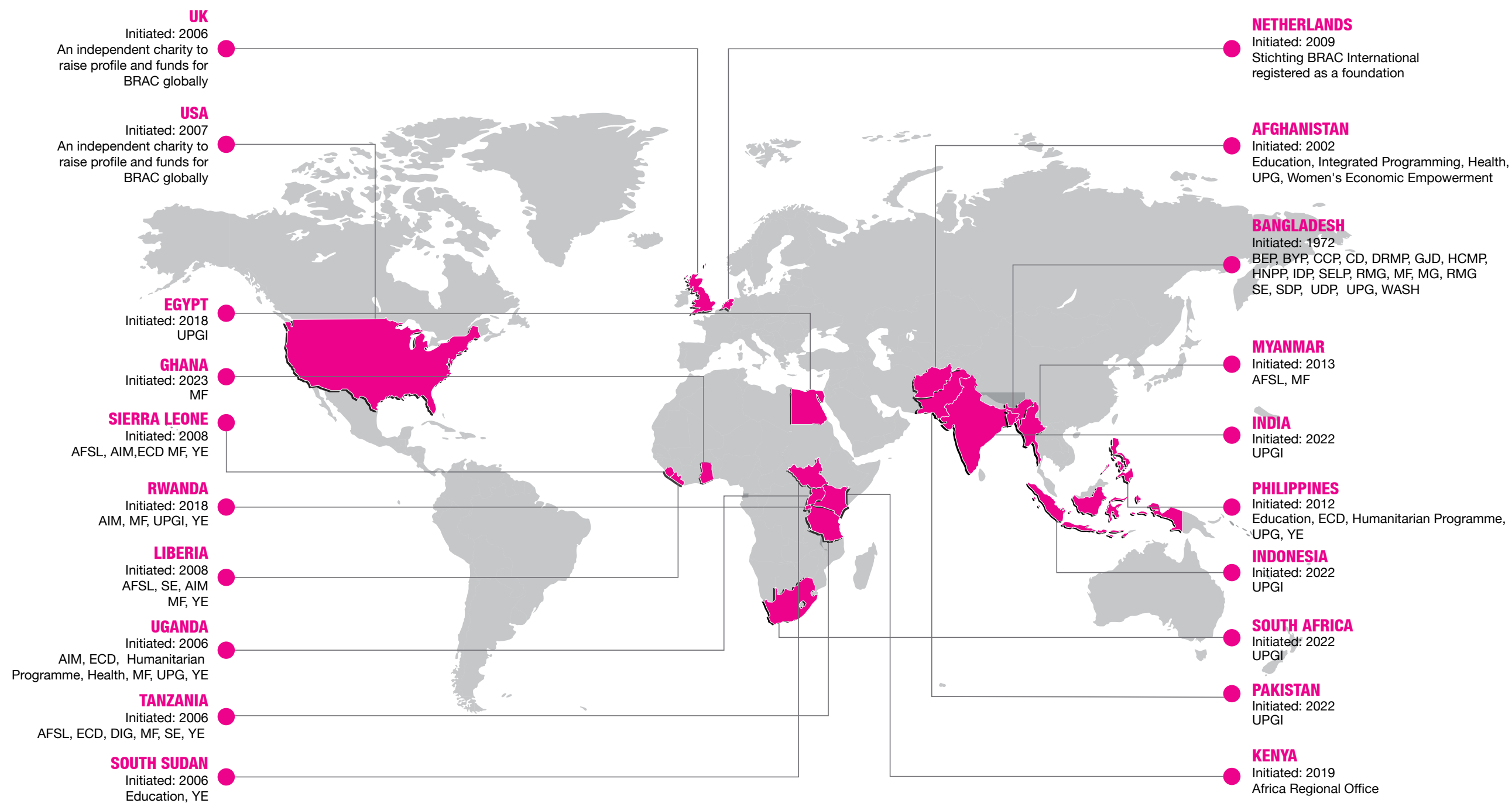
DONORS AND PARTNERS



BRANCH LOCATIONS



BRAC ACROSS THE WORLD



AFSL: Agriculture, Food Security and Livelihood
BEP: BRAC Education Programme
BYP: BRAC Young Professionals
CCP: Climate Change Programme
CD: Communicable Disease
DIG: Disability-Inclusive Graduation Programme
DRMP: Disaster and Risk Management Programme

ECD: Early Childhood Development
EPRP: Emergency Preparedness and Response Programme
GJD: Gender Justice and Diversity
HCMP: Humanitarian Crisis Management Programme
HNPP: Health, Nutrition and Population Programme
HRLS: Human Resources and Legal Aid Services

IDP: Integrated Development Programme
MF: Microfinance
MG: Migration
RMG: Readymade Garments
SE: Social Enterprises
SELP: Social Empowerment Legal Protection

SDP: Skills Development Programme
UDP: Urban Development Programme
UPG: Ultra Poor Graduation
UPGI: Ultra Poor Graduation Initiative
WASH: Water, Sanitation and Hygiene
YE: Youth Empowerment

FINANCIAL HIGHLIGHTS

OPERATIONAL AND FINANCIAL HIGHLIGHTS

NET INCOME

BRAC Rwanda Microfinance Company Plc completed 2023 with a net loss of USD 3,112,212 compared to USD 2,465,188 in 2022. The loss is mainly due to the expansion of branches in new areas. Interest income earned during the year is USD 1,467,619 in 2023 as against USD 1,155,036 in 2022.

