

ECONOMIC RECOVERY FUND COMPLETION REPORT – PHASE 1

June 2022

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1. General Introduction

The Economic Recovery Fund (ERF) was established by the Government of Rwanda to support the recovery of businesses hit hardest by COVID-19 so that they can survive, resume operations and safeguard employment, thereby cushioning the economic effects of the COVID-19 pandemic. The National Bank of Rwanda was appointed as the Fund Manager.

To ensure that funds are used appropriately to achieve the impact expected, the Economic Recovery Fund Technical Steering Committee was established to govern the Fund. Its purpose was to review the performance of the Fund on a monthly basis and report to the Economic Recovery Fund High Level Steering Committee composed of Ministers (mainly Economic Cluster), the Governor of the National Bank of Rwanda, RDB CEO and PSF CEO while the technical steering committee is composed of the Ministry of Finance and Economic Planning, the Ministry of Trade and Industry, Rwanda Development Board, National Bank of Rwanda, Private Sector Federation, Rwanda Bankers' Association, Association of Microfinance Institutions of Rwanda, BRD, and Business Development Fund.

2. The Main objectives

The main objectives of the Fund were twofold:

- i. Support businesses in the sectors hit hardest by the pandemic so they can survive, resume work/production and safeguard employment,
- ii. To expand domestic production of essential goods during the COVID-19 and post-COVID-19 period (e.g., medical equipment like masks, gloves, sanitizers, disinfectants, and others that may be deemed necessary during this period).

3. Eligible Sectors

Sectors eligible for this support included:

- All businesses highly impacted by the restrictions put in place to prevent the spread of the virus, and exposed to consumer discretionary spending, and those with global supply chains that have been disrupted. These include but not limited to: Tourism, Manufacturing (including Agro-processing), Transport and Logistics and SMEs linked to domestic and global supply chain,
- Micro and Small Enterprises (MSEs)/Informal sector: COVID-19 fiscal and monetary responses in place don't reach the informal economy while the strain on incomes resulting from the lockdown and decline in activities/consumption will devastate informal workers (and their families) close to the poverty line. To protect those business/jobs and stimulate consumption of households, the Fund will create a window to support MSEs via MFIs and provide credit guarantee through BDF.

BDF was given the role to manage the **Credit Guarantee** and **Working Capital** windows for micro and small businesses. The total budget allocated to BDF to assist the micro and small businesses with **Working Capital** amounted to FRW 3.5 billion from GoR and FRW 3 billion from US Government through USAID/NGURIZA NSHORE program, hence a total budget of FRW 6.5 billion while the **Credit Guarantee Window** was allocated with a total budget of FRW 1.5 billion.

4. General Performance of ERF I - Working Capital Facility

4.1 Budget allocation

The initial budget allocated to BDF for ERF I -Working Capital window was FRW 2 billion. Later due to high demand, FRW 1.5 billion initially allocated to ERF I - Credit Guarantee Window was reallocated to the working capital window to make a total budget of FRW 3.5 billion. US Government, through USAID Rwanda/NGURIZA NSHORE project also injected FRW 3 billion to the pool and the total ERF I budget for working capital was FRW 6.5 billion, as depicted in the table below:

