

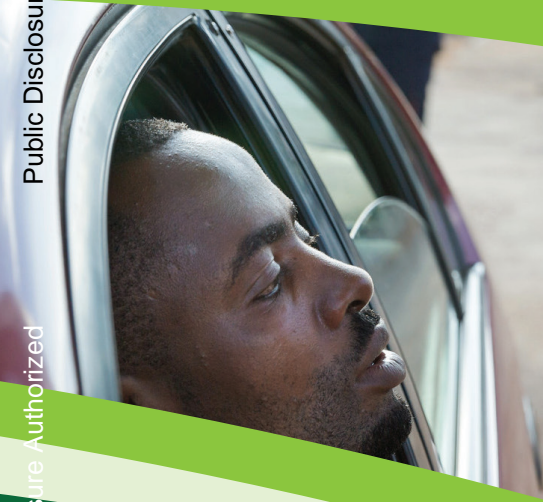


WORLD BANK GROUP



# THE PROMISE OF EJO HEZA

## A Brighter Future for All Rwandans



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# Contents

<i>Abbreviations</i> .....	v
<i>Acknowledgements</i> .....	vi
<b>Executive Summary</b> .....	<b>vii</b>
Specific design-related questions of interest to the RSSB .....	ix
Key factors for Ejo Heza success and lessons for other schemes .....	xi
World Bank policy recommendations based on analysis in the report.....	xi
<b>Introduction</b> .....	<b>1</b>
<b>Section 1: Background of Ejo Heza Long Term Savings Scheme</b> .....	<b>6</b>
<b>Section 2: Statistics of Ejo Heza Long Term Savings Scheme and Highlights from the     Phone Survey</b> .....	<b>11</b>
<b>Section 3: Assessing the Ejo Heza Scheme using the Social Insurance Delivery Chain</b> .....	<b>18</b>
Assess .....	19
Enroll .....	28
Contribute .....	31
Provide .....	35
Manage .....	37
<b>Section 4: Ejo Heza Member Preferences to Select Design Changes</b> .....	<b>40</b>
Short-term access to funds .....	41
Increase in the minimum savings level to be eligible for government incentives.....	42
Scaling up coverage through mandates and/or identifying aggregators .....	44
Eligibility restrictions based on age .....	46
<b>Section 5: Viability Assessment of the Ejo Heza scheme</b> .....	<b>48</b>
<b>Section 6: Policy Recommendations</b> .....	<b>51</b>
1. Communications: Keep doing what's working, fix the gaps, and explore new avenues.....	53
2. Focus on improving adequacy, persistency, and preparing for withdrawals/payouts.....	54
3. Revisit incentives as 'experience' on the scheme develops.....	55
4. Improve interoperability with other government systems and integrate with private sector .....	56
5. Strengthen learning, monitoring, and evaluation .....	57
6. Build human resource capacity and leverage external expertise as needed .....	58
7. Collect better data and mine it for policy making.....	59
<b>Annex 1: Sampling Frame of Ejo Heza Phone Survey</b> .....	<b>60</b>
<b>Annex 2: Indicators Recommended to be Monitored and Included in IT Dashboard</b> .....	<b>61</b>
<b>Annex 3: Design and Messaging Recommendations for a Digital Contract</b> .....	<b>62</b>
<b>Annex 4: Contribution Targets by District for 2021/22</b> .....	<b>63</b>
<b>References</b> .....	<b>64</b>

**Boxes**

1. Cooperatives are to Ejo Heza what employers are to formal sector pension schemes .....	23
2. The Ejo Heza Information Technology (IT) team on challenges facing the system.....	30
3. Key factors for Ejo Heza success & lessons for other schemes.....	52

**Figures**

1. Family members of eligible Ejo Heza members receiving insurance compensation .....	8
2. Ecosystem map of Ejo Heza .....	9
3. Ejo Heza member experience with existing and potential intermediaries .....	10
4. Employment type and gender subscribers.....	12
5. Household income by employment type.....	12
6. What is your plan for financial survival in old age .....	13
7. How strongly do members feel about saving for old age.....	13
8. Ejo Heza's subscriber and active saver growth over time .....	13
9. Active male and female savers by province and overall .....	14
10. Count of subscribers and average saving by Ubudehe category.....	15
11. Count of subscribers, active savers, and average savings by province.....	16
12. Reimagined the social insurance delivery chain .....	19
13. Social insurance delivery chain applied to Ejo Heza.....	20
14. Posters and banners with tailored messages.....	21
15. Facebook post on how to access balance through the online portal.....	22
16. Ejo Heza roadshow (left) and member registration in field (right).....	24
17. Voluntary registration process diagram.....	26
18. What an intermediary registration process might look like .....	27
19. Members rating of the fiscal benefits in Ejo Heza.....	33
20. Subscribers' rating of three key activities by level of difficulty .....	37
21. Who do members ask if they have a question on Ejo Heza?.....	38
22. How much early access to funds would members like?.....	42
23. Reported ability to save if minimum savings limit for government incentive was increased.....	43
24. Should U3 and U4 save mandatorily in Ejo Heza?.....	44
25. Preference to mandate coverage for U3 and U4.....	45
26. Reported willingness to save more if the government automatically contributes some tax revenue directly into your account .....	45
27. Age distribution of Ejo Heza savers and non-savers.....	46
28. Equation used to project Ejo Heza scheme revenues in the SVAT.....	49

**Tables**

1: Program rules under Ejo Heza as of 2022 .....	7
2: Reported savings in Ejo Heza, by employment and household income .....	15
3: Insurance statistics, 2021 .....	17
4: Percentage of members who would like partial access to Ejo Heza savings .....	42
5: Reported ability to save more compared with reported savings in Ejo Heza .....	43
6: Summary of baseline and scenario results from Ejo Heza's viability assessment carried out using December 2020 data..	50

## Abbreviations

GDP	Gross Domestic Product
HCI	Human Capital Index
IBNR	Incurred but not reported
ID	Identity Document
LI	Life Insurance
LODA	Local Administrative Entities Development Agency
LTSS	Long Term Savings Scheme
MEIS	Monitoring and Evaluation Information System
MINECOFIN	Ministry of Finance and Economic Planning
NAV	Net Asset Value
NIDA	National Identity Agency
NPS	National Pensions Scheme
NSTI	National Strategy for Transformation 1
RCA	Rwanda Cooperative Agency
RNIT	Rwanda National Investment Trust Ltd.
RSSB	Rwanda Social Security Board
RwF	Rwandan Francs
SACCO	Saving and Credit Cooperative Society
SCD	Systematic Country Diagnostic (World Bank)
SMS	Short Message Service
U1	Ubudehe Category 1
U2	Ubudehe Category 2
U3	Ubudehe Category 3
U4	Ubudehe Category 4
UNCDF	United Nations Capital Development Fund
USSD	Unstructured Supplementary Service Data
VSLA	Village Savings and Loan Association
VUP	Vision Umurenge Program
XML	Extensible Markup Language
API	Application Programming Interface

## Acknowledgements

**T**he report was written by Melis Guven and Himanshi Jain from World Bank in collaboration with the Ejo Heza team from the Rwanda Social Security Board (RSSB), which comprised Augustin Gatera and Dan Rwiyamirira. Inputs to the report were provided by Abhishek Kharrai and Aditya Jagannath and **Dr. Fareeha Armugham assisted with the phone survey instrument design** and Sunalika Singh provided specific inputs. Eric Gires provided significant inputs to the Scheme Viability Analysis.

The report would not have been possible without the excellent support and coordination of the Ejo Heza team who conducted written interviews on behalf of the task team with the District Mayor of Burera and Gakenke district, Katecogro tea cooperative, Dukunde Kawa Cooperative of coffee farmers, and two CARE agents from Karongi district. Virtual consultations were carried out with Mr. Herbert Asimwe from Ministry of Finance and Economic Planning (MINECOFIN); Germain Gatabazi and Saidi Sibomana from LODA; Mr. Jean Bosco and Agnes Uwanyiligira from Access to Finance Rwanda; and with the Communication, IT,

Call-center team of Ejo Heza. The report also includes findings from the field visit to Kirehe district by the task team where we interviewed Mr. Nzirabatinya, Vice Mayor of Kirehe District; the Ejo Heza District Coordinator of Kirehe District; members of the Koprike Rice Cooperative; and three agents from the CARE VSLA group. We express our sincere gratitude to all senior local officials, and partners who have shared remarks in these consultations/interviews. The phone survey of Ejo Heza members was carried out in September 2022 by the RSSB call center under the guidance of DDG Regis Hitimana.

The team benefitted from excellent comments from formal peer reviewers Gustavo Demarco, Fiona Elizabeth Stewart, and Suleiman Namara. The team appreciates support from Iftikhar Malik and Silas Udahemuka in the preparation of this report. We would also like to thank the RSSB management CEO Regis Rugemanshuro and Chief Benefits Officer Dr. Regis Hitimana for their support of this task. Essential editorial and design support was provided by Deepika Davidar and Michael Alwan respectively. The report was produced under the overall guidance of Rolande Simone Pyrce (Rwanda Country Manager) and Paolo Belli (Practice Manager for Social Protection & Jobs, Africa East).

## Executive Summary

**The low pension coverage, notably within the informal sector/self-employed/part-time workers, has motivated countries across Africa, Asia, and Latin America to operationalize voluntary schemes.** The voluntary schemes globally differ in design, incentives, who they target, and withdrawal rules, but the objective for all is to offer a scheme that meets the needs of those traditionally excluded from formal sector schemes. Among such schemes, Rwanda's Ejo Heza Long-Term Saving Scheme is emerging as a leader given its rapid coverage growth, notwithstanding the impact that COVID-19 had on its mobilization strategy. The only other voluntary scheme that has achieved success in coverage at the same scale is China's RURS scheme (at 38 percent of working age population), and it offers a generous subsidy to the poor and vulnerable groups to encourage saving in the scheme (Jain and Palacios 2021).

**Over 80 percent of Rwanda's labor force works in the agricultural sector, is self-employed, or works informally in the economy as drivers, hawkers, artisans, and so forth, and therefore is not mandated to be covered under the Rwanda Social Security Board (RSSB).** This leaves these workers and their dependents exposed to the risks of poverty during old age. Rwanda's formal sector pension scheme covers only 8 percent of the labor force. The high proportion of workers in the informal sector combined with changing demographics (i.e., falling fertility and rising life expectancy contributing to rapid aging) poses challenges. In recognition of these challenges, Ejo Heza was introduced in 2018 under Law N° 29/2017. It was designed as a voluntary defined contribution scheme, with short-term withdrawals under specific contribution levels are reached, and targeted incentives to cater to the characteristics of informal sector workers. Administered by the RSSB, the Ejo Heza savings scheme has registered a remarkable increase in coverage since its implementation in 2019. The fast growth in Ejo Heza's coverage has meant that any analysis based on the date must be caveated. This report includes data from 2019, 2020, 2021, and 2022. The latest numbers would likely have changed by the report's release. The report's primary aim is not to provide the most recent numbers on Ejo Heza, which is a moving target. Instead, it aims to comment on the trends and highlight the success factors and recommendations to improve the scheme.

**As of December 2022, the scheme has registered 2.9 million individuals, or 22 percent of the Rwandan population, or 37 percent of the working age population, many of whom are from low-income households.** The number of active savers in Ejo Heza was 2.4 million as of December 2022. Data as of 2021 shows that about 49 percent of the subscribers in Ejo Heza are females, while females account for only 32 percent of total contributors in the RSSB formal sector scheme. Informal sector workers comprised 87 percent of savers, while 12 percent were from the formal sector.



**Ejo Heza, a local term that translates to ‘a better future,’ not only holds the promise of income security at older ages but can also be a much-needed source for domestic resource mobilization in the country.** A boost to the domestic savings rate would propel Rwanda’s growth and allow the country to scale up investments in the medium to long run. The assets under management as of January 2023 stood at USD 42 million, and as Ejo Heza coverage expands, the pool of savings will also grow. The scheme can grow to be one of the largest institutional funds in the country and could be a source for domestic resource mobilization. This would require robust governance arrangements and sound investment policies in place so that the fund is well-managed and provides fair returns to the members who save with the scheme.

**The ecosystem, delivery arrangements and political commitment are some of the main factors for success.** The ecosystem of Ejo Heza, based on a strong central digital platform interoperable with the national government ID and the social safety net databases, is a stable foundation for Ejo Heza and contributes to its success. The ease of contribution, flexibility in product design, and short-term incentives make this scheme better cater to the needs of the uncovered population. Lastly and most importantly, the political will, clarity in policy direction, and ownership across different levels of government make this a scheme that informal sector workers trust.

