



ANNUAL REPORT 2021

BRAC RWANDA
MICROFINANCE COMPANY PLC

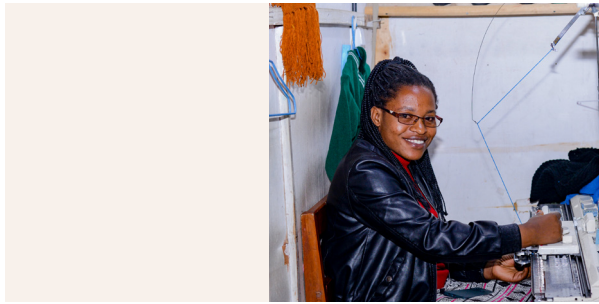


“

When people ask me now what BRAC stands for, I like to think that we stand for an idea- an idea of a world where everyone has an equal opportunity to realise their potential.

Sir Fazle Hasan Abed KCMG
1936-2019

TABLE OF CONTENTS



A Journey to Creating an Empire	1
Message from Chief Executive Officer	4

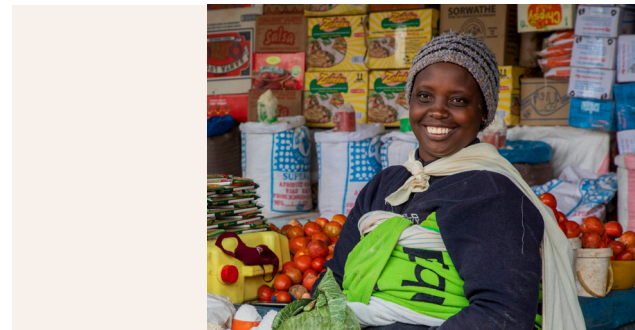


BRAC International Microfinance	5
Always a Way	7
About Us	8

BRAC Rwanda Microfinance Company Plc	12
Our Approach	13



2021 in Focus	14
Social Performance	15
Our Team	16
Our Partners	17





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I would like to grow my business into my own Made in Rwanda company and be able to produce enough clothes to sell both in Rwanda and internationally.

I feel like BRAC is going to help me get there.



A JOURNEY TO CREATING AN EMPIRE

Mukansine Sandrine, 34, lives in Musanze, northwest Rwanda. Sandrine is a skilled tailor. She creates her own designs and sells clothes in one of the largest markets in Musanze.

Sandrine took her first loan of RWF 150,000 (USD 150) from BRAC in 2021. She invested the money into her business by buying a new sewing machine. This helped her to increase production to meet her customers' demand. By the end of the year she had made enough profits to pay back the loan and qualify for another one.

Sandrine is a single mother. She had a difficult time managing household expenses and paying school fees for her children due to low income. Now that her profits have increased, Sandrine can now take care of her family, afford a good education for her children, and build a sustainable business.



Shameran Abed
Executive Director
BRAC International

MESSAGE FROM BOARD CHAIRPERSON

Following the unprecedented challenges of COVID-19 in the last two years, we were able to considerably reduce the spread of the pandemic in 2021 through our collective efforts at the global and individual level. Countries opened up their borders and people returned to their physical and newly formed 'hybrid' workplaces. The global economy gradually began to return to its normal state.

For BRAC's nearly 700,000 clients in 2021, 97% of whom were women, living mostly in poverty in the villages and urban slums of Africa and Asia, the year was about recovering and rebuilding livelihoods. We endeavoured to remain close to our clients offering information on health and safety and much-needed economic support to help them get back on their feet.

As our youngest microfinance company, BRAC Rwanda Microfinance Company PLC (BRMCP) continued on its growth trajectory in 2021. It reached 29,518 savers and 18,861 borrowers by the end of the year, 99% of whom were women. It also opened five new branches, in hard-to-reach parts of the country, further expanding the umbrella of financial inclusion.