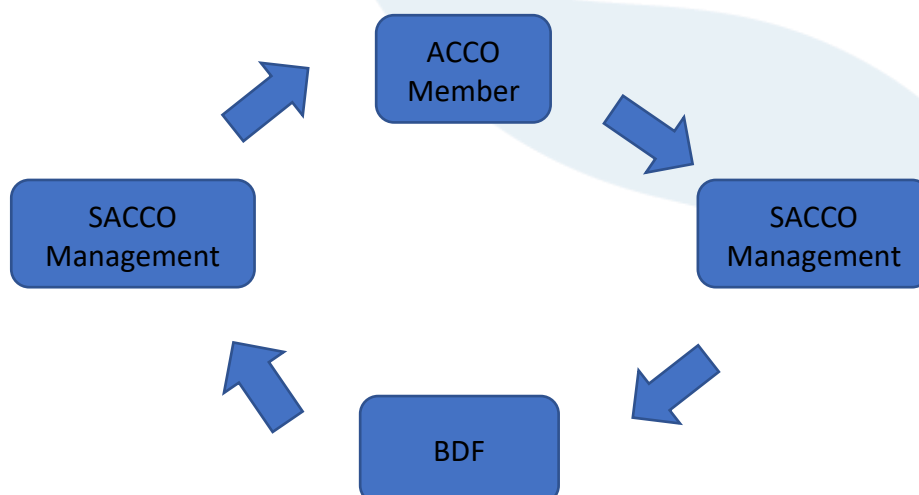
Table 1: ERF 1 - MICROBUSINESS BUDGET FOR WORKING CAPITAL WINDOW

| FUNDERS | AMOUNT (FRW) |
|---|----------------------|
| Government of Rwanda | 2,000,000,000 |
| Reallocated from ERF Guarantee Scheme (GoR) | 1,500,000,000 |
| US GOVERNMENT | 3,000,000,000 |
| TOTAL | 6,500,000,000 |

The budget which was allocated to BDF to finance the working capital projects was injected to the beneficiaries through the SACCOs and the refinancing rate was 0% while SACCOs provided loans to final ERF beneficiaries on a subsidized interest rate of 8%. The tenure for disbursed loans was 2 years with a grace period of 3 months.

4.2 ERF 1 Applications process

ERF 1 funds were meant to reach the end beneficiaries through the SACCOs. Beneficiaries were supposed to request for the loans through their respective financial institutions (SACCOs), then the later would collect the required documents from their members and then apply in the BDF webapp system. The documents from the SACCOs are then reviewed and analyzed until they are ready for the investment committee. After that the SACCO is notified, and the contract is signed between BDF and the SACCO. Finally, the ERF 1 funds are disbursed to the PFI and the later also disburses funds to the end beneficiaries so that they start implementing their projects.



4.3 Supported small businesses across the Country and budget execution

The implementation of ERF1 Working Capital window has been very successful. Indeed, **a total number of 6,742 micro and small businesses** was supported through 344 U-SACCOs for **a total amount of FRW 6,564,673,950** against a total budget of FRW 6.5 billion. **This represents execution rate of 101%** and this money was totally disbursed.

As depicted into the table below:

- The **Western Province** registered the **highest number** of supported micro and small businesses totaling **1,903 for a total allocated budget of FRW 1,841,785,500**, hence **a lion share of 28%** of the total allocated budget,
- The **Southern Province** emerged as **number two** with a **budget share of 25% for 1,694 of supported micro and small businesses for a total allocated budget of FRW 1,621,417,900**,
- The **Northern Province** emerged as **number three** with a **budget share of 24% for 1,627 of supported micro and small businesses for a total allocated budget of FRW 1,602,056,100**,
- The **Eastern Province** emerged as number four with a budget share of 15% for 968 of supported micro and small businesses for a total allocated budget of FRW 953,069,450,
- ERF was less consumed in COK with a budget share of 8% for 550 of supported micro and small businesses for a total allocated budget of FRW 546,345,000.

Table 2: Supported micro and small businesses per Province/COK

| PROV/COK | # Businesses | Amount (FRW) | Share (%) |
|-------------------|---------------------|----------------------|------------------|
| WESTERN PROVINCE | 1,903 | 1,841,785,500 | 28 |
| SOUTHERN PROVINCE | 1,694 | 1,621,417,900 | 25 |
| NORTHERN PROVINCE | 1,627 | 1,602,056,100 | 24 |
| EASTERN PROVINCE | 968 | 953,069,450 | 15 |
| CITY OF KIGALI | 550 | 546,345,000 | 8 |
| TOTAL | 6,742 | 6,564,673,950 | 100 |

4.4 Supported micro and small businesses in rural and urban areas

Disaggregation of data per District indicates that more micro and small businesses were supported in rural areas in comparison with number of businesses supported in urban areas. Indeed, as per the table below (table 3), **4,338 micro and small businesses** were supported **in rural Districts** for a total budget of FRW 4,206,022,950, hence a budget share of **64.1%** against **2,404 micro and small businesses** supported **in COK and Secondary Cities** for a total budget of FRW 2,358,651,000, hence a budget share of **35.9%**.