**Despite its success, there are concerns to be addressed and room for improvement.** Notable among the challenges is a need to focus on improving savings adequacy and managing expectations. A back-of-the-envelope calculation suggests that an annual contribution of RF 45,000 for at least 25 years will be needed to generate a fund balance that can produce pensions equivalent to the poverty line for 240 months. Current average savings range between RWF 9000 - 12,000, indicating a need for a strong focus on improving adequacy. If saving levels fail to increase, there is a risk of unmet expectations and low pensions when people retire. Similar reputational risks have arisen in mandatory DC pension schemes, not because of design faults but due to low or irregular contributions from the members. Ensuring persistence in savings and doing so

cost-effectively is also an area to focus on. Unless individuals save for a long duration, the benefits they can receive will not be adequate. Investment returns can play a significant role in ensuring the growth of the individuals’ fund balance, but with a low contribution density, there are limits to the growth possible through prudent investments alone.

**While the cooperatives, as an aggregator, have proven to be a prominent feature behind Ejo Heza’s success, the scheme should also focus its efforts to target informal sector workers with regular incomes.** These include household enterprises, micro and small enterprises and SMES particularly those in urban areas. In doing so urban aggregators will need to be identified (maybe banks/telcos/MFIs) and innovative methods to target MSMEs, and household enterprises will be explored. Overall savings in Ejo Heza are beneficial from the micro and macro perspective. The gains made by Ejo Heza despite the COVID-19 pandemic is striking, and the low numbers in urban areas could have been the direct impact of COVID on mobility restrictions in these dense settings. The scheme is still in early phases of design improvements and recommendations as well as international experience can be helpful for Ejo Heza to achieve its goals.

**Coverage expansion in the voluntary schemes of other countries (such as Thailand, India, Colombia, Vietnam, and Kenya) has not been as high as that of Ejo Heza but there are three lessons learned which are considered to be applicable for Ejo Heza.** First, flexibility in withdrawals is desired (India’s latest scheme, Pradhan Mantri Shram Yogi Maan-dhan, offers much more flexibility than its predecessor scheme, APY). Second, bundling can be attractive if it is communicated well and if it allows informal sector workers to get similar risk coverage as the formal sector enjoys e.g., maternity, sickness, occupational Hazard is currently only offered to formal sector in Rwanda. Colombia and Vietnam in their voluntary schemes are beginning to extend coverages for short term benefits to the informal sector as well. Third, and most importantly, finding aggregators that can replicate the ‘observe and auto-deduct’ role that employers play for formal sector pension schemes is a gamechanger for scaling up coverage. India has attempted to do so with

Banks, some East Asian countries are attempting the same through platforms like Uber/Gojek, while some are exploring partnerships with Telcos.

**This report is a product of a two-year engagement between the World Bank team and RSSB. It aims to overview the Ejo Heza scheme, highlight its key strengths, and provide recommendations to improve coverage, adequacy, operational efficiency, and long-run viability.** For this purpose, a rich set of qualitative and quantitative information collected during the engagement has been analyzed and compiled. The engagement included meetings with Ejo Heza core teams; interviews with stakeholders and partners of Ejo Heza; an assessment of Ejo Heza's operational processes using the social insurance adapted delivery chain framework; field visits in 2021; use of the World Bank's Scheme Viability Assessment Tool (SVAT) to assess Ejo Heza's viability under multiple scenarios; and most recently, a phone survey of 386 subscribers of Ejo Heza. The target audience for this report includes policymakers at RSSB looking for scheme design and delivery system recommendations to improve the desirability and efficiency of Ejo Heza and global audiences who would like to learn lessons from Ejo Heza and understand the potential reasons behind its success. Researchers and practitioners studying voluntary schemes can also benefit from the frameworks, methods, and tools used for analysis in this report.

**Specifically, the report uses the Delivery Chain framework, phone survey results, and the Scheme Viability Assessment Tool to structure the findings.**

The **phone survey** was carried out in 2022 with the Ejo Heza communications team. A random sample of 386 Ejo Heza subscribers was surveyed, out of whom half were females, half percent were below the age of 40, and half had an active contribution status in the last six months while the rest had not contributed (dormant) in the last six months. The findings from the phone survey of Ejo Heza members showcase respondents' socioeconomic characteristics and preferences. The **delivery chain framework** developed by the World Bank (Lindert et al. 2020) allows an assessment of programs and schemes from Outreach to the Exit stage. This framework was reimagined for a social insurance scheme to analyze Ejo Heza and desk research; interviews and field visits were used to complete the

assessment. The World Bank customized the **Scheme Viability Assessment Tool (SVAT)** at the behest of the RSSB, which wanted to have a model that estimates the breakeven point for Ejo Heza under different assumptions—customized for the scheme at the request of RSSB. Data used for the SVAT assessment was as of December 2020, when the number of subscribers was a quarter (about 789,900) of current numbers. The fast evolution of the scheme since the SVAT assessment reduces the validity of modeling results. However, the results highlight the benefits of doing a viability assessment, especially in countries with limited fiscal resources, to support incentives indefinitely.

The findings from the report are presented in three areas to cater to the needs of different audiences. First are specific design-related questions that policymakers at RSSB were interested in exploring using the phone survey and through any international experience. Second is the lessons learned from Ejo Heza's success which is helpful for global audiences. Third, the World Bank team's policy recommendations are grouped into seven areas.

## Specific design-related questions of interest to the RSSB

### *(1) Allowing short-term access to funds in Ejo Heza.*

Sixty percent of phone survey respondents said they had access to funds in case of emergencies or to meet short-term needs, while 33 percent indicated that they had no other saving access. Ninety-two percent of all respondents said they would like partial access to their savings in Ejo Heza. These results point to a significant proportion of members, irrespective of alternate savings, wanting partial access from Ejo Heza. A promising finding is that subscribers do not wish to withdraw all funds. When questioned on how much access to funds would be desirable, 33 percent of respondents said they would like to access less than 30 percent of their savings in Ejo Heza; 52 percent said they would like between 30-50 percent fund access and less than 1 percent would like full access. Based on the findings and in recognition of the liquidity needs of the target group, Ejo Heza could consider a side-car account

structure with up to 30 percent or 40 percent in a short-term liquid account and the rest in a long-term saving account that can only be accessed once savings reach the target of RF 4 million or when an individual reaches age 55.

### ***(3) Increasing the minimum savings level to be eligible for government incentives.***

The high coverage growth rates that Ejo Heza has achieved are only sobered by the finding that despite the incentives, average savings have remained low. Low savings in the contribution phase will translate to lower pensions on retirement. Individuals can save more or more often to improve pension adequacy, or the scheme can earn higher returns. Currently, government incentive is offered when individuals meet a minimum saving threshold. The threshold varies depending on the household's poverty status (Ubudehe category) to whom the individual belongs. It is hypothesized that increasing the threshold for the incentive might encourage individuals to save more and, in turn, improve their adequacy. The phone survey results found that 70 percent reported they would save more if the threshold were increased, while 30 percent expressed an inability to save more. Financial inclusion literature points to optimism in individuals' reported ability to save, and most current subscribers cannot benefit from the matching. So while some individuals might be able to meet the higher threshold, it is likely that those with lower and unpredictable incomes will need more generous matching by the government to meet those thresholds.

### ***(2) Scaling up coverage through mandates or identifying aggregators.***

Universal pension coverage remains a bold aspiration for the Ejo Heza scheme. So far, working with cooperatives to enroll their members has proved to be a successful modus operandi. Since cooperatives in Rwanda observe their members' incomes and can auto-deduct their earnings, they can take on a similar role as employers in the formal sector. To scale up coverage to include all uncovered Rwandans, the scheme will need to look for other aggregators, ideally, one that has oversight over the entire population. The only such aggregator is a tax authority, and consumption (VAT) is the only tax that all Rwandans incur, irrespective of employment or income type. The sweeping increase in

ID coverage, digital payments, and growing interoperability across different government systems in Rwanda will, in the near future, make it possible for the government to divert collected VAT revenues directly into individual Ejo Heza accounts. About 60 percent of respondents in the survey said that they would most likely save if the government automatically contributed some tax revenue into their account; 27 percent said they might continue to save, and 4 percent said they might not save. Such a move would be ingenious and bold, but consultations are warranted to test the feasibility of this proposal. Another possibility for expanding coverage could be to mandate that the more well-off individuals (in categories U3 and U4) contribute to Ejo Heza. Surprisingly there appears to be support for such a move among phone survey respondents (who one should note are registered subscribers). About 68 percent of respondents said that the government should mandate Ejo Heza coverage for individuals belonging to Ubudehe U3 and U4 (the more well-off income categories).

### ***(4) Age restrictions in joining Ejo Heza or accessing insurance benefits.***

Ejo Heza is an age-inclusive scheme that allows children and older adults to save. While this is a policy choice for Rwanda, to not exclude anyone from an opportunity to save, it comes with its challenges. Individuals who start saving at older ages (for example, age 52) are allowed to withdraw at 55, but their savings would not have grown by much. There is a risk that these individuals would have unmet expectations from the scheme. If the age distribution of Ejo Heza gets skewed towards older adults (maybe because they are more worried about older age), then the scheme will need to adjust its investment policy and keep cash in hand to be able to make payments. This will hurt the scheme's ability to invest in long-term securities that provide higher and more stable returns. Without age restrictions, a private insurer's premium for life insurance is high because they need to consider adverse selection in their pricing. By restricting the age for eligibility for the life insurance benefit, RSSB and MINECOFIN can negotiate globally competitive rates on life insurance under Ejo Heza. The government can retain the age-inclusive characteristic of Ejo Heza whereby an individual of any age can save, but the life and funeral benefits are provided to savers below a

certain age. Lump sum or pension payouts can also be restricted to those with a minimum of five years of membership or after reaching savings of RF 4 million (whichever occurs sooner).

## Key factors for Ejo Heza success and lessons for other schemes

1. **A sound legal basis for the scheme and alignment with GoR's strategic priorities-** A key intervention under the Economic Pillar of the NSTI 2017-2024 was to operationalize a long-term savings scheme and pension for all Rwandans, including those in the informal sector as a basis to support long-term domestic investments. Following this strategic priority the GoR, through the MINECOFIN established EjoHeza Long Term Savings Scheme under Law N° 29/2017 of 29th June 2017.
2. **Set targets at sub-national level and recognize those who meet them:** This helps with increased ownership, higher accountability and leads to innovative campaigns by district level staff who want to be recognized. The targets themselves need to be well designed and the central office needs to support districts e.g., through a designated District Coordinator in Ejo Heza.
3. **Build trust in the institution and political will:** The Government of Rwanda and RSSB enjoy their people's widespread trust, which is a key advantage. In countries that might not have that, efforts need to be made at the policy and program level to establish trust and maintain it.
4. **Identify aggregators to onboard subscribers:** Aggregators who can 'observe and auto deduct', like cooperatives, can serve as an effective substitute to employers for those in the informal sector.
5. **Offer fiscal incentives:** Especially in the initial stages, when the scheme is likely to have operational teething troubles, a monetary benefit is expected to get more people interested in joining.
6. **Offer a tangible benefit for the short run:** Benefits such as life and funeral insurance, currently

unavailable to informal sector workers are easily understood and feel like a good 'bargain' for locking away their money.

7. **Balance flexibility in design:** This would meet the needs of informal sector workers without acutely compromising the objective of retirement security.
8. **Be adaptable and agile:** The informal sector is dynamic and has evolving needs, so a scheme needs to be designed to 'meet the clients where they are found'. The traditional methods of social security organizations that cater to the formal sector are unlikely to be successful.
9. **Leverage digital infrastructure like ID and payment to make registration, contribution, and payments easy and efficient.** It also makes the individual account portable across jobs, locations, and service providers, which is critical for informal sector workers who are mobile and would like to be assured that their modest savings are safe
10. **Explore partnerships at the sub-national and civil society level:** Ejo Heza's partnership with mayors, CARE VSLA, Rwanda Cooperative Authority, and volunteer village-level mobilizers help with mobilization efforts.
11. **Ensure clear, consistent, and intuitive communication:** This can be done through leaflets, video, radio messages, call centers, and district coordinators who are knowledgeable enough to answer questions and are committed to the scheme's success (through monetary or non-monetary incentives).

## World Bank policy recommendations based on analysis in the report

The Ejo Heza scheme has become a success story globally and is a signal to countries that voluntary coverage expansion can be a reality for low and emerging economies. The engagement's findings show that Ejo Heza must also focus on improving adequacy, scheme viability, and customer experience while expanding coverage and making operations smoother. Accordingly, the report concludes by providing recommendations grouped under seven thematic areas.

### Recommendation 1: Communications: Keep doing what's working, fix the gaps, and explore new avenues.

- i. **Reshape the narrative on why people should save in Ejo Heza**—steering away from incentives to highlighting prospects of a pension, and competitive and safe returns
- ii. **Recognize and develop different targeting and communication strategies** for urban/rural; USSD/smartphone users; women/men, individuals with/without phones.
- iii. **Create short (<1 minute) 'how to' videos** that can be shared on WhatsApp/YouTube and show how to register, contribute, check balance, and get enrollment information.
- iv. **Build a community of mobilizers (paid or volunteers)** and make them feel part of one 'Ejo Heza family' by holding quarterly meetings and awarding tokens of appreciation.
- v. **Engage with other aggregators** who might have an 'observe and auto-deduct' capability especially in urban areas.
- vi. **Adopt a 'Tech with touch' motto** to avoid excluding those with limited digital access (women, children, low-income members) and in vulnerable situations (after death of a member or disabled).
- vii. **Create 'digital contracts' using information collected at the registration stage** that can be accessed by members with a #text and can serve as proof of membership.