In 2021, BRMCP carried out its second annual Lean DataSM Impact Survey. Clients reported greater levels of financial resilience and stability, with a remarkable 96% of clients saying they earned more and 96% of clients saw an overall improvement in the quality of their life

after engaging with BRAC. The results demonstrate the importance and impact of responsible financial services for people living in poverty, especially in times of crisis.

2022 will mark BRAC's 50th Anniversary. From its humble beginnings in Bangladesh as a relief organisation to partnering with over 100 million people globally across 10 countries, it has proved to the world that impact can be delivered at scale. Our founder, Sir Fazle Hasan Abed, always reiterated that 'small is beautiful, but scale is necessary' and it will continue to be one of the guiding principles of BRAC as it sets foot on its ambitious target to reach 250 million people globally by 2030.

Though we have now become used to living with the pandemic, we are seeing other complex challenges emerge that transcend borders. The global food and energy crises, high inflation, and social and political unrest – all against the backdrop of a visibly changing climate – are already being felt in the places we work in. As a Global South organisation, I strongly believe that we need to follow the example of the communities we work with, and in particular, the women, who show amazing resilience and spirit in the face of incredible odds. As long as we stay true to our mission, and develop pragmatic, scalable solutions grounded in local realities, I am sure we will be able to create opportunities for people to realise their potential.



Silent Clement Gonondo
Chief Executive Officer

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

I am delighted that BRAC Rwanda Microfinance Company PLC (BRMCP) has completed a successful second year of operations, emerging strong despite the effects of the COVID-19 pandemic.

In 2021, leveraging our expanding branch network, BRMCP was able to reach 18,661 borrowers, an increase of 162% from 2020. The number of customers with savings accounts increased from 11,370 to 29,518 and loan disbursement grew by 196% from USD 1,611,606 in 2020 to USD 4,768,928. As of December 2021, 99% of the borrowers were women, reflecting our commitment to the mission to provide financial access to women living in poverty in underserved communities. By the end of 2021, BRMCP had 25 branches across 18 districts of the country.

Starting August 2021, we piloted Agrifinance products in four branches in hard-to-reach parts of the country. The loans were provided to individual, smallholder women farmers. The group-based loans offer flexible loan repayment methods based on the harvesting cycle. Maize and Irish potato crops have been supported to date with 413 borrowers taking loans.

BRMCP also introduced SMS alerts for all cash transactions. This has increased client confidence in the company and helped improve savings mobilization. Preparations have been completed for the implementation of a new core banking system to improve operational efficiency.

I am thankful to the National Bank of Rwanda, various Government agencies, Ministries, District Mayors and Sector Leaders, the Rwanda Development Board, BRAC USA, and the Whole Planet Foundation. BRMCP has come this far in our journey in Rwanda through their support.

Our staff have continued to display undoubted devotion to duty, to our clients and to our mission. I am humbled by their commitment and it makes me proud to work side by side with them in our mission to build a better world for all.

I am grateful to our clients, who have remained by our side through the toughest times and have continued to keep their repayments up to date. I am proud to be associated with these incredible women and I admire their incredible resilience.



BRAC INTERNATIONAL MICROFINANCE

BRAC has been one of the pioneers of microfinance since it first started microfinance operations in 1974. BRAC first expanded its microfinance operations internationally in 2002 and now operates in six countries outside of Bangladesh - Myanmar, Tanzania, Uganda, Rwanda, Sierra Leone and Liberia. Together, these six entities serve nearly 700,000 clients, 96% of whom are women.

BRAC International Microfinance's 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.

We offer inclusive, accessible, and convenient loan and savings products, tailored to the needs of the local community. Our core credit products include group-based microloans provided exclusively to women, and small enterprise loans for entrepreneurs seeking to grow their businesses.

We are a strong advocate of client-centric microfinance that includes adhering to the industry's Universal Standards for Social Performance Management and the Client Protection Principles, placing clients' well-being at the center of everything we do to achieve our mission. 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.

BRAC believes that sustainable, large-scale change, must address and deliver both economic and social progress. Microfinance has been an integral 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.