Table 3: Supported micro and small businesses in rural areas/Districts

| # | District | Businesses | Amount (FRW) | Share (%) |
|----|-------------------|--------------|----------------------|-------------|
| 1 | BURERA | 565 | 564,508,100 | 8.6 |
| 2 | GICUMBI | 360 | 355,520,000 | 5.4 |
| 3 | RUTSIRO | 369 | 347,234,500 | 5.3 |
| 4 | NYAMASHEKE | 267 | 260,878,000 | 4.0 |
| 5 | NGORORERO | 275 | 257,800,000 | 3.9 |
| 6 | KAMONYI | 257 | 247,325,400 | 3.8 |
| 7 | NYAMAGABE | 254 | 243,649,500 | 3.7 |
| 8 | NYARUGURU | 225 | 219,590,000 | 3.3 |
| 9 | NYABIHU | 224 | 217,830,000 | 3.3 |
| 10 | GAKENKE | 185 | 173,428,000 | 2.6 |
| 11 | KIREHE | 168 | 166,679,100 | 2.5 |
| 12 | RULINDO | 161 | 157,600,000 | 2.4 |
| 13 | NGOMA | 151 | 148,164,950 | 2.3 |
| 14 | NYANZA | 151 | 143,354,000 | 2.2 |
| 15 | KARONGI | 144 | 138,003,000 | 2.1 |
| 16 | RUHANGO | 143 | 135,350,000 | 2.1 |
| 17 | KAYONZA | 117 | 114,950,000 | 1.8 |
| 18 | BUGESERA | 99 | 96,758,400 | 1.5 |
| 19 | RWAMAGANA | 95 | 94,000,000 | 1.4 |
| 20 | GISAGARA | 77 | 74,200,000 | 1.1 |
| 21 | GATSIBO | 51 | 49,200,000 | 0.7 |
| | TOTAL | 4,338 | 4,206,022,950 | 64.1 |

Table 4: Support to micro and small businesses in urban areas (COK and Secondary Cities)

| # | District | Businesses | Amount (FRW) | Share (%) |
|---|-------------------|--------------|----------------------|-------------|
| 1 | MUHANGA | 445 | 421,420,000 | 6.4 |
| 2 | RUSIZI | 420 | 416,540,000 | 6.3 |
| 3 | MUSANZE | 356 | 351,000,000 | 5.3 |
| 4 | NYAGATARE | 287 | 283,317,000 | 4.3 |
| 5 | GASABO | 271 | 269,845,000 | 4.1 |
| 6 | RUBAVU | 204 | 203,500,000 | 3.1 |
| 7 | KICUKIRO | 200 | 199,900,000 | 3.0 |
| 8 | HUYE | 142 | 136,529,000 | 2.1 |
| 9 | NYARUGENGE | 79 | 76,600,000 | 1.2 |
| | TOTAL | 2,404 | 2,358,651,000 | 35.9 |

On a particular note, 5 rural Districts namely **BURERA, GICUMBI, RUTSIRO, NYAMASHEKE and NGORORERO Districts** emerged among the 10 first best performers in using ERF1 funds with 1,836 supported micro and small businesses for a total budget of FRW 1,785,940,600, hence a share of 27.2% of the total allocated budget. BURERA District emerged as the first best performer District with 585 supported micro and small businesses for a total budget of FRW 564,508,100, hence a share of 8.6%.