### Recommendation 2: Focus on improving persistency and preparing for withdrawals/payouts

- i. **Revisit targets for districts using objective criteria** to reflect socio-economic differences by district.
- ii. **Enhanced efforts to target urban dwellers**
- iii. **Assess and manage members' expectations** on expected fund balance in old age, given their saving levels.
- iv. **Highlight the competitive and stable returns** in the communication material, and in-person visits.

- v. **Explore the potential for 'auto deduction'** in partnership with Mobile Money operators and Banks.
- vi. **Promote the registration of spouses and children of existing members.**
- vii. **Improve system readiness to process withdrawals, pension payouts** and evaluate their cost/investment implications.

### Recommendation 3: Revisit incentives as 'experience' on the scheme develops

- i. **Assess (empirically) whether RF 4 million** is a hard-to-meet target for most Rwandans.
- ii. **Renegotiate insurance premiums** after imposing age restriction on eligibility
- iii. **Consider incentives for agents/intermediaries based on a cost-benefit analysis** and experience from countries.
- iv. **Pilot other short-term incentives to members**, for example, accident insurance, maternity benefits to savers in Ejo Heza, or points in a grocery store/mobile money top-ups/chance to win a lottery if one saves persistently.

### Recommendation 4: Improve interoperability with other government systems and integrate with the private sector

- i. **Ensure real time updates on the Ubudehe category of members** by registering on the 'messaging queue' of LODA MEIS.
- ii. **Integrate Ejo Heza platform with banks, SACCOs, mobile money operators** so that they can be intermediaries (similar to cooperatives) who register and collect contributions.
- iii. **Integrate with IREMBO** so individuals can submit claims/check balance.
- iv. **Integrate the system with RCA to allow sharing of 'real time' information on cooperatives.**
- v. **Integrate with the insurance benefits provider (Sonarwa currently) so that Ejo Heza teams can see the application status and reason for delay.**
- vi. **Review and ensure that data privacy and security controls** are in place for registration through intermediaries.

### **Recommendation 5:** Strengthen learning, monitoring, and evaluation

- i. **Generate quarterly reports on monitoring and evaluation (M&E) indicators for management.**
- ii. **Redo the World Bank SVAT analysis based on new data and consider withdrawal patterns.**
- iii. **Organize study tours with countries that have relevant experience** to share.
- iv. **Engage with researchers to carry out Impact Evaluations.**

### **Recommendation 6:** Build human resource capacity and leverage external expertise as needed

- i. **Evaluate the human resource policy for Ejo Heza team members with attention to staff shortage, capacity constraints, and short-term nature of contracts.**
- ii. **Recognize and reward better HQ, district, and sector-level performers.**
- iii. **Build technical capacity and review staffing of call center.**
- iv. **Engage in regular training of agents** (paid and volunteer).
- v. **Adapt systems and build capacity to generate ‘intermediary logins’** at the district level.

- vi. **Hire a PR firm to work with the communications team to craft tailored and creative messages targeting children, urban workers, women, and youth (age 16–30).**
- vii. **Hire a statistical expert to analyze data, design research questions, and monitor call center staff during a survey**

### **Recommendation 7:** Collect better data and mine it for policy making

- i. **Build a more extensive profile of members by cross-referencing data from other government databases as relevant.**
- ii. **Add a question at registration, such as ‘Who helped you register?’ .**
- iii. **Collect data on ‘occupation’ at the time of registration and use the same categories as Rwanda’s household survey data.**
- iv. **Analyze panel data of participants** to uncover trends over time.
- v. **Propose a module on social insurance in the next round of ECIV (HHLI) survey** by collaborating with the National Institute of Statistics of Rwanda.
- vi. **Add monitoring and evaluation indicators in the IT dashboard of Ejo Heza .**
- vii. **Add a question on the ‘cause of death’** to build experience ratings and better price life insurance.



## Introduction

**R**wanda has registered a threefold increase in per capita income in the last two decades, coupled with major progress in human development and poverty reduction. While still a low-income country, Rwanda is ahead of more than 20 countries in Sub-Saharan Africa in terms of per capita GDP. Between 2001 and 2017, poverty rates fell from 58.9 percent to 38.2 percent while extreme poverty fell from 40 percent to 16 percent (measured by the national poverty line) (World Bank 2022c). Strong governance has been a driving force behind Rwanda's rapid growth. With substantial investments in health and education, Rwanda has made excellent progress in improving adult survival, reducing maternal mortality, and achieving high rates of primary school enrollment.

**Despite this progress, low human capital has been identified as one of the key structural bottlenecks to achieving Rwanda's inclusive growth and poverty reduction agenda.** The 2020 Human Capital Index (HCI), which quantifies the contribution of health and education to the productivity of the next generation of workers, estimates that a child born today in Rwanda will grow up to be an adult who is only 38 percent as productive as she would be had she achieved good education and health as defined by the HCI (World Bank 2020).<sup>1</sup>

**In 2020, Rwanda experienced its first recession since 1994 due to COVID-19, which pushed a large proportion of vulnerable people into poverty.** The crisis is estimated to have raised poverty in Rwanda by about five percentage points in 2021, representing over half a million additional poor people. The pandemic has affected human capital formation, poverty reduction, and employment, with a marked impact on women and girls. Employment is depressed despite the strong recovery. Female-headed households were poorer and less likely to be employed in the formal sector even before the pandemic. Having disrupted progress on human capital attainment, COVID-19 impacts may continue to be felt in the medium to long term (World Bank 2022c).

**The Government of Rwanda successfully navigated waves of COVID-19 in 2020-21 and the country is positioned for a strong economic rebound.** The Government's Economic Recovery Plan (ERP) for May 2020 to December 2021 aimed to support vulnerable households and boost employment in the wake of the pandemic. The ERP monetary value was estimated at 4.4 percent of GDP and included fiscal and monetary policy measures, continuous social assistance, and support for firms. It specifically committed to scale up social safety net programs, build key infrastructure for recovery, and support strategic enterprises to offset the crisis impact. After contracting by 3.5 percent in 2020, the economy is

1. Productivity-linked indicators included in the HCI are (i) probability of survival to age 5, (ii) expected years of schooling, (iii) harmonized test scores as a measure of the quality of learning, (iv) the adult survival rate, and (v) proportion of children not stunted.



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## Social assistance schemes played a critical role in Rwanda's response to COVID-19 and a resilient recovery would entail efforts to further strengthen social assistance, social insurance, and social protection delivery systems

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projected to grow by 5.1 percent in 2021, rising to 7.0 and 8.1 percent in 2022 and 2023 respectively. Apart from base effects, the rebound is supported by a recovery in agriculture, industry, and services. Notwithstanding these projections, the employment-to-population ratio<sup>8</sup> remains nearly 8 percentage points below the pre-pandemic level (World Bank 2022c).

**Social assistance schemes played a critical role in Rwanda's response to COVID-19 and a resilient recovery would entail efforts to further strengthen social assistance, social insurance, and social protection delivery systems.** Significant pre-COVID-19 investments in its flagship safety net, the Vision 2020 Umurenge program (VUP), allowed Rwanda's social protection system to respond immediately to the pandemic crisis by scaling up safety nets, including emergency transfers. The social insurance schemes responded by waiving penalties on employers for delayed or missed contributions. Payments to pensioners were digitized to allow continued and safe access to pension benefits. Given the sharp economic slowdown and increase in poverty, social protection programs are more important than ever. Besides supporting the poor, they can help protect Rwanda's most vulnerable citizens from falling deeper into poverty. They can also play a central role in helping households build resilience and avoid detrimental coping strategies such as selling productive assets or drastically reducing food consumption ( World Bank 2022b).

**In addition to social assistance programs, the Government of Rwanda has invested in social insurance**

**programs via schemes administered by the Rwanda Social Security Board (RSSB).** While the main objective of social assistance is to lift people out of chronic poverty, social insurance schemes are designed to build resilience by protecting against idiosyncratic risks such as health, unemployment, and old age. In 2001, health coverage was offered through the RSSB Medical scheme to eligible public and private employees and pensioners.<sup>2</sup> RSSB also manages the formal sector pension scheme with the aim of improving income security in old age. The coverage of the health and old-age pension scheme for the formal sector stood at 3.5 percent and 7 percent of the working age population respectively, in 2021 ( NISR 2020). Given the large and persistent informal sector, the Community Based Health Insurance (CBHI), also known as Mutuelle de Sante, was introduced to provide health coverage to the informal sector in 2007 after eight years of piloting. In 2015, RSSB took over management of the CBHI program. Continuing with the focus on social insurance for the informal sector, the Ejo Heza Long Term Savings Scheme (Ejo Heza LTSS), a defined contribution scheme, was launched in 2018 to encourage savings for old age. The scheme was managed by the Ministry of Finance and Economic Planning (MINECOFIN) during the incubation period. In 2021, RSSB took over the management of the Ejo Heza scheme, although MINECOFIN continues to pay for the fiscal incentives and operational costs of running the scheme.

**The health insurance scheme (CBHI) for informal sector workers has achieved coverage rates as high as 86 percent of the population and is hailed as a**

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2. The medical scheme caters to all public employees; private sector employees of companies having a payroll of 7 or more ; as well as pensioner affiliates who previously contributed to the medical insurance scheme. The scheme also extends to the spouses and children of these affiliates.

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## The rollout of the Ejo Heza scheme is timely given the rapid aging of the population and the large proportion of workers in the informal economy who lack retirement security

### **success story under the Universal Health Coverage**

**agenda.** The CBHI is a solidarity health insurance system where all household members pay contributions to access healthcare with the exception of any member insured under other medical insurance schemes. As of 2020-21, the Government of Rwanda achieved 85.7 percent coverage of the population (more than 9 million beneficiaries), up from 7 percent in 2003, 74 percent in 2013, and 79.6 percent in 2019 (Kalisa 2015). A key contributing factor to the success of the CBHI is the generous subsidies from the government—notably paying premia for Ubudehe category 1 households and waiving the waiting periods between contribution and access to various health services and facilities. Other factors include the standardization of premiums for the poor, establishment of health centers across the country, and institutional leadership community-based support frameworks that facilitate higher participation. The investments made under CBHI have led to improvements in key health indicators such as life expectancy at birth, which increased from 49 years in 2000 to 65 in 2012 and 69 years in 2020.<sup>3</sup> Mortality rates (under 5) decreased from 185 per 1,000 live births in 2000 to 41 in 2020.<sup>4</sup>

### **Following the success of CBHI, the Government of Rwanda focused its attention on expanding pension or long-term savings coverage for the informal sector.**

Under the Law N° 29/2017 and after a pilot study, MINECOFIN established the Ejo Heza Long Term Savings Scheme (LTSS)—a voluntary defined contribution scheme designed with the needs of the informal sector in mind. The majority of Rwanda's labor force works in the agricultural sector, is self-employed, or

works informally in the economy as drivers, hawkers, artisans, and so forth, and therefore is not mandated to be covered under the RSSB. This leaves these workers and their dependents exposed to risks of poverty during old age. Recognizing these challenges, Ejo Heza was designed to account for the characteristics of the large informal sector such as low and irregular earnings. Administered by the RSSB, the Ejo Heza savings scheme became operational in 2018 and registered remarkable increase in coverage. Despite the pandemic, which affected people's incomes, Ejo Heza covers 2.1 million individuals (as of April 2022), accounting for 27 percent of the population between ages 15-64.<sup>5</sup> Despite these steady increase in coverage, there is still room to increase coverage as well as level of savings.

### **The rollout of the Ejo Heza scheme is timely given the rapid aging of the population and the large proportion of workers in the informal economy who lack retirement security.**

Rwanda is a demographically young country with four in every five Rwandans below the age of 40. Declining fertility and increases in life expectancy, however, mean that the number of elderly people is expected to triple in the next three decades. As of 2022, 38 percent of the population is below age 15 (5.2 million people). By 2050, the below-15 age group will grow to 6.7 million people. The number of working people ages 15-59 will double during the same period—from 7.7 million in 2022 to 14.1 million by 2050. The number of people aged 60 and older will grow the fastest, from 0.7 million to 2.1 million.<sup>6</sup> This phenomenon of rapid societal aging is common in much of the developing world. Young developing countries can mitigate risks while realizing the

3. <https://data.worldbank.org/indicator/SP.DYN.LE00.IN?end=2020&locations=RW&start=2000>

4. <https://data.worldbank.org/indicator/SH.DYN.MORT?end=2020&locations=RW&start=2000>

5. Working age population (15-64) in 2022 was 8,036,935 (UN Population Prospects, 2019).

6. <https://population.un.org/wpp/Download/Standard/Population/>.

