

Scottish Government Rwanda Development Programme

End of Year 1 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: 06/11/2017 To: 30/03/2018	
1.6	Reporting Year:	Year 1 2017-18	
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 /Agreed Change	Reason for Change
	No changes at this stage		
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.	✓
		Up to Date Budget Spreadsheet	✓
		Case Study	✓
Report Author: [redacted]		Signature: [redacted]	

2. Progress and Results

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)

The project has achieved significantly more than expected in its first few months in providing microcredit to smallholder farmers. 1640 farmers, working in co-operatives, have received small loans (against a Year 1 target of 800), despite a delayed project start. This access to finance will also have created an unexpectedly high number of jobs. Half of these farmers have so far received financial literacy training, and agriculture training is also being rolled out. The first co-operative's loan has been paid back successfully (others are not due until after they harvest). 10 new local agents have acted for the bank in over 13,000 transactions, bringing banking closer to these new rural clients.

A key first step for our partner, Urwego Bank, was to recruit and train 15 new staff in the 4 project districts. This took longer than expected, partly due to a wider internal restructuring within Urwego. The delay in staffing had an impact across the project. In particular it has not been possible to offer loans to micro-entrepreneurs through Village Savings and Loans Associations (VSLAs); this will begin in Year 2. The successful outreach to co-operatives has more than made up for this delay.

Urwego has experienced some challenges in engaging farmers in training, and has reviewed its policy on covering farmers' travel expenses in attending training. This should help achieve targets in future years, and ensure budgets are fully spent. A new expenses process has been put in place to ensure costs can be properly accounted for. It will be especially important to ensure women can easily access the training in Year 2.

Although demand for loans is high, the project has struggled to engage the numbers of women and young people we hoped for. This is likely because the focus in Year 1 has been on farming co-operatives. Young people in particular do not have the assets required to join co-operatives, but should be present in VSLAs in larger numbers. The baseline study provides some useful evidence for this.

We had hoped to make links with Scottish-based experts through procurement of a baseline study and evaluation. Unfortunately, no Scottish evaluators could tender within budget and we therefore chose a Rwanda-based evaluation consultancy. However we have shared learning with relevant Scottish Government-funded projects, and hope to develop these links further next year.

Lastly, the project has faced challenges due to staffing changes in Scotland and Rwanda. This is detailed in Q3.1 below.

2.2 Have you completed all baselines for the project? If not please explain why

	<p>and describe what plans are in place to ensure these are completed. If you have please ensure these have been added into your logframe. (Max 200 words)</p>
	<p>Yes. A baseline survey was undertaken by Three Stones International (a Rwanda-based consultancy) in the target districts during January 2018 and a report was completed in early March 2018. All quantitative data was disaggregated by gender, age and disability. The survey was designed to allow some comparability with the baseline and endline results from a previous DFID-funded project which took place in northern and eastern Rwanda, so that lessons could be learned and differences in the local context identified.</p> <p>The survey confirmed high levels of poverty and low levels of financial inclusion/ financial literacy within our target districts. Indicators were substantially worse for disabled people. The surveyors found it hard to identify young people active in the farming co-operatives in these districts.</p>
2.3	<p>Have you experienced any delays to planned activities? Please provide full details including what action is being taken to bring activities back on track. (Max 250 words)</p> <p>The project has experienced some delays partly due to a late start while the funding contract was being signed, and partly due to delays as our partner restructures and implements a new strategy following a change in ownership last year.</p> <ol style="list-style-type: none"> 1. The project was planned to begin on 1 October 2017, but actually began on 6 November 2017, once the grant agreement was in place. 2. Urwego Bank was required to recruit 15 new employees in the districts to support the co-operatives and VSLAs. As it was expanding in other areas after a re-structuring, it chose to bring the whole recruitment process together centrally. This caused delays for the project, although all staff for Year 1 were in place by March. An additional 5 staff are budgeted from Year 2 and have already been recruited. 3. Urwego Bank is reviewing its client training programme following a change in leadership and ownership last year, and learning from the previous DFID-funded project. As a result training in agriculture and financial literacy has been a little slower than hoped. However we have picked up pace from March and do not anticipate further delays in Year 2. <p>The delays in staffing and training were flagged to the Scottish Government in our January underspend return. Delays continued into February, with some impact on outputs for Year 1 as summarised below. However everything is in place for Year 2.</p>