Finally, it is worth noting that there was evenly distribution of ERF1 funds in all Districts (all corners of the Country). Indeed:

- 3,615 micro and small businesses were supported in the first 10 best performers Districts for a total budget of FRW 3,528,062,600, hence a share of 53.7% of total budget, while
- 2,029 micro and small businesses were supported in the middle 10 performers Districts for a total budget of FRW 1,977,666,950, hence a share of 30.1% of total budget, and

- 1,098 micro and small businesses were supported in the least 10 performers Districts for a total budget of FRW 1,058,944,400, hence a share of 16.1% of total budget.

Table 5: Districts ranking as per amount and share of supported micro and small businesses

| # | District | Businesses | Amount/FRW | Share (%) |
|----|--------------|--------------|----------------------|-------------|
| 1 | BURERA | 565 | 564,508,100 | 8.6 |
| 2 | MUHANGA | 445 | 421,420,000 | 6.4 |
| 3 | RUSIZI | 420 | 416,540,000 | 6.3 |
| 4 | GICUMBI | 360 | 355,520,000 | 5.4 |
| 5 | MUSANZE | 356 | 351,000,000 | 5.3 |
| 6 | RUTSIRO | 369 | 347,234,500 | 5.3 |
| 7 | NYAGATARE | 287 | 283,317,000 | 4.3 |
| 8 | GASABO | 271 | 269,845,000 | 4.1 |
| 9 | NYAMASHEKE | 267 | 260,878,000 | 4.0 |
| 10 | NGORORERO | 275 | 257,800,000 | 3.9 |
| | TOTAL | 3,615 | 3,528,062,600 | 53.7 |
| # | District | Businesses | Amount/FRW | Share (%) |
| 11 | KAMONYI | 257 | 247,325,400 | 3.8 |
| 12 | NYAMAGABE | 254 | 243,649,500 | 3.7 |
| 13 | NYARUGURU | 225 | 219,590,000 | 3.3 |
| 14 | NYABIHU | 224 | 217,830,000 | 3.3 |
| 15 | RUBAVU | 204 | 203,500,000 | 3.1 |
| 16 | KICUKIRO | 200 | 199,900,000 | 3.0 |
| 17 | GAKENKE | 185 | 173,428,000 | 2.6 |
| 18 | KIREHE | 168 | 166,679,100 | 2.5 |
| 19 | RULINDO | 161 | 157,600,000 | 2.4 |
| 20 | NGOMA | 151 | 148,164,950 | 2.3 |
| | TOTAL | 2,029 | 1,977,666,950 | 30.1 |
| # | District | Businesses | Amount (FRW) | Share (%) |
| 21 | NYANZA | 151 | 143,354,000 | 2.2 |

| | | | | |
|-----------|--------------------|--------------|----------------------|-------------|
| 22 | KARONGI | 144 | 138,003,000 | 2.1 |
| 23 | HUYE | 142 | 136,529,000 | 2.1 |
| 24 | RUHANGO | 143 | 135,350,000 | 2.1 |
| 25 | KAYONZA | 117 | 114,950,000 | 1.8 |
| 26 | BUGESERA | 99 | 96,758,400 | 1.5 |
| 27 | RWAMAGANA | 95 | 94,000,000 | 1.4 |
| 28 | NYARUGENGE | 79 | 76,600,000 | 1.2 |
| 29 | GISAGARA | 77 | 74,200,000 | 1.1 |
| 30 | GATSIBO | 51 | 49,200,000 | 0.7 |
| | TOTAL | 1,098 | 1,058,944,400 | 16.1 |
| | GRAND TOTAL | 6.742 | 6.564,673,950 | 100 |

4.5 ERF 1 Budget execution - Working Capital Window

Overall, the ERF1 was successfully implemented as evidenced by fully utilization of the budget (101%) and full disbursement of funds (99.9%) in all Districts. The table below provides detailed information on disbursement status per District and Province/COK:

Table 6: Approved loans and disbursement rates per District and Province/COK

| No | District | Loan approved (FRW) | Disbursed amount (FRW) | Disbursement rate (%) |
|----|--------------------------------|----------------------|------------------------|-----------------------|
| 1 | GASABO | 269,845,000 | 269,865,000 | 100.0 |
| 2 | KICUKIRO | 199,900,000 | 199,900,000 | 100.0 |
| 3 | NYARUGENGE | 76,600,000 | 76,600,000 | 100.0 |
| | TOTAL KIGALI CITY | 546,345,000 | 546,365,000 | 100.0 |
| 1 | BUGESERA | 96,758,400 | 96,758,400 | 100.0 |
| 2 | GATSIBO | 49,200,000 | 49,200,000 | 100.0 |
| 3 | KAYONZA | 114,950,000 | 114,950,000 | 100.0 |
| 4 | KIREHE | 166,679,100 | 166,679,100 | 100.0 |
| 5 | NGOMA | 148,164,950 | 148,164,950 | 100.0 |
| 6 | NYAGATARE | 283,317,000 | 283,317,000 | 100.0 |
| 7 | RWAMAGANA | 94,000,000 | 94,000,000 | 100.0 |
| | TOTAL EASTERN PROVINCE | 953,069,450 | 953,069,450 | 100.0 |
| 1 | BURERA | 564,508,100 | 564,508,100 | 100.0 |
| 2 | GAKENKE | 173,428,000 | 173,428,000 | 100.0 |
| 3 | GICUMBI | 355,520,000 | 355,520,000 | 100.0 |
| 4 | MUSANZE | 351,000,000 | 351,000,000 | 100.0 |
| 5 | RULINDO | 157,600,000 | 157,600,000 | 100.0 |
| | TOTAL NORTHERN PROVINCE | 1,602,056,100 | 1,602,056,100 | 100.0 |
| 1 | GISAGARA | 74,200,000 | 70,200,000 | 94.6 |
| 2 | HUYE | 136,529,000 | 136,529,000 | 100.0 |

| | | | | |
|---|--------------------------------|----------------------|----------------------|--------------|
| 3 | KAMONYI | 247,325,400 | 247,325,400 | 100.0 |
| 4 | MUHANGA | 421,420,000 | 421,420,000 | 100.0 |
| 5 | NYAMAGABE | 243,649,500 | 243,649,500 | 100.0 |
| 6 | NYANZA | 143,354,000 | 139,354,000 | 97.2 |
| 7 | NYARUGURU | 219,590,000 | 219,990,000 | 100.2 |
| 8 | RUHANGO | 135,350,000 | 135,350,000 | 100.0 |
| | TOTAL SOUTHERN PROVINCE | 1,621,417,900 | 1,613,817,900 | 99.5 |
| 1 | KARONGI | 138,003,000 | 138,003,000 | 100.0 |
| 2 | NGORORERO | 257,800,000 | 257,800,000 | 100.0 |
| 3 | NYABIHU | 217,830,000 | 217,830,000 | 100.0 |
| 4 | NYAMASHEKE | 260,878,000 | 260,878,000 | 100.0 |
| 5 | RUBAVU | 203,500,000 | 203,500,000 | 100.0 |
| 6 | RUSIZI | 416,540,000 | 416,540,000 | 100.0 |
| 7 | RUTSIRO | 347,234,500 | 346,959,500 | 99.9 |
| | TOTAL WESTERN PROVINCE | 1,841,785,500 | 1,841,510,500 | 100.0 |
| | GRAND TOTAL | 6,564,673,950 | 6,556,818,950 | 99.9 |

4.6 General Performance of ERF 1 According to Age and Gender

4.6.1 Youth and Non-Youth

ERF I funds were meant for all the people who had micro and small businesses which were affected by Covid-19. The youth are the young men and women who are below 30 years of age. These constitute the larger percentage of the Rwandan population.

As depicted in the table below (Table 7), **13.5%** of funds (**FRW 883,407,614**) went to **support 876 youth owned micro and small businesses** for a total amount of FRW 883,407,614, while **86.5%** (FRW 5,681,266,336) supported **5,866 non-Youth owned small businesses** for a total amount of **FRW 5,681,266,336**.