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## This report provides an overview of the Ejo Heza scheme and suggests recommendations to improve coverage, adequacy, operational efficiency, and long-run viability of the scheme

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opportunities that aging presents, but it will require timely action and a fundamental rethink of work, social protection, care, and other policies to build, use, and protect their human capital across the life course (World Bank 2022).

### **The changing demographic structure of Rwanda requires social protection instruments across the life cycle.**

In addition to enhancing social protection instruments to address poverty and human capital development through working age, there is a need to prepare for old age financial protection of current and future elderly. This would require enhancing links between different social protection instruments, including social assistance and social insurance, at the policy and delivery levels, in addition to continuing efforts on individual program level enhancements. To improve income security during old age and reduce the potential fiscal burden of social assistance to protect the growing number of elderly from poverty, it is important to further expand coverage under Ejo Heza and increase the level of savings.

### **As more Rwandans save with the Ejo Heza scheme, the fund reserves of the scheme will grow and could be a source for domestic resource mobilization in the country.**

Public investment has been driving transformation in Rwanda—growing from 5 percent of gross domestic product (GDP) in the early 2000s to an average of 15 percent in recent years (World Bank 2019). Domestic savings rate in Rwanda has fluctuated from 6 percent to 10 percent in recent years. Given the relatively high investment rate in Rwanda and the need to scale up investments in the medium to long run, a boost to domestic savings rate would propel Rwanda's growth. As Ejo Heza coverage expands, the pool of

savings will also grow. Over time, Ejo Heza could grow to be one of largest institutional funds in the country and could be a source for domestic resource mobilization. This would require strong governance arrangements and sound investment policies in place so that the fund is well-managed and provides fair return to the members who save with the scheme. It would also help the government achieve its domestic savings rate target of 23.9 percent by 2024 (Republic of Rwanda 2019). Ejo Heza's growth therefore has micro (higher financial resilience of individuals) and macro (domestic resource mobilization) benefits.

### **Against this background, this report aims to provide an overview of the Ejo Heza scheme and provide recommendations to further improve coverage, adequacy, operational efficiency, and long-run viability of the scheme.**

This report is a product of a two-year engagement between the World Bank team and RSSB that has spanned multiple rounds of consultations and interviews with stakeholders and partners of Ejo Heza; meetings with Ejo Heza core teams to understand the operational processes; field visits in 2021 once COVID-19 restrictions were relaxed; adaptation of the World Bank's Scheme Viability Assessment Tool (SVAT)<sup>7</sup> tool to assess Ejo Heza's viability; and, most recently, a phone survey of 386 subscribers of Ejo Heza. The rich set of qualitative and quantitative information collected during the engagement has been analyzed and compiled for this report. The target audiences are policy makers at RSSB who are looking for specific recommendations to improve the scheme (section 6) and subscriber preferences into design changes like short-term access to funds, mandating savings, changing eligibility rules (section 5); scheme administrators at Ejo Heza who would like an overview

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7. See Section 5 of this report for details on the tool.

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of the delivery chain (section 4); and global audiences who would like to learn about the success of Ejo Heza and potential reasons behind it. This report is also written to help policy makers, practitioners, and researchers supporting voluntary pension schemes in other countries gain critical insights into Ejo Heza, and to learn about techniques and tools that can be used to analyze such schemes.

**Section 1** presents background on Ejo Heza, notably the design rules and institutional ecosystem. **Section 2** presents scheme statistics (coverage growth, saving levels, density/distribution of savings) and socio-economic highlights from the 2022 phone survey of

Ejo Heza subscribers. **Section 3** is a detailed assessment of Ejo Heza's operational processes using the adapted (for SI) delivery chain framework discussing elements of the scheme from outreach to exit stage. **Section 4** discusses four design changes that in principle can either help meet member needs (providing short-term access); improve adequacy (increase minimum saving level for matching); expand coverage (through mandates or new aggregators); or improve scheme governance (through select age restrictions). **Section 5** presents the SVAT analysis carried out by the World Bank at the request of RSSB to assess the viability of the Ejo Heza scheme. **Section 6** concludes with recommendations under seven thematic areas.



# SECTION 1

## Background of Ejo Heza Long Term Savings Scheme

*“Ejo Heza is a very good scheme for our members because it will help us in old years. Government contribution and even interest on our contributions—we are very happy with them” – Head, KATECOGRO tea cooperative*

*“Being a government program gives me assurance and safety. We finally have a pension program, and pensions are no longer reserved for formal sector” – Member, Koprike Rice Cooperative*

*“I saw what my parents were going through because of no savings. I want to be assured of their future” – Members, CARE VSLA*

**E**jo Heza is a voluntary defined contribution scheme that offers enrollees short-term withdrawals once they meet specific conditions and lump sum and monthly/scheduled payouts on retirement. No minimum contribution is required and individuals can choose how often and how much they wish to contribute. Ejo Heza allows short-term withdrawals if individuals have at least RF 4 million (USD 3,701) in savings. On reaching the pension eligibility age of 55, individuals can choose lump sum and/or scheduled withdrawal options for the payout phase. They can also choose to keep their savings in the account beyond the age of 55 and withdraw at a later time. Formal sector workers who make mandatory contributions to the RSSB pension scheme can also enroll in Ejo Heza to improve the adequacy of their retirement income.

**Rwandan citizens with a national ID or foreigners residing in Rwanda can participate in the Ejo Heza scheme, but the scheme is explicitly designed to extend pension coverage to the informal sector.** A unique feature of the scheme is that even children can enroll in it. Children under the age of 16 can enroll using the temporary ID issued to them by the National Identity Agency (NIDA) and their Ejo Heza account is linked to their parents' national ID number. At age 16, once children are issued their national ID, the Ejo Heza contributions will continue in their own names.<sup>8</sup> By allowing children to have accounts in Ejo Heza, administrators have increased the probability that even small contributions in the early years will lead to substantial savings both during the contributors' youth and when the contributors become old.

**MINECOFIN provides fiscal support to Ejo Heza by financing the operational costs of the scheme and matching contributions and insurance premiums for members who meet the eligibility conditions.** Following the success of CBHI in expanding health

8. The last four figures of a child's temporary ID in Rwanda are the same as the ID of the parent.

**TABLE 1: Program rules under Ejo Heza as of 2022**

<b>Contribution Rules</b>				
Ubudehe category	Annual saving in Ejo Heza	Government Co-Contribution (in year of contribution)	Life insurance (available next year)	Funeral insurance (available next year)
Ubudehe Cat. 1 & 2	RF 15,000 or more	100% matching amount (max of RF 18,000)	RF 1,000,000	RF 250,000
Ubudehe Cat. 3	RF 18,000 or more	50% matching amount (max of RF 18,000)	RF 1,000,000	RF 250,000
Ubudehe Cat. 4	RF 72,000 or more	Nil	RF 1,000,000	RF 250,000

<b>Withdrawal rules</b>	
If savings >RF 4 million	Up to 40% in excess of RF 4 million can be withdrawn for housing or education expenses
Full withdrawal	Allowed at any age in case of permanent disability, terminal illness, or emigration of a non-Rwandan

<b>Payout rules on reaching pension eligibility age of 55</b>	
If fund balance @55 < RF 4 million	Lump sum allowance or scheduled withdrawal based on frequency chosen by member
If fund balance @55 > RF 4 million	Up to 25% of fund balance as lump sum + monthly pension calculated as remaining fund balance divided by 240

Source:

insurance coverage to the informal sector, MINECOFIN piloted the Ejo Heza scheme. Two years after implementation, the scheme was passed on to RSSB to administer along with the other social insurance schemes in the country. Ejo Heza is the youngest scheme under RSSB and its operational expenses (staff costs, administrative costs related to the scheme, and fund expenses) continue to be financed by MINECOFIN. To attract individuals to save in the scheme the Government of Rwanda offers targeted<sup>9</sup> matching contributions (known as co-contributions) and life and funeral benefits to those who meet a minimum savings level (see Table 1 for rules). These fiscal incentives are designed to motivate individuals to save an annual minimum. Individuals who belong to lower-income households (based on the community-based targeting system 'Ubudehe' which is used for the social safety net system<sup>10</sup>) receive a higher matching contribution. Matching contributions are transferred directly by MINECOFIN on a quarterly basis to the Ejo Heza accounts of eligible members. The matching was initially

scheduled to continue for 3 years from December 2018 to December 2021, the process to extend it is ongoing. Members who meet the annual saving minimum for their respective Ubudehe category are automatically eligible for an RF 1,000,000 life insurance cover and an RF 250,000 funeral insurance cover in the year following their minimum annual contribution (Figure 1). This benefit is also available to those in Ubudehe category 4 and the insurance premium on behalf of eligible members is currently paid for by MINECOFIN.

**The partial access to funds allowed in Ejo Heza aims to balance the objective of retirement security for informal sector workers with their need for liquidity.** However, the average savings of members suggest that meeting the target of RF 4 million might be difficult for most, unless members start saving more. Short-term accessibility to funds is an increasingly common feature in pension schemes for informal sector workers (Guyen et al. 2021) to meet their liquidity needs and make a voluntary scheme attractive. Ejo

9. Depending on the Ubudehe category of the household.

10. To identify beneficiaries for social safety nets and other pro-poor social sector programs, Rwanda has been using a community-based targeting system known as "Ubudehe" since 2002. The Ubudehe system uses a few, mostly subjective, variables for communities to classify households into four categories, numbered 1 to 4. Most pro-poor programs benefit households in Ubudehe category 1 (poorest) with some also reaching households in category 2.

**FIGURE 1.** Family members of eligible Ejo Heza members receiving insurance compensation

Source: Press release in Kagitlito on 29-10-2021.

## Ejo Heza is built on a strong digital platform interoperable with the government national ID and the social safety net databases

Heza restricts short-term access for education, and housing needs. Even in these instances, members can only access up to 40 percent in excess of RF 4 million of savings. Members can also use the 40 percent in excess of RF 4 million amount as collateral toward a personal loan. While these are novel features, the average annual savings of RF 13,000 as of 2021 suggest that it will take individuals at least 37 years of saving to meet the RF 4 million target, assuming the scheme earns a 10 percent nominal return each year.<sup>11</sup>

**Ejo Heza is built on a strong digital platform interoperable with the government national ID and the social safety net databases.** Its ecosystem includes a range of private and civil society actors. Among the schemes for the informal sector that exist globally (such as China's Rural and Urban Resident Scheme (RURS), India's Atal Pension Yojana (APY)/National Pension Scheme (NPS), Colombia's Solidarity Pension Fund, and Vietnam's voluntary scheme in

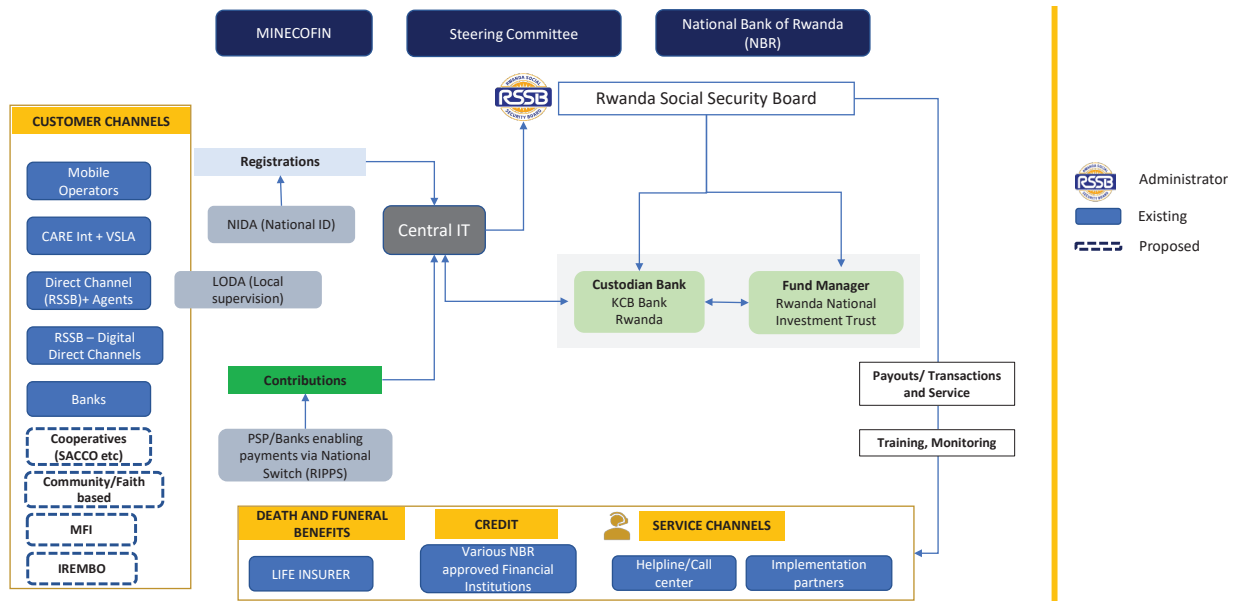
Vietnam Social Security), Ejo Heza stands out as a unique case whose ecosystem is based on a central digital platform but with multi-stakeholder and strong grassroots engagement (Figure 2). This approach is largely responsible for the resounding success the scheme has had in covering 27 percent of the working age population (age 15-64) in the four years since its inception. China's RURS scheme, which covers 38 percent of the working age population, is the only other scheme that has achieved coverage at a scale similar to that of Ejo Heza.<sup>12</sup> On average, voluntary schemes, administered by a government entity (China, India, Thailand, Vietnam, Colombia), sustain themselves with or without innovating. However, schemes led by the private sector (MBAO in Kenya, schemes in Ghana) face financial challenges sooner if the coverage increase is not as rapid as envisioned.