OUR REACH AND IMPACT

458k

borrowers

502k

savers

\$87.71m

loan outstanding

96%

of clients are
women

54%

outreach to people
living in rural areas

71%

outreach to people
living in poverty



93%

of clients said their quality
of life had improved after
engaging with BRAC

94%

of clients earned more
after engaging with
BRAC

89%

of clients saved more
after engaging with
BRAC

90%

of clients planned
their finances better
after engaging with
BRAC

72%

of clients contributed
more to important
household decisions after
engaging with BRAC



INEQUALITY IS HUMAN-MADE.
IT CAN BE UNMADE.
TOGETHER,
PEOPLE CAN CHANGE
ANYTHING.
THERE IS **ALWAYS** A WAY.

BRAC INTERNATIONAL

Stichting BRAC International was formed in 2009 as a non-profit foundation in the Netherlands. It governs all entities outside Bangladesh with an objective to engage in charitable and social welfare activities in any country in 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. The core focus of BIHBV is to provide microfinance services to people, particularly women, living in poverty and hard-to-reach areas to build their financial resilience and improve the quality of life for them and their families.



OUR VISION

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



OUR MISSION

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 PROGRAMMES

Our **Education programme** focuses on raising awareness on gender and child rights and developing a child-friendly learning atmosphere. Our programme complements the mainstream schooling system by supporting government primary and secondary schools to improve quality and strengthen capacity. We also provide training with support from local vocational and technical institutes.

Our **Early Childhood Development programme** is an investment toward breaking intergenerational cycles of poverty and facilitating economic growth. We provide early learning opportunities through our Play Labs to 3 to 6-year-olds, with a low-cost and play-based early learning model. Our Play Labs are safe play spaces, providing cost-effective local learning materials to children in marginalised communities.

The **Agriculture, Food Security and Livelihood programme** focuses on four strategic directions - a) Strengthen pro-poor market systems, b) Make agriculture systems more resilient to climate change, c) Improve food and nutrition security, and d) Empower women and youth across the value chain.

Through our **Health programme** we partner with respective governments to reduce child mortality, improve maternal and child health, and combat diseases. We work at the community and facility level to strengthen the capacity of female community health volunteers, health workers, and doctors so that they can provide educational, preventive, and curative health services.





Through our **Youth Empowerment programme** we provide life-saving and life-transforming services to adolescent girls to prevent unintended pregnancies, improve their awareness on harmful practices, and empower them financially. We create safe spaces by establishing clubhouses for girls aged 10-21, especially those who are vulnerable, dropped out of school, and at the risk of early marriage and pregnancy.

The **Ultra-Poor Graduation** approach is a comprehensive, time-bound, integrated and sequenced set of interventions that aim to enable extreme and ultra-poor households to achieve key milestones towards sustainable livelihoods and socio-economic resilience, in order to progress along a pathway out of extreme poverty.

Through our **Emergency Preparedness and Response programme** we build local emergency preparedness and response capacities in communities, schools, and local governments. Using a participatory and inclusive approach, our interventions in urban, rural, and refugee settings prioritise the equitable participation of all groups, particularly women and youth, to ensure that they are able to mitigate risks, save lives, protect livelihoods, and build back better from disasters and crises.

Through our **Microfinance programme**, we provide a range of financial services responsibly to people at the bottom of the pyramid. We particularly focus 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.

SAFEGUARDING IN 2021



BRAC International (BI) launched **Safeguarding Audit Review** provided on safeguarding indicators to support management in understanding policy compliance and incorporated **Safeguarding clause** in the procurement manual and partnership agreements to ensure compliance of partners and service providers.