Table 7: Approvals and disbursements disaggregation by age

| Age-group | Number | Amount | Percentage (%) |
|------------------|--------------|----------------------|----------------|
| Youth | 876 | 883,407,614 | 13.5 |
| Non-Youth | 5,866 | 5,681,266,336 | 86.5 |
| Total | 6,742 | 6,564,673,950 | 100 |

4.6.2 Gender

The table below (Table 8) shows that **31%** of ERF funds went to support **2,090 women owned small businesses** for a total amount of **FRW 2,035,048,925** while **69% of funds** supported **4,652 men owned small businesses** across the country for a total budget of FRW 4,529,625,026.

Table 8: Approvals and disbursements disaggregation by gender

| Group | Number | Amount | Percentage (%) |
|--------------|--------------|----------------------|----------------|
| Women | 2,090 | 2,035,048,925 | 31 |
| Men | 4,652 | 4,529,625,026 | 69 |
| Total | 6,742 | 6,564,673,951 | 100 |

4.7 Supported businesses by category

All businesses which are profit making and viable were all allowed to be submitted to SACCOs. Supported micro and small businesses are classified as indicated in the table below (Table 9). Indeed, a big portion of the money (**67.4% for a total budget of FRW 4,297,010,340**) went to support micro and small businesses under **retail shop** category.

Table 9: Type of financed businesses

| # | Type of Activity | Approved Amount (FRW) | % of Approved |
|----|--|-----------------------|---------------|
| 1 | Retail shop | 4,297,010,340 | 67.4 |
| 2 | Others | 1,002,545,850 | 16.14 |
| 3 | Bars, Bar resto, Restaurant | 152,503,460 | 1.5 |
| 4 | Stationary, Mobile Money Services and Bank Agent | 254,295,000 | 3.7 |
| 5 | Welding, Transport & Tailoring | 159,700,000 | 2.3 |
| 6 | Supermarkets and spare parts | 186,418,300 | 3.2 |
| 7 | Electronic Shops & Hair dressing | 137,340,000 | 1.8 |
| 8 | Carpentry & hardware shops | 107,050,000 | 1.3 |
| 9 | Agro vet business | 138,181,000 | 1.5 |
| 10 | Bakery | 50,860,000 | 0.3 |
| 11 | Art & craft and brick making | 31,000,000 | 0.3 |
| 12 | Butcher shops | 19,570,000 | 0.4 |
| 13 | Farming and fishing | 17,000,000 | 0.4 |
| 14 | Decorations & livestock sellers | 11,200,000 | 0.2 |
| | TOTAL | 6,564,673,950 | 100 |

4.8 Rejection rate per District and Province/COK

One of the key challenges faced during the implementation of ERF1 program was the applications rejection rate that was high in some instances. Indeed, as depicted in table below (Table 10) the rejection rate was the highest in Eastern Province where it stands at 21.7% in comparison with the median rejection rate of 18% while the lowest rejection rate was the lowest in Northern Province as it stands at 13.7%. The Western and Eastern Provinces and COK have a rejection rate ranging above the median point while the Northern and Southern Provinces have a rejection rate ranging below the median point (efficiency).

Globally, on a total number of 8,252 received applications totaling FRW 8,001,332,250, a total of 1,510 applications for requested funds amounting to FRW 1,436,658,300 were rejected, hence a rejection rate of 18% in monetary values.