**RSSB administrates Ejo Heza while the Rwanda National Investment Trust (RNIT) serves as the**

11. The annual return credited to the individual accounts of Ejo Heza members in 2021 was 9 percent, hence this assumption. It should be noted though that the investment earnings of the RSSB formal sector pension scheme have been lower than 10 percent, historically speaking.

12. See Jain and Palacios (2021) for scheme details of China's RURS.

FIGURE 2. Ecosystem map of Ejo Heza



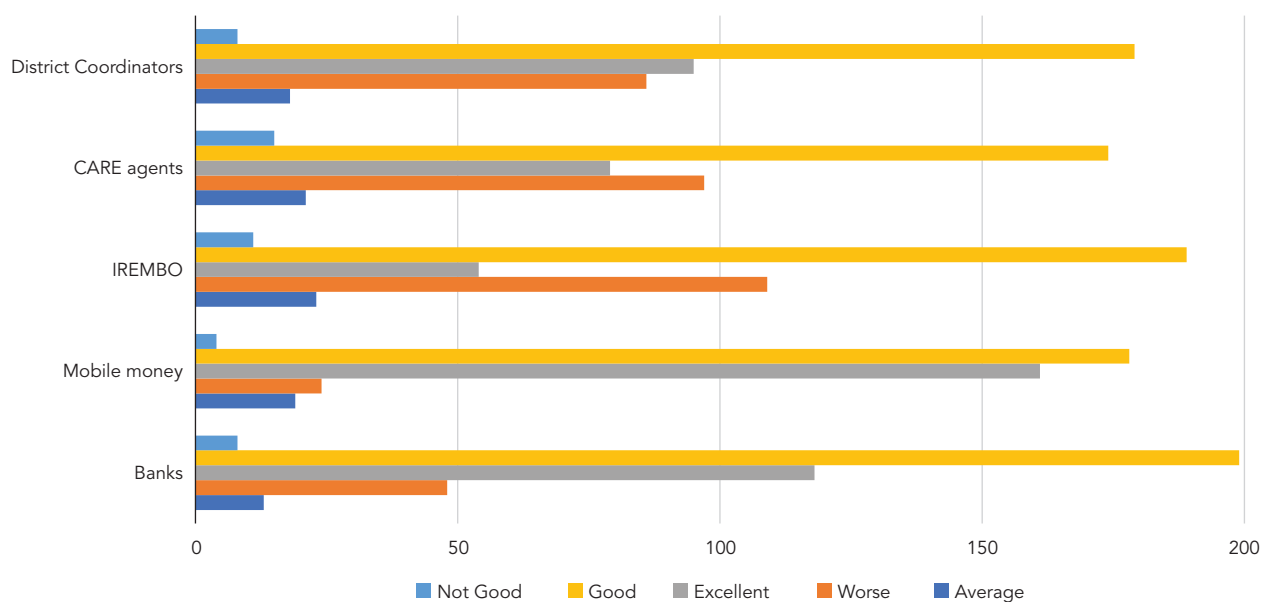
Source: RSSB Ejo Heza team.

RSSB administrates Ejo Heza while RNIT serves as the investment manager and the KCB Bank serves as the custodian bank for the scheme

**investment manager and the KCB Bank serves as the custodian bank for the scheme.** As scheme administrator, RSSB is responsible for managing the operations of Ejo Heza—maintaining records, ensuring payment of life insurance and funeral benefits, and compliance and implementation of Ejo Heza with applicable laws. RNIT is responsible for managing and overseeing the investment policy operations of Ejo Heza in accordance with the law and investing the assets in accordance with the scheme's investment policy. KCB, as the custodian bank, is responsible for safekeeping of the scheme's assets, receiving and accurately recording contributions within the timeframes set forth in its custodian agreement, and reporting to the trustees if any transactions could jeopardize the interests of the scheme.

**The scheme relies on the NIDA database to verify the identity of subscribers and on the database of the Local Administrative Development Agency (LODA) to retrieve the Ubudehe category of households.** Interoperability with government databases allows Ejo Heza to provide a seamless customer experience for members, ensuring that registration takes only a few minutes. Based on the results of the phone survey, partnerships with other public, private, and civil society platforms can be explored in the future. For example, a partnership could be possible with IREMBO,<sup>13</sup> the primary government-to-person (G2P) channel, which could allow people to save in Ejo Heza when they visit IREMBO for other purposes. Another channel to explore is partnership with mobile money operators and banks, as a large majority of members

13. IREMBO is a one stop service portal of where individual can request different government services online. This can be done via IREMBO web page ([https://irembo.gov.rw/home/citizen/all\\_services](https://irembo.gov.rw/home/citizen/all_services)) or by walking up to the IREMBO agents who are commonly found on city streets.

**FIGURE 3. Ejo Heza member experience with existing and potential intermediaries**

Source: Phone survey results of a random sample of 386 Ejo Heza members (2022).

report having a good and excellent experience with these institutions (Figure 3).

**Partnerships with local officials at the district level and with aggregators (like cooperatives) have allowed Ejo Heza to have a grassroots presence while still benefitting from the fiscal support and scalability that a national scheme offers.** As of 2022, 88 percent of cumulative subscribers have enrolled via an intermediary. These intermediaries include cooperatives or local government institutions at the district levels. The Imihigo<sup>14</sup> contract which the political leaders, Ejo Heza team, and districts agree on each year are an effective way to decentralize targets and increase ownership all the way to district and cell level. The targets under the Imihigo contract are simple but the two indicators<sup>15</sup> ensure that besides registering new members, strategies to attract new members and encourage them to save more and persistently need to be in

place. In an interview, Mr. Nzirabatinya, Vice Mayor, Kirehe district, noted that the targets for each district are decided in a participatory fashion and while there is no empirical methodology used for setting targets, the officials and Ejo Heza team account for district characteristics and ability to save when setting targets. However, the limited variation in contribution collection targets across districts (see Annex 4) suggest that there is scope to use objective methods to calculate these targets. The Ejo Heza communications team revealed that at the start of the fiscal year they make presentations to districts where they not only propose targets but also include steps on how the district can achieve them (for example, by making a list of cooperatives<sup>16</sup> the district can approach). The targets are set for each month and once every two weeks the Ejo Heza team at Kigali (HQ) meets with the district team to review progress.

14. Since 2006, Imihigo's have been a tool for accelerating the development outcomes that have been envisaged in both the long and medium-term development ambitions. Imihigo have been a reliable tool for recalibrating performance at the central and district levels. Source: Imihigo reports | National Institute of Statistics Rwanda

15. The targets are number of new savers and amount of total savings (of existing and new subscribers). See Annex 4 for targets by district in year 2021-22

16. This data is available with the Rwanda Cooperative Agency (RCA). Currently the Ejo Heza team requests data from RCA but going forward interoperability between RCA and Ejo Heza systems can be explored, similar to how Ejo Heza and LODA systems interact.

## SECTION 2

# Statistics of Ejo Heza Long Term Savings Scheme and Highlights from the Phone Survey

**E**jo Heza was implemented in 2019; in less than four years the scheme has covered 27 percent of the working age population, many of whom are from low-income households. The administrative data of Ejo Heza showed, at the end of 2021, a total of 1.85 million registered subscribers, 78 percent of whom contributed to the scheme actively<sup>17</sup>. About 49 percent of the subscribers in Ejo Heza are females while female account for only 32 percent of total contributors in the RSB formal sector scheme. Informal sector workers comprised of 87 percent of savers while 12 percent were from the formal sector. The numbers as of Dec 2022 have already gone up by over 58 percent, from 1.85 million subscribers to 2.87 million.

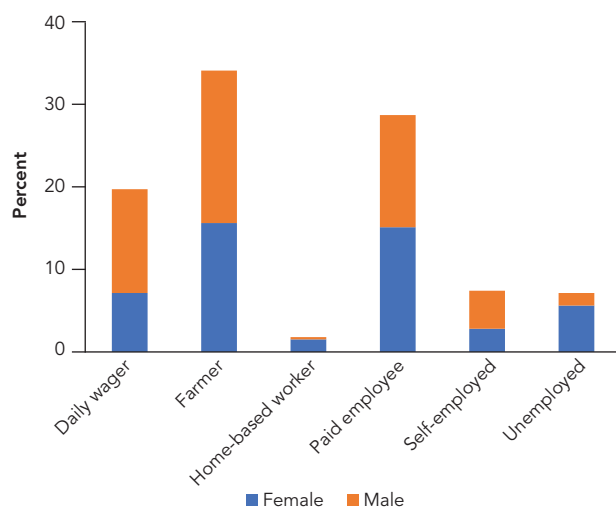
In 2022 the World Bank team in collaboration with Ejo Heza carried out a phone survey of 386 Ejo Heza subscribers (see Annex 1 for sampling strategy details). A stratified random sampling was done from among the 2.1 million subscribers based on gender (50 percent male/50 percent female), age group (50 percent below 40/50 percent above 40) and contribution status (active in last six months/dormant in last six months<sup>18</sup>). The findings from the phone survey of Ejo Heza members showcase the socioeconomic characteristics and preferences of respondents:

- About 34 percent of all respondents are farmers, 20 percent are daily wagers, and 29 percent are paid employees (Figure 4).
- Females make up 48.4 percent of all respondents (enforced by sampling design) and are not concentrated in any particular employment category.
- The average monthly household income among respondents is reported to be RF 88,000. About 69 percent of members reported a monthly household income of under RF 50,000 (US\$50), 14 percent between RF 50,000-100,000, and 9 percent between RF 100,000-200,000. Paid employees on average make more than the median household income (Figure 5).
- The average monthly saving of the household is reported to be RF 10,893 and the median savings is RF 2,500. 25 percent of individuals reported no monthly saving.

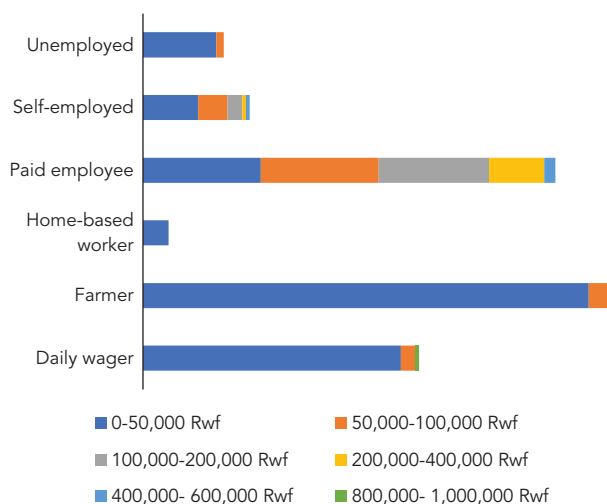
17. 'Active saver', in this report, refers to someone who made at least one contribution in the last calendar year (January-December).

18. 'Active' means at least one contribution between July-December, 2021; 'dormant' means no contribution between July-Dec 1<sup>st</sup> 2021.



**FIGURE 4. Employment type and gender subscribers**

Source: Phone survey results, 2022.

**FIGURE 5. Household income by employment type**

Source: Phone survey results, 2022.