BI arranged training on **Safeguarding Case Management and Investigations** as a part of continuous capacity development and continued **awareness-building** of staff and programme participants on the **Safeguarding Policy and sub-set policies**, which are as follows:

- Child and Adolescent Protection Policy
- Sexual Harassment Elimination and Protection from Sexual Exploitation and Abuse Policy
- Prevention of Workplace Bullying and Violence Policy
- Adults with Special Needs Policy
- Whistleblowing policy



BI completed quarterly **safeguarding assessment checklist** to monitor safe organisational practices



BI formed **Inquiry Review Committee (IRC)** to review safeguarding cases to provide decisions and guidance on actions to be taken and developed an **online safeguarding register** to digitize the incident management process and to ensure confidential reporting



BRAC RWANDA MICROFINANCE COMPANY PLC



OUR APPROACH

Almost two-thirds of all Rwandan adults do not have access to financial services. Financial inclusion is even lower for women and for people living in poverty.

BRAC Rwanda Microfinance Company PLC (BRMCP) was launched in 2019. Our mission is to provide a range of financial services responsibly to people at the bottom of the pyramid. We particularly focus 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 core products include a group-based microloan provided exclusively to women, and small enterprise loans for entrepreneurs seeking to expand their businesses. We also provide a voluntary savings deposit service, which enables our clients to build their own capital and become more resilient to shocks.



OPERATIONAL HIGHLIGHTS

99% of clients are women

40% outreach to people living in rural areas

73% outreach to people living in poverty

25 branches in **18** districts

\$4.6M in disbursed loans

29,518 savers

64,381 borrowers

As at December 2021

2021 IN FOCUS

In 2021, BRMCP scaled the use of Digital Field Application (DFA) in all our 25 branches of the country. The DFA enables us to improve operational efficiency and our clients value the convenience of quick processing of their instalments and knowing the number of instalments they have left or their total outstanding loan amount in real-time. We also introduced SMS alerts for clients to receive real-time notifications when they have paid an instalment.

In 2021, BRMCP developed an Agrifinance Loan product for women smallholder farmers engaged in maize and Irish potato cultivation in Rwanda. The first phase of the pilot started in four branches in August. The loans are provided to individual women farmers through a group setting without any collateral and with a flexible repayment schedule. At present, more than 185 farmers have applied for this product.



SOCIAL PERFORMANCE

In 2021, we conducted our second annual impact survey using Lean DataSM methodology on five social outcome focus areas of BRAC International Microfinance: quality of life, financial resilience, women's economic empowerment, self-employment and livelihood opportunities, and household welfare.

This annual exercise complements our Social Performance Management and Client Protection initiatives and guides us in setting targets and strategies to reach more people living in poverty to achieve long-term impact at scale. All respondents surveyed were women.



