

## The case of Umutanguha Finance in Rwanda, a partner of YouthStart

Berne, June 2014

# YOUTHSTART RESULTS TO DATE



COLLECTED  
**US\$10.8 million**  
IN SAVINGS



GRANTED  
**US\$5.4 million**  
IN LOANS TO **47,206**

YOUTH ENTREPRENEURS



TRAINED ALMOST  
**390,000**  
YOUTH IN FINANCIAL LITERACY

# BACKGROUND OF UMUTANGUHA FINANCE

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- **68,000 Clients (55% women, 90% rural)**
  - **US\$2,4 Million loans outstanding**
  - **US\$1.1 Million savings**
  - **4.23% PAR 30**
  - **127% OSS**

**Akazi Kanoze USAID funded project:  
Work to place youth in jobs, provide  
training, and entrepreneurship  
opportunities**

**Technoserve STRYDE  
programme**



# SERVICES OFFERED TO YOUTH

- **Financial services**

- Savings accounts: low or no fees
- Group Loans/leasing for young adults
- Key issues for success: Youth-focused marketing activities or through Youth Serving Organizations (EDC, Technoserve) and innovative distribution channels (youth friendly and starting with technology)



- **Financial education** in tandem with FS

- The critical minimum approach
- Hybrid model

# A REGULATORY ENVIRONMENT THAT FAVORS YOUTH

## Regulation

- Minimum age: 16 years
- Youth can become members of Cooperatives
- Youth Fund
- Technology
- Flexibility to collect savings
- MicroLeasing law in revision
- National Strategy for Financial Education



# PROS AND CONS OF MICRO LEASING

## PROS

- Absence of collateral requirements
- Simpler evaluation
- 100% finance
- No risk of fund diversion

## CONS

- Sometimes limits to tax advantage
- Extending leasing to remote areas
- Difficult to monitor distant leased equipments
- Some Small equipments cannot be registered
- Insurance companies reluctant for some equipments

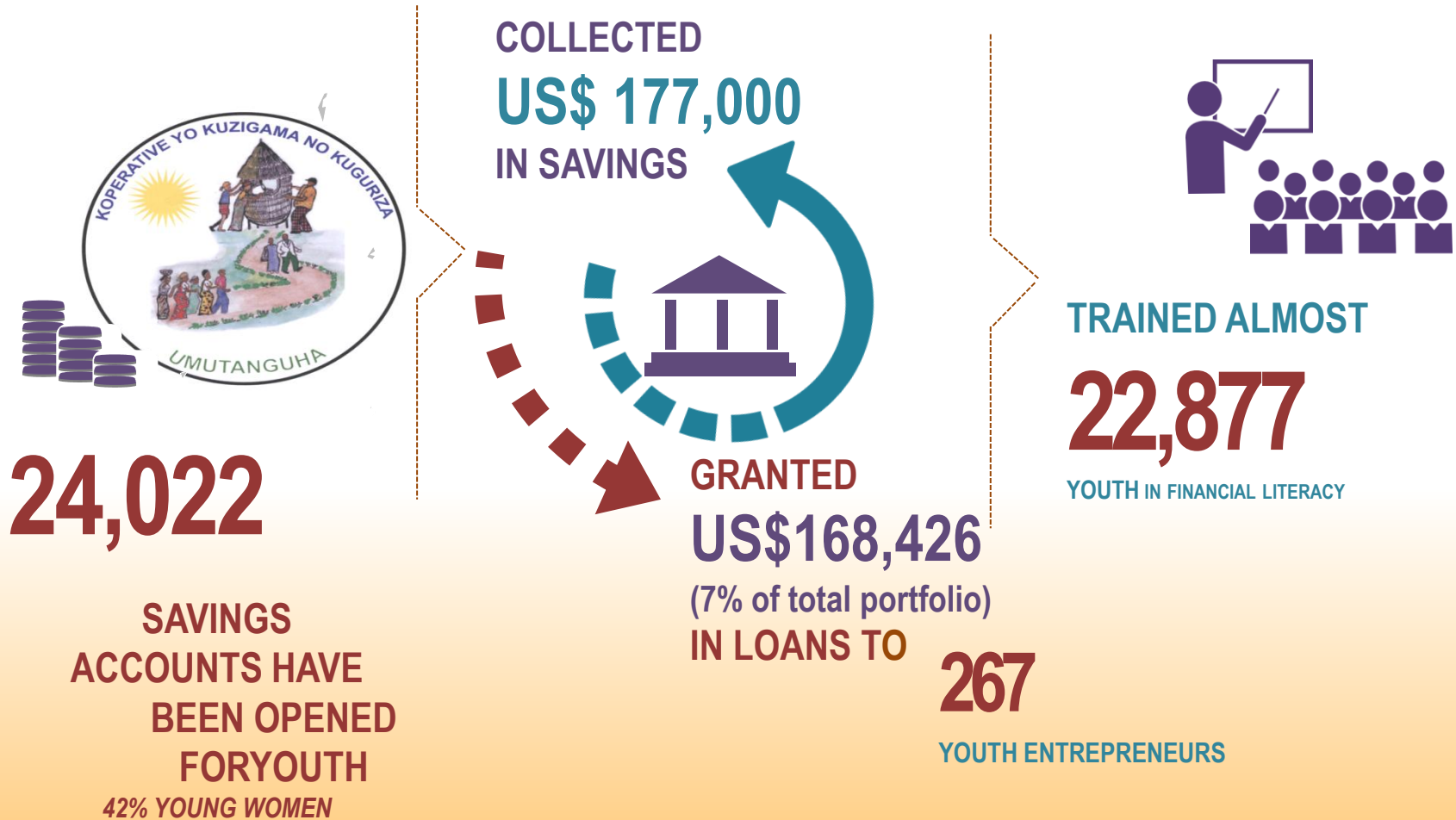


# EXAMPLES OF PRODUCTS





# RESULTS TO DATE AT Umutanguha



# CHALLENGES



- Affordability of services
- Finding the right products to lease
- Managing expectations with YSO's
- Refining model of integration of financial and non financial services

# THE WAY FORWARD

- Technology
- Taking advantage of new law of microleasing and national financial literacy strategy
- Linking the programme to national youth employment strategies



# UN Capital Development Fund

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THANK YOU

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