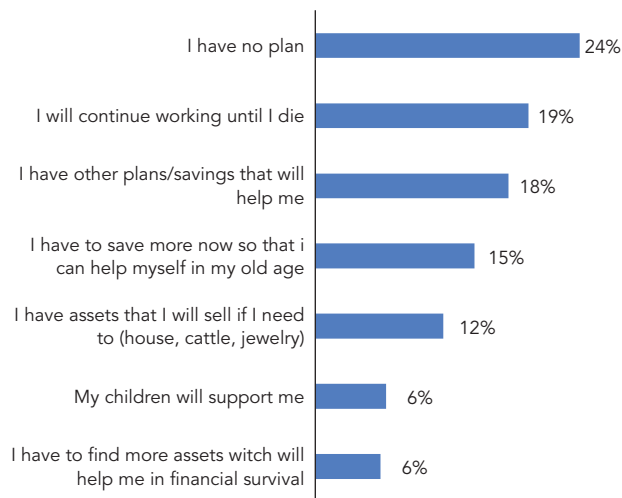
- Among those who save, 46 percent save with neighbors, 11 percent with workmates, and 16 percent with cooperatives.
- Aside from Ejo Heza, common channels used for savings are cash loaned to family/friends (37 percent); mobile money (14 percent); personal bank account (13 percent), a saving scheme (16 percent). Only 1 percent keep cash at home which highlights that when individuals have savings, they are sufficiently financially aware to either invest or loan it to family/friends.
- Approximately 80 percent of members responded “No” when asked if they “contribute any amount to Ejo Heza from their savings”.<sup>19</sup> When asked an alternate question –“How much have you contributed to Ejo Heza”—12 percent said “no savings”, and 30 percent said they “don’t remember”. Out of the 42 percent of members who reported Ejo Heza savings the average contributions to date were RF 13,455 and median savings were RF 14,300. These numbers are close to the average savings reported by the administrative data.
- Reasons for not saving in Ejo Heza included “I don’t have any more money to save” (about 78 percent); “don’t see the benefit of saving in Ejo Heza” (6 percent); and “already save in too many places” (7 percent).
- About 24 percent of members did not have a plan for financial survival in old age, 19 percent felt that they would need to work in their old age, about 36 percent made some plans such as having their children support them or using other assets/savings, while 15 percent knew that they needed to save more (Figure 6).
- Questions related to immediate versus long-term savings revealed that members of Ejo Heza understood why saving and planning for long-term needs was important (Figure 7).

**The scheme has witnessed an exponential growth in subscribers and a steady improvement in the number of active savers over time.**

The number of subscribers has been growing (Figure 8) despite COVID-19 which significantly affected the lives and livelihoods of those in the informal sector. As of 2021, females made up 49 percent of total subscribers. Of the 1.85 million subscribers in 2021, 76.1 percent or 1.41 million were actively saving, up from 70.6 percent in 2020, and 39 percent in 2019. In a 2021 survey carried out by RSSB, the main reasons for not saving were liquidity needs and emergencies. About 22.1 percent of members

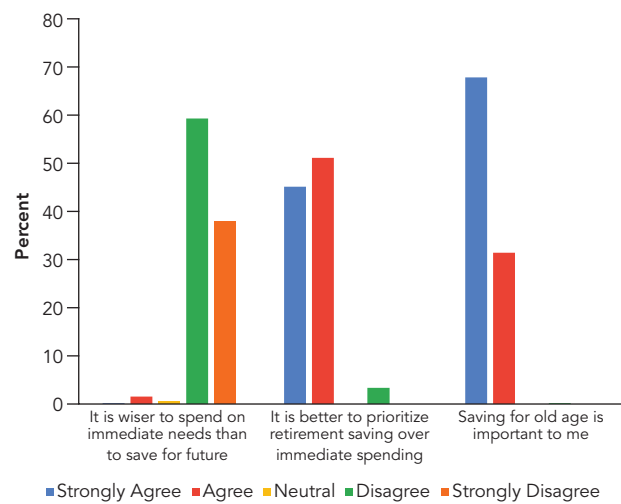
19. The sample selection was such that 50 percent of members were those who contributed in July-December 2021 and 50 percent were dormant during that period. A higher percentage of inactive than the stratification strategy would suggest could mean that individuals do not remember contributing. The Ejo Heza team can cross-check against their latest administrative records to test if this is the case.

**FIGURE 6. What is your plan for financial survival in old age**



Source: Phone survey results, 2022.

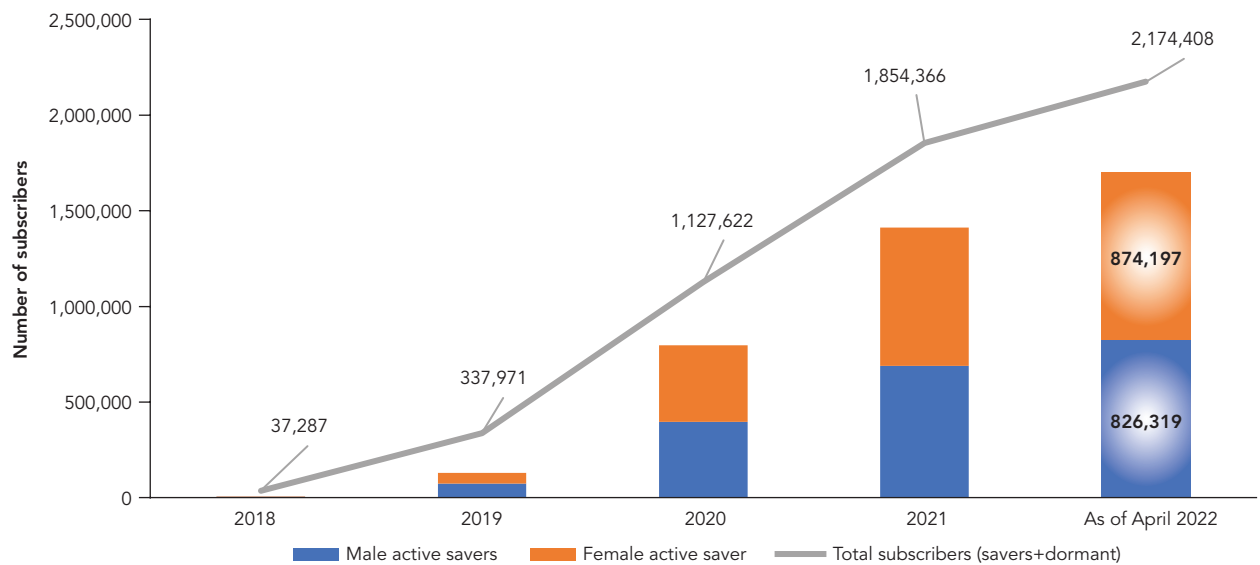
**FIGURE 7. How strongly do members feel about saving for old age**



Source: Phone survey results, 2022.

Ejo Heza has witnessed an exponential growth in subscribers and a steady improvement in the number of active savers over time

**FIGURE 8. Ejo Heza’s subscriber and active saver growth over time**



Source: Phone survey results, 2022.

Note: 2022 data is not for the complete year at of time of writing this report.

“couldn’t/didn’t know how to save,” 15 percent were “not interested in saving after opening an Ejo Heza account”, and 9.3 percent didn’t save because of unemployment due to COVID-19 (RSSB 2021).

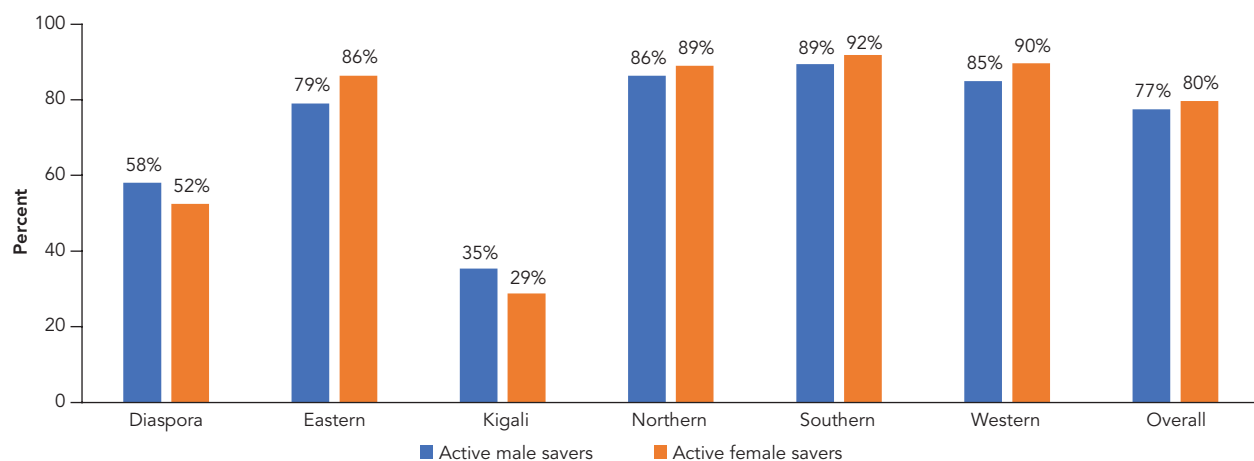
**Females save as much as males and** are more likely to be active savers than males (Figure 9). The gender balance observed in the subscriber count is also observed in the saving amounts. Women on average contributed RF 8,740 in 2021 while men contributed RF 8,696 (US\$8.4). The savings were higher in 2020 (male average was RF10,606; female average was RF 9,454) and the drop in 2021 could be attributed to the impact that the pandemic had on incomes. In terms of persistency of saving, women outperform men. In 2022, the ratio of active females versus total female subscribers was 83 percent, while the same ratio for men was at 78 percent. Persistency of savings on average was higher for women in Eastern, Northern, Southern, and Western provinces and in 22 out of 30 districts overall. Surprisingly, the persistency of savings is extremely low in Kigali for both male and female subscribers.

**The administrative data showed that the average annual saving per participant was RF 8,718 in 2021 and RF 10,030 in 2020, making both lower than the**

**minimum required to avail of the government matching or life/funeral insurance benefit.** At present, the average saving in Ejo Heza is equivalent to about two percent of the income per capita. In comparison, formal sector workers are required to contribute six percent of their income to the RSSB pension scheme. Although informal sector workers make up 87 percent of subscribers to Ejo Heza, their annual average savings were only RF 10,195 as of 2021, a third of the average savings of those from the formal sector (RF 31,831). According to data received from RSSB, only 203,677 members received matching contributions in 2020, up from only 22,247 members in 2019. This phenomenon of few people qualifying for matching is an area which needs more scrutiny. The consultations and results of phone survey point to high levels of awareness and attractiveness of the matching contributions and life insurance. A hypothesis is that the COVID-19 pandemic might have caused people to not meet the minimum eligibility for matching, even though they knew about it and would like to benefit from it. Results from the phone survey (2022) also confirm that savings of most members are lower than the minimum eligibility requirements. Those with a higher household income are likely to save more. Paid employees have higher savings given the relative stability of their incomes (Table 2).

## Females save as much as males and are more likely to be active savers than males

**FIGURE 9. Active male and female savers by province and overall**



Source: Phone survey results, 2022.

**TABLE 2: Reported savings in Ejo Heza, by employment and household income**

Household income/average savings in Ejo Heza to date (in Rf )	Daily Wager	Farmer	Home-based worker	Paid employee	Self-employed	Unemployed
RF 0-50,000	RF 10,488	RF 12,940	RF 15,083	RF 19,396	RF 11,958	RF 6,730
RF 50,000-100,00	RF 9,000	RF 9,429		RF 24,968	RF 15,857	
RF 100,000-200,000		RF 18,000		RF 25,852	RF 6,000	
RF 200,000-400,000				RF 19,600	RF 150,000	
RF 400,000- 600,000				RF 84,000	RF 72,000	
RF 800,000- 1,000,000	RF 40,000					
Average	RF 11,503	RF 12,827	RF 15,083	RF 24,189	RF 20,604	RF 6,525

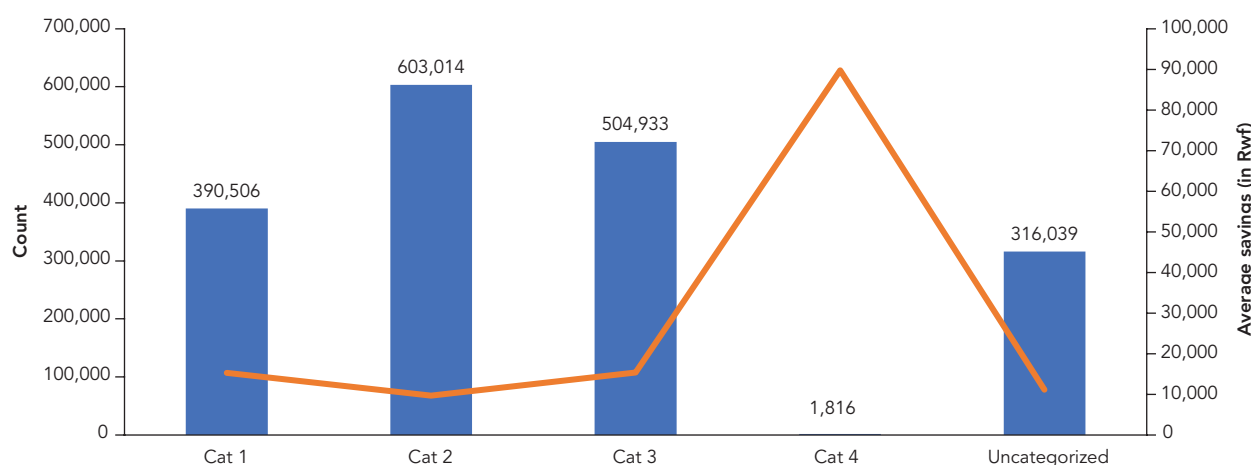
Source: Phone survey results, 2022.

