



Innovative Finance Inclusion

Teaching Notes

Microfinance as a Tool for Adaptation and Mitigation: Urwego Bank and Rural Rwanda

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Synopsis

This project assesses the intersectionality of societal and climate centric issues experienced in rural Rwanda. It discusses the ways in which microfinance acts as a tool for social change within the Rwandan agricultural sector. Additionally, it aims to illustrate the methods of climate mitigation and adaptation in Rwanda at local, national and international levels. Furthermore, it focuses on the role of microfinance as a tool to provide financial flexibility to underserved populations, who would likely be unable to access traditional financial services. Microloans within this project are extended by Urwego Bank to cooperatives, and Village Savings and Loan Associations (VSLAs). Members of the two groups are farmers who receive loans that act as direct investments to farming activities, a consequence of which is increased financial flexibility among members.¹

Target Audience

Students interested in learning more about sustainable finance and microloans. Additionally, those interested in learning how microloans can act as tools for climate change resilience among local populations

Case Study Objectives

1. To contextualize the history of Rwanda in order to understand the ways communities and broader societies can use microfinance as a cohesive tool for social change.
2. To illustrate the intersectional benefit to local, national and international sustainable objectives and long term development goals.
3. To allow the case study to act as a practical example of microfinance reducing poverty and improving development.

Recommended Lesson Structure

The text is divided into two main sections, each section has several subsections. The authors recommend that students be split up into small groups of 3-5 to read the case study, as well as to address and discuss recommended key questions.

¹This was possible thanks to the framework of the *Opportunity International United Kingdom (OIUK)*, and thanks to the financial support of the Scottish government. See: Karin Helwig, Clementine Hill-O'Connor, Michael Mikulewicz, Patrick Mugiraneza and Emanuella Christensen, "The Role of Microfinance in Climate Change Adaptation: Evidence from Rural Rwanda," *ResearchOnline* (Glasgow: Glasgow Caledonian University 2020), <https://researchonline.gcu.ac.uk/en/publications/the-role-of-microfinance-in-climate-change-adaptation-evidence-fr>.



1.1 Section 1

Structure: Read (alone, or in groups) through section one, followed by a 5-15 minute discussion in the small group, which students can use to address and/or discuss recommended key questions.

Key Questions for Students:

- How can microfinance provide support for climate change adaptation or mitigation?
- What tangible or intangible assets can it finance?

1. *Microfinance and Social Change in Rural Rwanda* (Reading time: 10 minutes)
(Read through, followed by a small group discussion of 5-10 minutes. Additionally, students can address and/or discuss key questions.)

- 1.1 An Introduction to: Rwanda
- 1.2 Rwanda's History: Generally Contextualized
- 1.3 National and International Objectives

1.2 Section 2

Structure: Read (alone, or in groups) through section two, followed by a 5-15 minute discussion in the small group, which students can use to address and/or discuss recommended key questions.

Key Questions for Students:

- Where does the income needed to repay microloans (principal and interest) originate from?
- What non-(immediate) monetary benefits are to be considered against the cash flows to repay the microloans?

2. *Urwego Bank* (Reading time: 15 minutes)

(Read through, followed by a small group discussion of 5-10 minutes. Additionally, students can address and/or discuss key questions.)

- 2.1 Urwego Bank: Microloans
- 2.2 Scope
 - 2.2.1 Huye District
 - 2.2.2 Rubavu District



2.3 Success Factors

2.4 Uniqueness and Relevance to Sustainability and Sustainable Finance

2.5 Conclusion





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