Table 10: Rejection rate per Province/COK

| # | Province/COK | Loan requested (FRW) | # of requests | # of rejections | Rejected Amounts (FRW) | Rejection rate (%) |
|---|-------------------|----------------------|---------------|-----------------|------------------------|--------------------|
| 1 | NORTHERN PROVINCE | 1,847,666,100 | 1,918 | 300 | 252,375,250 | 13.7 |
| 2 | SOUTHERN PROVINCE | 1,971,697,000 | 2,062 | 356 | 344,039,100 | 17.4 |
| 3 | WESTERN PROVINCE | 2,282,541,000 | 2,360 | 437 | 441,245,500 | 19.3 |
| 4 | COK | 680,825,000 | 680 | 142 | 134,480,000 | 19.8 |
| 5 | EASTERN PROVINCE | 1,218,603,150 | 1,232 | 275 | 264,518,450 | 21.7 |
| | TOTAL | 8,001,332,250 | 8,252 | 1,510 | 1,436,658,300 | 18 |

As per table 11, eighteen (18) Districts have a rejection rate ranging below the median point of 18% with outstanding performance observed in the following Districts: BURERA (number one in product uptake with a rejection rate of only 2.2%), RUSIZI (number three in product uptake with a rejection rate of only 1.5%), MUHANGA (number two in product uptake with a rejection rate of 9.4%) and GICUMBI (number four in product uptake with a rejection rate of only 16.1%).

Twelve (12) Districts have a rejection rate ranging above the median point (18%) with worse performance observed in the following Districts combining both low uptake rate and high rejection rate: NYARUGENGE (number 28 out of 30 in product uptake with a rejection rate of 22.1%) and GISAGARA (number 29 out of 30 in product uptake with a rejection rate of 27.9%). The following Districts have the highest rejection rate although ranking well by product uptake: NYAMASHEKE (number 9 out of 30 in product uptake with a rejection rate of 28%), RUBAVU (number 15 out of 30 in product uptake with a rejection rate of 35.3%) and NYAGARE (number 7 out of 30 in product uptake with a rejection rate of 35.6% - the highest).

Table 11: Rejection rate per District

| # | District | Loan requested (FRW) | # of requests | # of rejections | Rejected Amount (FRW) | Rejection rate (%) |
|----|----------|----------------------|---------------|-----------------|-----------------------|--------------------|
| 1 | RUSIZI | 424,100,000 | 423 | 3 | 6,250,000 | 1.5 |
| 2 | GATSIBO | 50,200,000 | 52 | 1 | 1,000,000 | 2.0 |
| 3 | BURERA | 577,308,100 | 590 | 17 | 12,800,000 | 2.2 |
| 4 | KICUKIRO | 207,500,000 | 208 | 8 | 7,600,000 | 3.7 |
| 5 | BUGESERA | 100,758,400 | 103 | 4 | 4,000,000 | 4.0 |
| 6 | NGOMA | 157,199,250 | 166 | 14 | 8,019,050 | 5.1 |
| 7 | KARONGI | 154,401,000 | 163 | 15 | 13,198,000 | 8.5 |
| 8 | MUHANGA | 465,250,000 | 492 | 47 | 43,830,000 | 9.4 |
| 9 | RUHANGO | 154,240,000 | 163 | 20 | 18,890,000 | 12.2 |
| 10 | KAYONZA | 131,950,000 | 134 | 17 | 17,000,000 | 12.9 |