According to the RSSB administrative data, 82 percent of subscribers are from households in Ubudehe categories 1, 2, and 3. Ubudehe category 1 comprises of the lowest income households and accounts for 21 percent of subscribers, category 2 accounts for 33 percent, and category 3 accounts for 28 percent. About 17 percent of subscribers did not have an Ubudehe category and classified as “uncategorized.” The Ejo Heza team has been working with LODA to reduce the

number of uncategorized (see details in Section 3). As a result of this work, the percentage of those missing Ubudehe categories was brought down to 13 percent in June 2022. Despite being poorer on average, those in Ubudehe 1 saved RF 15,321, which is higher or equal to those in category 2 (RF 9,729) and category 3 (RF 15,354) but significantly lower than those in category 4 (RF 89,740) (Figure 10).

According to the RSSB administrative data, 82 percent of subscribers are from households in Ubudehe categories 1, 2, and 3

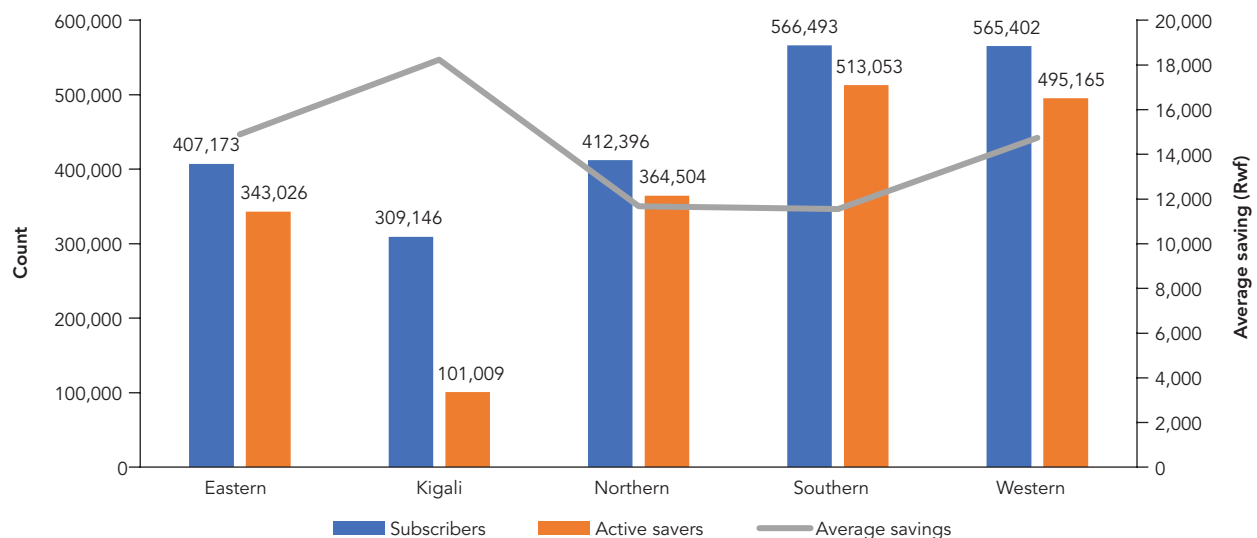
**FIGURE 10. Count of subscribers and average saving by Ubudehe category**



Source: Phone survey results, 2022.

The number of subscribers across provinces ranges between 400,000–500,000, except for Kigali, which has a lower number of contributors and a much lower number of active savers

**FIGURE 11. Count of subscribers, active savers, and average savings by province**



Source: Phone survey results, 2022.

**If the low income meets the minimum saving required to be eligible for the government’s matching contribution, they will reach the RF 4 million target for short-term withdrawals a decade earlier than those who fail to meet the minimum.** Calculations suggest that an individual who saves RF 13,000 annually will take 38 years to meet the RF 4 million target, assuming a 10 percent return on savings from Ejo Heza. Alternatively, if an individual from category 1 or 2 saves the minimum RF 15,000 annually, they will receive a 100 percent matching contribution from the government and, assuming the matching contribution continues, they will reach the RF 4 million target in 28 years.<sup>20</sup> Low savings is a cause of concern because it not only leaves contributors ill-prepared for old age but also reduces the ability of contributors to take advantage of the government matching contribution, short-term

withdrawals, and collateral on loans that are allowed once individuals accumulate RF 4 million.

**The number of subscribers across provinces ranges between 400,000-500,000, except for Kigali, which has a lower number of contributors and a much lower number of active savers.** Kigali stands out as a unique case where savings on average are higher, but the count of subscribers is much lower relative to the population of Kigali (Figure 11). The number of active savers in Kigali is also unusually low relative to other provinces, raising concern about the persistency of savings. The unexpectedly low coverage rates in Kigali could be an unintended effect of Ejo Heza’s focus on cooperatives as the aggregator. The nature of cooperatives is that they are more likely to be active in rural or peri-urban areas. If so, this points to a need for

20. This calculation assumes government matching will continue indefinitely, which might not be the case, but the longer individuals can benefit from the matching the more likely they are to reach the RF 4 million target.

**TABLE 3: Insurance statistics, 2021**

Members covered under Life insurance	210,213 members
Total premia paid by MINECOFIN to the insurance company	RF 1.3 billion
Claims paid as of September 2021	298 members
Claims and fees due as of December 2021	884 members
Premium paid per eligible member	RF 18,000

Source: RSSB 2022.

Only 15 percent of Ejo Heza active savers had life insurance coverage as most individuals did not meet the minimum savings required to be eligible for life and funeral insurance

identifying aggregators in the urban context (for example, banks in the case of India, mobile money operators, or transport workers as in Kenya) and a communication strategy that will resonate with urban dwellers.

**Only 15 percent of Ejo Heza active savers had life insurance coverage as most individuals did not meet the minimum savings required to be eligible for life and funeral insurance.** The RSSB has partnered with Sonarwa Life Assurance Limited to provide life and funeral benefits to eligible participants of Ejo Heza. The life insurance premia are paid by MINECOFIN to the insurance company. Out of the 1.42 subscribers only 210,213 were eligible for life insurance offered to its members by Ejo Heza (Table 3). Despite this low coverage, MINECOFIN pays RF 1.3 billion to Sonarwa for life insurance and funeral benefits, which is 6 percent of Ejo Heza's assets of RF 23.2 billion as of 2021. The blended premium per contributing member for life insurance and funeral expense coverage is RF 18,000 per member, which is higher than the average RF 13,000 savings per member (RSSB 2022).

**As of December 2021, total assets of Ejo Heza were RF 23.2 billion (US\$23 million) out of which member**

**contributions were about RF 19 billion, while government matching contributions and investment return of member savings were RF 1.9 billion and RF 2 billion respectively.** Ejo Heza savings more than doubled from 2020 to 2021 and are heavily invested in government bonds. RSSB manages assets worth RF 1.4 trillion; Ejo Heza's assets make up only 1.65 percent of RSSB's total assets.<sup>21</sup> However, Ejo Heza is growing rapidly with total savings of Ejo Heza participants increasing from RF 9.1 billion in 2020 to RF 23.2 billion in 2021. The latest numbers, as of 30th June 2022 were at RF 31,293,470,518 or -USD 31 million. A significant proportion of the fund balance (-87.7 percent) is invested in government bonds and the remaining 13 percent is kept in cash or fixed deposit accounts. The investment policy of Ejo Heza aims for stable and risk-free returns. The returns are also increasingly competitive as the nominal return on investments of Ejo Heza has grown from 1 percent in 2020 to 9 percent in 2021. The Ejo Heza pooled contribution is unitized and invested such that the daily net asset value of the portfolio informs members of the current value of their savings. It is important to ensure that members know about the investment return and can see it on their account when they login via web, app, USSD,<sup>22</sup> or call to talk to an agent.

21. As of 2020, the RSSB investment portfolio including Ejo Heza was managed by a professional team of 47 staff members, which includes 30 support staff and 14 managers, as per data documents from RSSB.

22. USSD = Unstructured Supplementary Service Data, or Smart Code.

## SECTION 3

# Assessing the Ejo Heza Scheme using the Social Insurance Delivery Chain

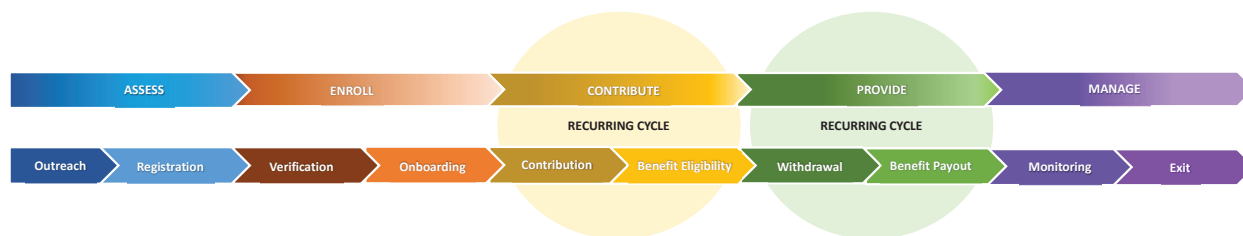
**D**elivery systems constitute the operating environment for implementing social protection benefits and services. In recent years, delivery systems have been improved by the rapid development and deployment of three systems: (i) identification systems, (ii) social registries, and (iii) payment systems. All three work beyond the social protection system, serving broader functions for governments. Each has proven critical for improving the quality of delivery within social protection programs and systems. In many countries, social protection programs are not only the biggest users of these systems but have also contributed to their widespread adoption (World Bank 2022b).

**How countries deliver social protection has implications for the outcomes of a social protection program.** An analysis of social protection delivery systems can provide answers to crucial questions such as how various elements of delivery systems come together to implement programs as they were intended to function, how they ensure easy access to programs, how they can be leveraged to promote better coordination and integration, and how social protection programs can provide a better client experience for their intended populations. The *Sourcebook on the Foundations of Social Protection Delivery Systems* includes a framework for analyzing the delivery chain (Lindert et al. 2020).

**The delivery chain framework in the *Sourcebook* was reimagined for a social insurance/pension scheme for the purposes of analyzing the Ejo Heza scheme in this report.** Virtually all social protection programs pass through similar implementation phases along the delivery chain. The *Sourcebook* is mainly focused on social assistance (non-contributory programs). Using the framework developed in the *Sourcebook*, this section reimagines the delivery chain for social insurance (contributory programs). The most important adaptation from social assistance programs is the inclusion of contribution collection in addition to the delivery of benefits. Contributory social protection schemes must manage the contributions of plan members accurately over long periods of time. Throughout the phase of payment of contributions, the social insurance institution needs to keep accurate records and manage contribution collection. In the payout phase, the benefits corresponding to the contributions need to be made based on the rules of the scheme and a lump sum at retirement or a pension annuity is provided.

The Delivery Chain Mapping for Ejo Heza was carried out through a mix of desk research; interviews with operational staff (notably IT, communication, call center department, and the Ministry of Local Government), agents, district coordinator, and cooperative head; and a field visit to Kirehe district.<sup>23</sup> Where relevant, findings from the recently concluded

23. The field visit on July 13, 2022, included consultations with Vice Mayor of Kirehe District, Rice Cooperative Head, seven of its members in Kirehe District, and three Ejo Heza members who joined via CARE VSLA (one of them was a volunteer agent).

**FIGURE 12. Reimagined the social insurance delivery chain**

Source: Authors adapted from Sourcebook (2020).

The delivery chain framework in the *Sourcebook* was reimagined for a social insurance/pension scheme to analyze the Ejo Heza scheme in this report

phone survey of a random sample of 384 Ejo Heza subscribers are also included. The reimagined delivery chain includes five main stages (Assess, Enroll, Contribute, Provide, and Manage) and each stage has two sub-steps as shown in Figure 12. Figure 13 includes a visual of the delivery chain recreated for the Ejo Heza scheme and the subsequent paragraphs talk about the innovations under each stage and highlight areas of improvements based on the World Bank team's assessment borrowing from international best practices.

## Assess

The first stage of the delivery chain, Assess, includes two substages—Outreach and Registration. As these are the first touchpoints that a customer has with the scheme, it is important to focus on behavioral nudges that confront the limited attention of the customer (during Outreach), and the limited ability to digest complex information (during Registration).

