Small and Medium Enterprises-SME are about to gain from a deal of $10 million that was signed yesterday to increase lending to small and medium enterprises, promoting job creation and economic growth in Rwanda.

IFC, a member of the World Bank Group, today announced a $10 million subordinated loan to I&M Bank (Rwanda) the oldest financial institution in Rwanda to strengthen the bank's capital base.

The event that took place at the Kigali Convention Center in Kigali, Rwanda's capital was in conjunction with the bank's Annual General Meeting for the year 2018. It marks the foundation of the great journey towards finding solution to finance challenges faced by small business operators in the country.

In his remarks during the event, Robin Bairstow, Chief Executive Officer of I&M Bank Rwanda says the deal pushes the bank to yet another step of development.

"We are delighted by the continued partnership between IFC and I&M Bank. We have built a strong SME portfolio, and by training our clients in financial skills, makes us proud when we see their businesses boom to growth. Thanks to IFC's support, we will continue to explore and identify new and evolving sectors like energy, mining, hotel and agri-business to mention but a few, while continuing to exert influence on existing businesses," Bairstow says.

By promoting increased access to finance for underserved SMEs, I&M Bank is supporting the Government of Rwanda's Vision 2020, a strategy that aims to transform the country into a knowledge-based, middle-income country, and a regional technology and finance hub.

SME's account for 98% of all business in Rwanda, and contribute more than half of its total domestic product. Most of SMEs lack sufficient access to finance, leading to an estimated $1.2 billion finance gap.

However access to finance remains a major constraint in Sub-Saharan Africa where 350 million new jobs will be needed in the next 20 years. Small businesses account for 30 to 60 percent of the gross domestic product of the region. Globally, in 2016, 400 of IFC's SME finance clients extended an estimated eight million SME loans.

Ploy to uphold socio-economic growth

SME’s in Rwanda often face a lot of challenges especially where commercial banks have little trust in giving them loans. This makes it difficult for them to expand and grow their business which also greatly affects the socio-economic development of the entire economy.

Ignace Rusenga Mihigo, Director of IFC in Rwanda and Burundi says the institution helps banks to address such challenges. “The IFC’s investment focuses on supporting smaller businesses operating in Rwanda’s agriculture, tourism, and trade and commerce sectors, the backbones of the country’s economic growth,” he says. These also account for half of the national gross domestic product where agriculture alone accounts for 31.5 percent.

It is apparent that by promoting increased access to finance for underserved SMEs, I&M Bank Rwanda, the country’s oldest and largest financial institution is supporting the Government of Rwanda’s Vision 2020, a strategy that aims to transform the country into a knowledge-based, middle-income state and a regional technology and finance hub.

Oumar Seydi, IFC Regional Director for Africa notes that expanding SME financing, especially in developing economies where risks are higher is an important pillar of IFC’s strategy. “I presume that this facility will allow I &M Bank Rwanda to reach underserved SMEs across the country and have a significant impact on growth and job creation,” he says.

I & M Bank-Rwanda brief

In Rwanda, I&M Bank’s product offering includes Business Banking, Personal Banking, Institutional as well as Corporate Banking. The bank is envisioned to be a company of the number one choice with which customers prefer to do business and where customers are happy with their investment. We have a mission to be partners of growth for all our stakeholders through meeting customer expectations, motivating and developing all our employees and enhancing shareholder values at all times.

About IFC

IFC, a sister organization of the World Bank is the largest global development institution focused on the private sector in emerging markets. IFC is playing a very significant role in improving finance for SMEs, which are a source of growth, jobs

and innovation.

IFC works with more than 2,000 businesses worldwide, using our capital expertise and influence to create markets and opportunities in the toughest areas of the world.

In FY 17 IFC delivered a record of $ 19.3 billion in long-term financing for developing countries, leveraging the power of the private sector to help end poverty and boost shared prosperity.