OPERATING EXPENSES

Total operating expenses for the year 2023 was USD 4,652,717 as against USD 3,948,869 in 2022. Currently operating 35 branches for BRAC in Rwanda. Additional 10 branches were opened after mid year in 2022 which is contributing to the additional expenses in 2023.

FINANCIAL POSITION

In 2023, the company's total assets grew by 17% to USD 8,767,148 compared to the previous year's total assets of USD 7,478,833. Loans and advances to customers increased by 17% and is now 41% of total assets.

PROVISION FOR IMPAIRMENT LOSSES

In 2023, amount charged for impairment on loans was USD 117,156 as against USD 174,343 in 2022. The company followed IFRS 9 provisioning policy to be inline with National Bank of Rwanda's guidelines. Total loan loss reserve is now USD 202,484 (2022: USD 199,902) representing 5.35% (2022: 6.51%) of gross portfolio. Portfolio at Risk (PAR>30) is 6.02%.

CONTRIBUTION TO GOVERNMENT EXCHEQUER

BRAC Rwanda Microfinance Company Plc regularly contributes government exchequer through providing withholdings and deposition tax from it's employees and suppliers and contributing to The Rwanda Revenue Authority (RRA) and Rwanda Social Security Board (RSSB). Total contribution to government exchequer for the last two years as follow.

Particular	2023	2022
Withholding Tax	204,589	182,409
Social Security Benefit	104,096	84,197

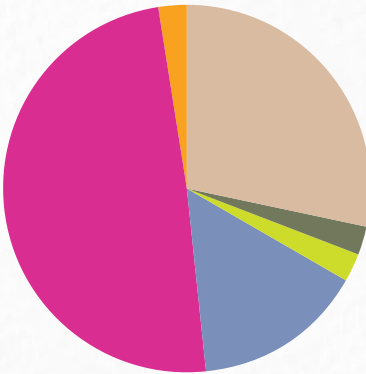
VALUE ADDED STATEMENTS

A value added statement provides a detail account of total value addition and the distribution of value created by the organization. BRAC Rwanda Microfinance Company Plc contributes positively to overall economic development by empowering the poor people (especially females) through micro-credit.

Value added	2023		2022	
	USD	%	USD	%
Service charge on loans	1,467,619	-929%	1,155,036	-377%
Membership fees	132,798	-84%	115,488	-38%
Other income	124,606	-79%	56,672	-18%
Grant income	778,820	-493%	749,144	-244%
Other operating exp.	(2,544,670)	1611%	(2,208,688)	720%
Expected credit loss	(117,156)	74%	(174,343)	57%
Total Value Added	(157,983)	100%	(306,691)	100%

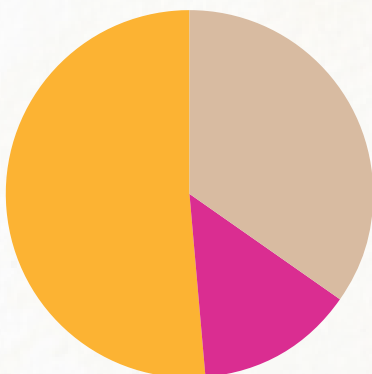
Value Distributed	2023		2022	
	USD	%	USD	%
Employees				
Salary and allowances	2,108,047	-1334%	1,740,181	-567%
Creditors				
Financial Expense	846,182	-536%	418,316	-136%
Local Authorities				
Income tax	-	0%	-	0%
Growth				
Retained Income	(3,112,212)	1970%	(2,465,188)	804%
Total Value Distributed	(157,983)	100%	(306,691)	100%

Value added 2023



- Service charge on loans
- Membership fees
- Other income
- Grant income
- Other operating exp.
- Expected credit loss