2.4	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 (for example where targets have been vastly exceeded). Progress should also be updated within the relevant fields of your logframe.		
	Outcome: Strengthen the livelihoods of 12,000 rural households in Western and Southern Rwanda by increasing income levels, creating and sustaining 29,000 jobs and enhancing household resilience with 12,000 savings accounts		
	Outcome Indicator	Milestone / Achievement	Progress
	1. Percentage of households that achieve average annual household income improvements of at least 30%	5%	This has not yet been possible to measure. Only one co-op had completed a loan cycle by March 2018.
	2. Number of jobs a) created and b) sustained	a) 1600 b) 1150	a) 3280 b) 1640 Based on Urwego calculations which will be tested at mid-term evaluation. Targets have been exceeded because of the unexpectedly high number of small farmers receiving loans in Y1.
2.5	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 also be updated within the logframe		
	Output 1: Smallholder farmers and micro-entrepreneurs in Western and Southern Provinces of Rwanda benefit from greater access to micro-credit		
Output Indicator	Milestone / Target	Progress	
1.1 Number of smallholder farmers accessing microcredit	800 (F 400, M 400)	1640 (F 599, M 1041) – greatly surpassed	

	for agricultural inputs		Unexpectedly high demand by co-ops, large numbers of farmers
	1.2 Number of micro-entrepreneurs accessing business loans through VSLAs	350 (F 265, M 85)	0 – not achieved It has not yet been possible to access VSLAs. Staff have been recruited and staff training begins in April 2018.
	1.3 Number of young people reached with micro-credit loans	621 (F 335, M 286)	96 (F 68, M 28) - not achieved Although demand from co-ops has been high, very few of these include young farmers. This was flagged as an issue in baseline study. We hope to reach more people once VSLAs are engaged in Y2. NB our definition of youth has been amended to fit with Urwego's classification – now 18-30.
	Output 2: Expansion of digital financial services increasing reach and improving proximity of financial services to rural clients		
	Output Indicator	Milestone/Target	Progress
	2.1 Number of agents recruited and trained	10	10 - achieved
	2.2 Percentage of active agents	55%	70% - surpassed High number of agents active and despite delayed start, transaction numbers are good
	Output 3: Target households have improved financial literacy and greater knowledge and skills to access and use financial services		
	Output Indicator	Milestone/Target	Progress
	3.1 Number of target households receiving training in business management, financial literacy and use of digital financial services	1150	820 – not achieved Slow start due to review of training and delayed staff recruitment, now catching up
	3.2 Percentage of direct beneficiaries reporting an increase in confidence in using financial services	28%	No measure yet due to slow start. Baseline shows lower confidence in savings than in taking loans. Disabled people have lowest confidence scores.
	Output 4: Increasing smallholder farmer productivity by strengthening value chains and providing access to training		
	Output Indicator	Milestone/Target	Progress

	4.1 Number of smallholder farmers trained in good agricultural practices	800 (F400, M400)	299 (F82, M217) – not achieved Slow start due to review of training and delayed staff recruitment
	4.2 Value chain analysis reports completed in 2 value chains and business cases developed to strengthen the value chain	Value chain research complete	Done for 4 value chains (maize, coffee, potatoes, rice) - surpassed. Risk research completed, review of loan process and new procedures/product cards developed