96% of clients said their quality of life had improved after engaging with BRAC



96% of clients earned more after engaging with BRAC



94% of clients saved more after engaging with BRAC



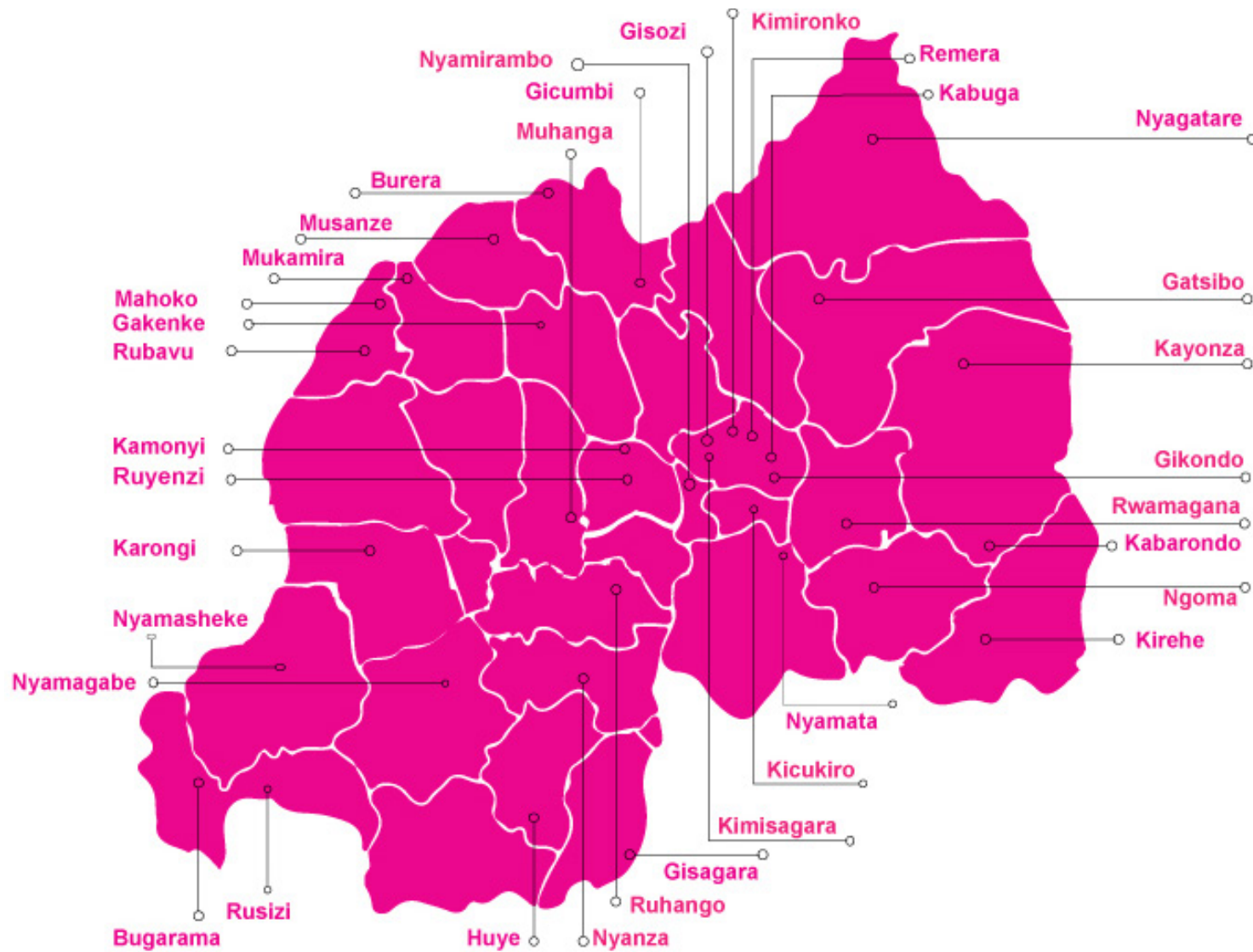
92% of clients planned their finances better after engaging with BRAC



44% of clients contributed more to important household decisions after engaging with BRAC



BRANCH LOCATIONS



OUR TEAM

BRAC RWANDA MICROFINANCE COMPANY PLC SUPERVISORY BOARD

Shameran Abed	Chairperson
Johannes Maria Antonius Eskes	Member
Syed Abdul Muntakim	Member
Bridget Daughterty	Member
Angelina Konkobwa Muganza	Member
Anne Abakunzi	Member
Silent Clement Gonondo	Chief Executive Officer & Ex-officio member

BRAC RWANDA MICROFINANCE COMPANY PLC MANAGMENT

Silent Clement Gonondo	Chief Executive Officer
Mohammad Sheikh Muzam	Programme Manager, Microfinance
Md. Shariar Shourav	Head of Internal Audit
Md. Eyashin Chowdhury	Manager, Finance & Accounts
Mirembe Joseline	Human Resource and Training
Alfred Shyaka	Manager, IT
Dieudonne Maniraguha	Manager, Digital Implementation
Umugwaneza Marie Claire	Social Performance and Product Development
Phillip Mutijima	Administration & Public Relations Manager
Umwali Natete Kevine	Monitoring and Compliance Manager
Zwena Musaniwabo	Communications manager



OUR DONORS AND PARTNERS

60 __ dB



OPERATIONAL AND FINANCIAL HIGHLIGHTS

NET INCOME

BRAC Rwanda Microfinance Company Plc completed 2021 with a net loss of USD 1,630,424 compared to USD 1,039,198 in 2020. The loss is mainly due to the expansion of branches in new areas. Interest income earned during the year is USD 637,823 in 2021 as against USD 197,022 in 2020.