Value distributed 2022

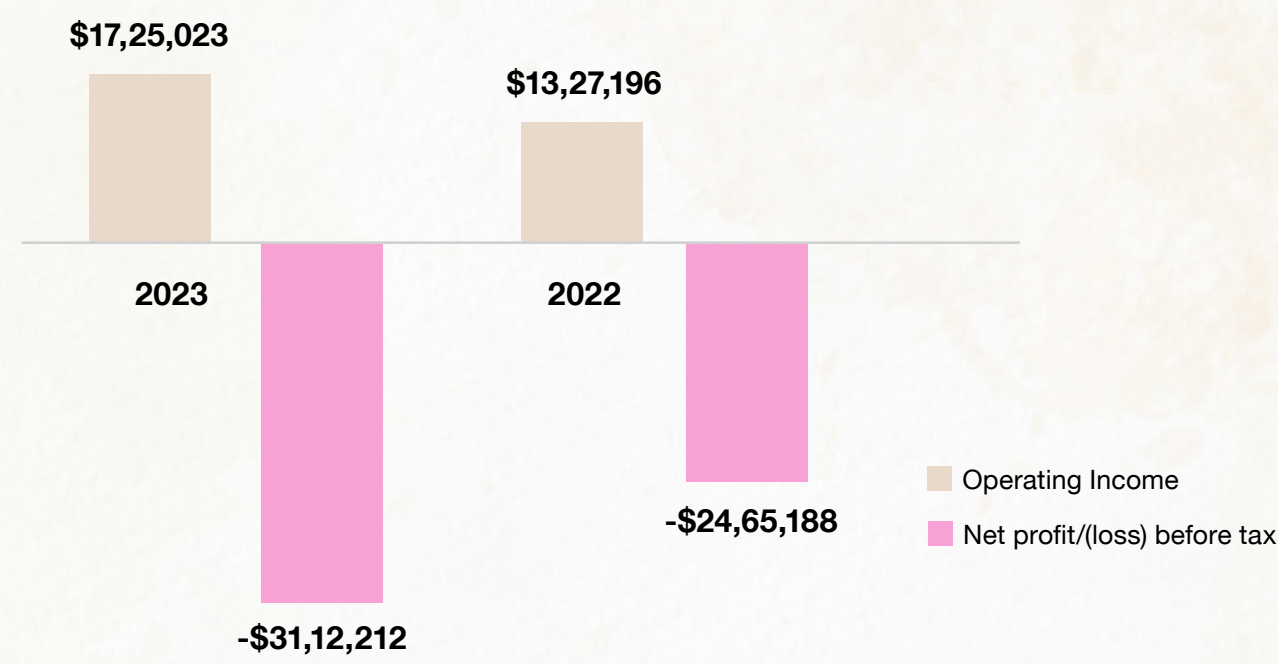


- Salary and allowances
- Financial Expense
- Income tax

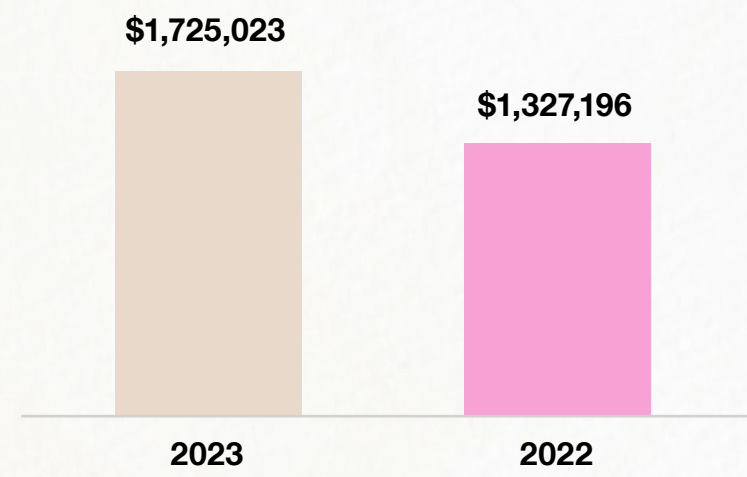
PERFORMANCE REVIEW

Particular	2023 USD	2022 USD
Income Statement		
Operating Income	1,725,023	1,327,196
Net profit/(loss) before tax	(3,112,212)	(2,465,188)
Financial Position		
Total Asset	8,767,148	7,478,833
Net Equity	1,688,823	1,350,348
Loans to customer (net)	3,582,861	3,072,605
Cash and cash equivalents	3,492,360	3,362,194
Returns and Ratio		
Return on Asset	-35%	-33%
Cost to income	281%	238%
Operational Statistics		
Total Borrowers	31,257	25,255
PAR>30	6.02%	6.83%

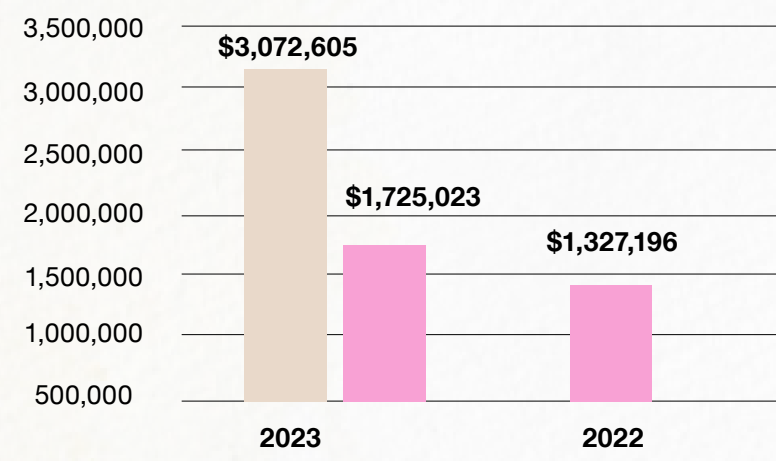
OPERATING INCOME VS PROFIT BEFORE TAX



OPERATING INCOME VS BORROWER



PORTFOLIO VS OPERATING INCOME



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