3. Operational plans and partnerships

3.1	<p>Are all staff required to deliver the project now in place? If not, please explain what action you are taking to ensure all essential roles as outlined in your application, are in place as you move into year two of the project. If plans for staffing has changed, please tell us about this. (Max 200 words)</p> <p>All Urwego-based staff are in place for Year 1, and the additional staff budgeted for Year 2 are ready to start.</p> <p>We have changed our approach to managing this project in Scotland. Originally our Scotland Director ([redacted]) was to manage the project, with support from a Programme Consultant ([redacted]). [redacted] left Opportunity International at the end of December. At this point it was agreed to create a more programmes-focussed role, and a Programme Manager ([redacted]) was recruited, taking up post in early April 2018. In the interim, the project was managed by [redacted] with support from Head of Programmes [redacted]. This was agreed by email with the Scottish Government on 29/1/18. From April 2018, [redacted] will take over all programme management duties related to this project.</p>
3.2	<p>Are all partnerships on the project now in place? Please update on how these partnerships are progressing, letting us know about any highlights, challenges or changes to roles and responsibilities. (Max 300 words)</p> <p>Our lead partner is Urwego Bank. This partnership is progressing very well, even though there has been a major change in ownership and leadership of the bank in the past year. The new bank leadership played a strong role in designing this project and is committed to its success. Opportunity International UK has invested significant time and resources in building good relationships with the new Urwego team.</p> <p>The Urwego-based project manager returned from maternity leave in January 2018 (prior to this, the Urwego Deputy CEO had been overseeing the project) and has made a real impact in ensuring progress and acting as a channel of communication between the different bank branches and headquarters departments involved in the project.</p>

Care International Rwanda has played an important role in training new Urwego staff to work with VSLAs they support, and linking the Urwego branches to these groups. Unfortunately due to capacity issues at Care, the staff training was a little delayed, which has had an impact on the project's ability to work with VSLAs in Year 1. However everything is now in place for Year 2.

Hope International (a faith-based micro-enterprise development network) is the new owner of Urwego Bank and has been involved in the restructuring of the bank and the revision of key services such as loans and training, based on a strengthened value chain analysis. Relationships between Hope and Opportunity are positive and leaders from both organisations meet regularly to co-ordinate activities.

3.3 Have any visits to the project taken place in this period? Please give details including key activities and outputs of these visits.

Date of Visit	Key achievements / outputs of visit	Follow up actions
20-24 Nov 2017	Build relationships with new leadership of Urwego Bank Kick-off meeting with all staff involved in project Review of logframe and budget Visit to previous DFID project areas and to SG project areas to meet potential clients	Monthly calls with Deputy CEO, Urwego, until project well underway Procurement of baseline study Some amendments to logframe and budget considered Agreement of project reporting templates Connections made to other SG Rwanda project partners

4. Financial Information

This section will be reviewed alongside your end of year financial report, which must be included with this report. Please ensure an explanation for any variance to planned expenditure is provided against each budget line in the space provided in the budget spreadsheet.

4.1 If your spending is not on track as expected, please outline the reasons why, and detail what plans are in place to bring spending back on track. If you are requesting changes to your budget at this stage, please outline them below. (Max 350 words)

The delayed start and delays to recruitment have had an impact on spending. £7,069 of spending on outputs has been delayed into Y2, and £8,373 of underspend has been reported in unspent staff costs.

The expected underspend was flagged to the Scottish Government in our underspend report on 30.1.18 and approval granted on 31.1.18 to move

spending from staff costs into output 1 (increasing loan portfolio for co-operative farmers). Loan portfolio was increased by £21,274 allowing us to reach many more clients. Unfortunately staff recruitment dragged longer than expected, leading to a higher underspend just at the end of Year 1.

Staff to support micro-entrepreneurs to take loans through Village Savings and Loans Associations were recruited in March and will be trained by Care in April. As a result it was not possible to begin loans to these groups, and the budget for output 1 was focussed on support for farmers this year. Smaller sums to recruit and support banking agents (output 2, £4131) and train farmers in good agricultural practices (output 3, £938) are also delayed to Year 2. Some (£2000) unspent staff in-country travel costs have been delayed into Year 2 to allow them to deliver the above activities as well as Year 2 plan.

All staff are in place and it is fully expected that the project will catch up in the coming year. It is proposed that unspent staff costs from Year 1 could be used for additional short term M&E support in Year 2. It is imperative that we fully understand the needs of women and young people to reach our inclusion milestones as well as our overall beneficiary targets. It is also important that our partner has the capacity to make best use of the rich data from the benchmark survey.

It is therefore proposed to recruit a temporary M&E officer to support the project in Year 2 and to procure additional field-based listening capacity at key moments. The costs for this would be: salary (£3600), in-country travel (£1500), training and additional field based support (£3273) = £8373.

5. Any other information

Please use this section to tell us any other relevant information regarding your project. (Max 350 words)