| | | | | | | |
|----|------------------------|----------------------|--------------|--------------|----------------------|-------------|
| 11 | NYABIHU | 259,840,000 | 272 | 22 | 42,010,000 | 13.4 |
| 12 | GICUMBI | 416,730,000 | 424 | 81 | 66,975,250 | 16.1 |
| 13 | KAMONYI | 299,890,000 | 313 | 52 | 48,564,600 | 16.2 |
| 14 | RULINDO | 188,450,000 | 194 | 33 | 30,850,000 | 16.4 |
| 15 | RWAMAGAN A | 112,500,000 | 114 | 19 | 18,500,000 | 16.4 |
| 16 | HUYE | 164,269,000 | 170 | 28 | 27,740,000 | 16.9 |
| 17 | NGORORERO | 312,900,000 | 338 | 65 | 55,100,000 | 17.6 |
| 18 | NYANZA | 177,298,000 | 182 | 31 | 31,744,000 | 17.9 |
| | TOTAL | 4,354,783,750 | 4,501 | 477 | 454,070,900 | |
| 19 | GAKENKE | 215,528,000 | 242 | 57 | 43,100,000 | 20.0 |
| 20 | MUSANZE | 449,650,000 | 468 | 112 | 98,650,000 | 21.9 |
| 21 | NYARUGENG E | 98,300,000 | 95 | 22 | 21,700,000 | 22.1 |
| 22 | NYARUGURU | 282,610,000 | 294 | 59 | 62,980,000 | 22.3 |
| 23 | RUTSIRO | 459,200,000 | 483 | 119 | 113,965,500 | 24.8 |
| 24 | NYAMAGABE | 325,240,000 | 338 | 86 | 81,590,500 | 25.1 |
| 25 | KIREHE | 226,100,000 | 219 | 60 | 59,420,900 | 26.3 |
| 26 | GISAGARA | 102,900,000 | 110 | 33 | 28,700,000 | 27.9 |
| 27 | GASABO | 375,025,000 | 377 | 112 | 105,180,000 | 28.0 |
| 28 | NYAMASHEK E | 362,400,000 | 365 | 101 | 101,522,000 | 28.0 |
| 29 | RUBAVU | 309,700,000 | 316 | 112 | 109,200,000 | 35.3 |
| 30 | NYAGATARE | 439,895,500 | 444 | 160 | 156,578,500 | 35.6 |
| | TOTAL | 3,646,548,500 | 3,751 | 1,033 | 982,587,400 | |
| | GRAND TOTAL | 8,001,332,250 | 8,252 | 1,510 | 1,436,658,300 | 18.0 |

4.9 Reasons for rejection

BDF internal analysis revealed the following main reasons for applications rejections:

- Beneficiary failing to present the Trading License (Patante), accounting for 30% of rejection,
- New business established after the lockdown, hence no evidence of COVID-19 impact, accounting for 26%,
- Application for an investment loan instead of applying for working capital, accounting for 12%,

- Mismatch between the business and the presented patante, accounting for 13%,
- No clearance from Tax Authorities, accounting for 7%,
- Prohibited business during the lockdown (bars), accounting for 6%,
- Business not registered by RRA, accounting for 4%, and
- Presented poor businesses (nonperforming loans, no CRB report, tax arrears), accounting for 2%.

5. General Performance of ERF 1 - Credit Guarantee Facility

For recall, an amount of FRW 1.5 billion was allocated to BDF to provide credit guarantees to micro and small businesses without sufficient collaterals. Globally, the performance of this facility is highlighted as follows:

- 611 files/projects were received and approved for a total amount of **RW 926,024,896** committed as guarantee representing **61.7%** of the budget allocated to the facility,
- 1 file/project from a local Commercial Bank and 6 files/projects from SACCOs were received and rejected. The requested guarantees amounted to FRW 876,556,957 to cover total loans amounting to FRW 1,665,643,602 and
- 2 applications/files/projects from 2 local Commercial Banks requesting for guarantees amounting to FRW 58,660,500 to provide coverage to a loan portfolio amounting to FRW 78,214,000 which was cancelled.

6. Challenges, lessons learned and Way forward

High performance was observed for the Working Capital Facility. However, the main challenge remained high rejection rate of applications in some Provinces and Districts due to the above highlighted reasons. On a particular note, there was a lot of appetite to introduce new investment projects which were not catered for by this facility.

We learned that the MSMEs sector is the back born of the national economy by its contribution to jobs creation and economic growth. Moreover, the same sector plays a critical role in social protection by preventing some segments of our population to fall under poverty line. Going forward, more resources shall be allocated to this sector to respond to more and increasing business opportunities requesting for more financial resources for implementation.

The performance for the Credit Guarantee Facility was not so impressive. Indeed, Partner Financial Institutions (PFIs) have shown sufficient appetite to use BDF credit guarantee scheme. Going forward, BDF Management is committing to improve her working relationships with PFIs, revise the Partial Credit Guarantee Policy and redesign the product purposely to increase the product uptake.

BDF Management