OPERATING EXPENSES

Total operating expenses for the year 2021 was USD 2,478,727 as against USD 1,647,238 in 2020. In 2020 there were 20 branches for BRAC in Rwanda. Additional 5 branches were opened in 2021 which is contributing to the additional expenses in 2021.

PROVISION FOR IMPAIRMENT LOSSES

In 2021, amount charged for impairment on loans was USD 61,157 as against USD 273,041 in 2020. The company followed IFRS 9 provisioning policy to be inline with National Bank of Rwanda's guidelines. Total loan loss reserve is now USD 73,086 (2020: USD 29,693) representing 3.08% (2020: 3.29%) of gross portfolio. Portfolio at Risk (PAR>30) is 1.77%.

FINANCIAL POSITION

In 2021, the company's total assets grew by 60% to USD 3,759,609 compared to the previous year's total assets of USD 2,348,790. Loans and advances to customers increased by 164% and is now 63% of total assets.

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 follows:

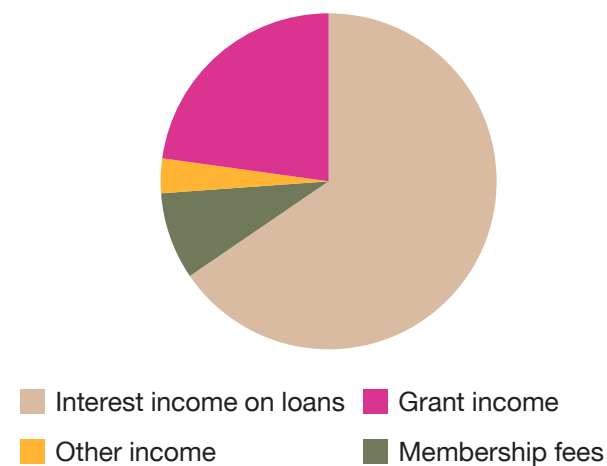
Particulars	2021	2020
Withholding Tax	385,173	250,943
Social Security Benefit	61,039	41,836

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	2021		2020	
	Amount (USD)	% of Total	Amount (USD)	% of Total
Interest income on loans	637,823	188%	197,022	111%
Membership fees	81,757	24%	31,005	17%
Other income	32,425	10%	22,967	13%
Grant income	222,222	66%	394,328	222%
Other operating exp.	(1,251,976)	-369%	(794,911)	-448%
Expected credit loss	(61,157)	-18%	(27,702)	-16%
Total Value Added	(338,906)	100%	(177,291)	100%

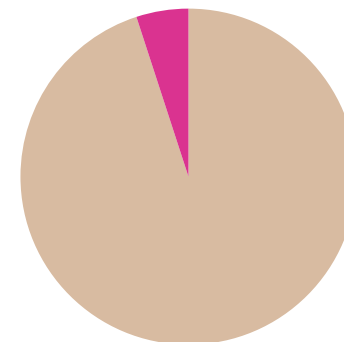
Value Added in 2021





Value Distributed	2021		2020	
	Amount (USD)	% of Total	Amount (USD)	% of Total
Employees				
Salary and allowances	1,226,750	362%	852,326	481%
Creditors				
Financial Expense	64,768	19%	9,581	5%
Local Authorities				
Income tax	-	0%	-	0%
Growth				
Retained Income	(1,630,424)	-481%	(1,039,198)	-586%
Total Value Distributed	(338,906)	100%	(177,291)	100%

Value Distributed in 2021



Salary and allowances
 Financial Expense
 Income tax

CONTACT DETAILS

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