## Outreach

**Efforts to raise awareness, build confidence, and propagate an understanding of a pension scheme can help informal sector workers make appropriate and informed decisions about participation and encourage persistent savings for old age.** Potential

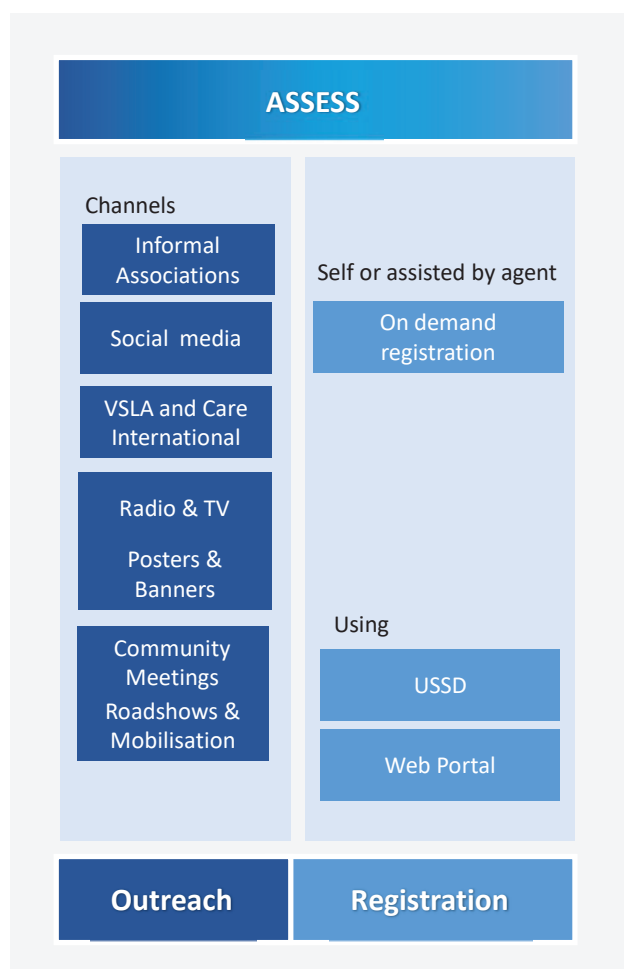
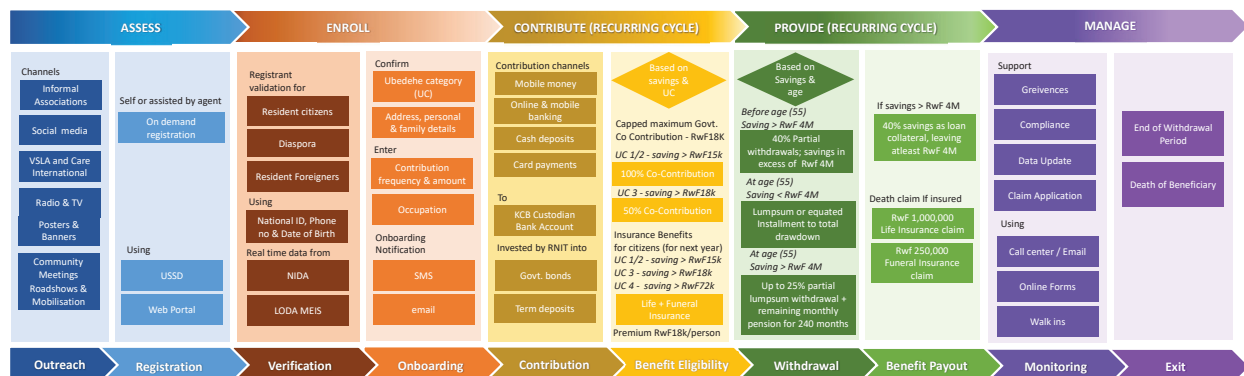


FIGURE 13. Social insurance delivery chain applied to Ejo Heza



Source: Created by authors.

## Ejo Heza has adapted its communication and outreach strategy based on emerging experience from the scheme

participants in a scheme would want to know the rules of the scheme, their various options for participation, the channels for making contributions, the modalities for the payment of the pension benefit, the age of pension eligibility, and so on. Communicating these details in a clear and consistent way helps build trust in the scheme and scheme administrators. This is particularly important in encouraging informal sector workers to save for retirement in a voluntary pension scheme as individuals are not mandated to participate and myopia can affect their desire to save in a long-term saving scheme.

**The success of outreach and communication strategy depends on close collaboration with partners in public, private (mobile operators, banks), and civil society sectors, as well as identifying and forging new partnerships (for example, with cooperatives or Village Savings and Loan Associations (VSLAs)).** The lack of a clear administrative relationship between government and informal sector workers means that in addition to partnerships at the national level to ensure scalability and cost effectiveness, grassroots mobilization is needed to get the buy-in of informal sector workers. Informal sector actors feel marginalized

and isolated relative to their formal sector peers whom they often consider privileged in their access to government services and resources. The outreach and communication approach needs to map out all potential partners at different levels (national, district, village) and establish the roles and responsibilities of each.

**Ejo Heza has adapted its communication and outreach strategy based on emerging experience from the scheme and has identified three distinct target groups to receive tailored messages—adults with jobs, youth seeking jobs, and adults with children in school.** Since its inception, the scheme has prioritized resources for outreach and communication in its budget. Its threefold strategy involves focusing on specific groups as targeted potential beneficiaries, raising awareness and encouraging them to participate, and educating existing participants on the importance of persistent savings. There is no evidence of rigorous analytics that guide the targeting strategy, but the scheme administrators have an educated strategy on identifying informal sector workers that are more organized (for example, cooperatives and associations). As coverage has grown, the targeting strategy has also evolved. Partnering with the Ministry of Education, the

communications team focused on children ages 3-16 and delivered child-friendly messages on why parents should contribute to their children's pension. As a result, the Ejo Heza team is expecting about RF 5 million of savings from this age group in 2022. They had intended to pilot in 10 schools but so far 81 schools have joined. Next, going after low-hanging fruit, the communications team targeted large agricultural cooperatives. The next step is to target non-agricultural cooperatives. There are also ongoing discussions with the Private Sector Federation. A missing area under Ejo Heza's target population are urban dwellers. This group while more geographically mobile than a cooperative is an important target group because of their higher likelihood to save, digital and financial savviness.

**The scheme relies on five channels for communication and outreach, but the interviews and surveys reveal that the local government efforts are most successful in increasing awareness of the scheme.**

The main channels used for outreach are (i) radio, TV, and promotional street banners; (ii) social media; (iii) VSLAs and Care International; (iv) informal sector associations; and (v) local community meetings, roadshows, and mobilization campaigns.

#### **(i) Radio, TV programs, banners**

The weekly radio programs every Thursday on Radio Rwanda RBA 100.7 have contributed to increased awareness for the scheme. Posters and banners with tailored messages (Figure 14) are among the latest developments. An RSSB 2019 survey showed that about 12 percent of respondents had heard about Ejo Heza through radio or other advertising. The numbers are similar in the recent (2022) phone survey of Ejo Heza members with about 15 percent of respondents reportedly hearing about the scheme from the radio, 1 percent from TV, and 0 (zero) percent from social media. Men were more likely (10 percent) than women (5 percent) to have heard about the scheme from the

**FIGURE 14. Posters and banners with tailored messages**

Options under USSD (top left); why children should save in line with focus on enrolling kids (top right); promotion banners on street (below left); Ejo Heza promotion by mobile network operator partners (below right)



Sources: RSSB headquarters in Kigali (top left and top right); Facebook images (bottom left and bottom right).

## Ejo Heza relies on five channels for communication and outreach, but interviews and surveys reveal that local government efforts are most successful in increasing awareness

radio. This finding reinforces the importance of pursuing a mix of outreach strategies while being mindful of variations in access, familiarity, and usage by gender.

### (ii) Social media

While Ejo Heza has posted messages on social media, notably on Facebook and Twitter (Figure 15), the phone survey findings suggest that it is not the source that builds large-scale awareness. The cost-effectiveness and reach of social media and streaming websites like YouTube and Facebook make them powerful tools for communicators. However, ensuring that the content is creative and catchy is important given the limited attention span of social media users. Ejo Heza could consider partnering with social media influencers to disseminate information on the scheme, in public interest. The Ejo Heza communication team could produce a 'how-to' video series in the local language featuring bite-sized videos on how to register, contribute, check balance, update a profile, and so forth. These videos

could be uploaded on YouTube and shared as WhatsApp links. The social media handles on the Ejo Heza website were not linked to the respective social media site at the time of writing this report. The Ejo Heza IT team can also consider including analytics and monitoring software on the website to detect user page visits, location of visit, what information they are most interested in, and track the number of new visitors, returning visitors, and registrations.

### (iii) Informal sector cooperatives

There are estimated to be around 4,000 cooperatives nationwide, covering about 9 million people (Box 1). The organized nature of these cooperatives and high levels of peer-to-peer trust within these groups makes them an effective aggregator in the Rwandan context. Ejo Heza's strategy of identifying aggregators who can offer scale while still being an organized group is a valuable lesson for countries looking to expand coverage in voluntary schemes. A cooperative in Kirehe

**FIGURE 15.** Facebook post on how to access balance through the online portal

Item Description	Amount
INVESTMENT RETURNS	Rw 82,841
GOVERNMENT CO CONTRIBUTIONS	Rw 54,000
CONTRIBUTION PAYMENTS	Rw 435,550
<b>ACCOUNT BALANCE:</b>	<b>Rw 572391.00</b>

Kanda \*506#, nyuma yo guhitamo ururimi, ukande 4(Ubwizigame)

www.ejoheza.gov.rw

4044/5006 @RSSB\_Rwanda info@rssb.rw www.rssb.rw

Source: Ejo Heza Facebook page.

### BOX 1: Cooperatives are to Ejo Heza what employers are to formal sector pension schemes

Over 60 percent of current Ejo Heza members were enrolled through cooperatives. Using cooperatives as an aggregator has been key to the success of Ejo Heza as they assume a role similar to that of employers in the formal sector pension scheme. But unlike a formal sector scheme where pension contribution is mandated, the cooperative contribution is agreed upon by all its members. Cooperatives auto-debit the contribution from the harvest income of members.

Members of cooperatives (for example, agriculture, fishing, farming, and services) typically have seasonal incomes so the frequency and amount of payment is decided collectively by each cooperative. The heads of the cooperatives send commitment forms to the members, members fill them in, and the heads collect those forms and keep them as records in their finance office. At the time of harvest, the agreed contribution is auto-deducted and deposited in a bank. Ejo Heza then credits the amount into individual accounts of cooperative members and sends a notification (via text) to all members in the cooperative. Members can check their balance any time and they are not charged for doing so. Cooperatives don't receive any special incentives for enrolling members and have reported that many of their members are members of other savings groups and understand the importance of saving.

The World Bank team spoke to the head of the Katecogro tea cooperative in Karongi district and the head of the Koprike rice cooperative in Kirehe district. Katecogro has 1,260 members, out of which 985 members are subscribers in Ejo Heza (35 percent of them are females). Koprike has 3,400 members, all of whom contributed to Ejo Heza as of July 2022 (40 percent of whom are women). Insights were also received from the Dukunde Kawa cooperative of coffee farmers which has 1,193 small-scale farmer members (24.5 percent female). All the members are active savers in Ejo Heza.

**Insights from Katecogro:** The auto-debit feature should in principle ensure 100 percent compliance, but the cooperative head clarified that the only time members do not pay is if they don't have a harvesting in that period. However, on average, individuals are able to get back to paying contributions in two months once their harvesting cycle is back. The cooperative members are well connected through WhatsApp groups. Their exposure to Ejo Heza is primarily through the (i) Ejo Heza District coordinator, who mobilizes members; (ii) Community Radio of Isangano that discusses Ejo Heza with local leaders; (iii) meetings with sector staff in *inteko z'abaturatione, umuganda, Umugoroba w'imiryango*,<sup>a</sup> and (iv) and the Rwanda Radio RBA, where Ejo Heza is discussed every Thursday. When asked about potential additional features, members responded that they would like a 'membership card' to have a record that they can show to their children.

**Insights from Koprike:** All cooperative members have agreed to an auto-debit of RF 9,000 after each harvest season (twice a year), for a total of RF 18,000 annually. This is the minimum annual contribution in Ejo Heza to be eligible for matching and insurance benefits and is about 10 percent of the harvest income. The cooperative head deposits the total contributions in the bank and Ejo Heza credits savings into the individual accounts of the members. Recommendations from members on improving service delivery included "*getting the life insurance claims processed faster*" and "*resolving delays in crediting of matching contributions due to missing Ubudehe category*". Speaking about challenges, the cooperative head noted that, "*Convincing people initially was hard*" but, "*it is a process and when some people receive money through [life and funeral] insurance then people get motivated*".

**Insights from Dukunde Kawa:** The cooperative is divided into 31 groups that meet monthly and attend general assembly meetings two times a year. The farmers heard about Ejo Heza through the community mobilization campaigns jointly carried out by Ejo Heza agents and district authorities. Life and funeral benefits are most appreciated as most members are over age 65 and '*pension coverage is yet to be comprehended*' by them. Common questions include "*Where is the contract? Shall I cash out my savings? What are the conditions? How are old people benefiting from pension coverage? What is the difference between Ejo Heza and other pension services? How can I check my member contribution without a phone number?*"

Cooperatives in Rwanda have become an intermediary that has allowed the scheme to rapidly expand coverage and keep costs low by ensuring persistency in saving. However, experience of using intermediaries notably trade unions in Latin American contexts, has displayed a need for close monitoring to ensure that the objective here remains on coverage and persistency and to prevent any incentives that could lead to a conflict of interest and induce sub-optimal decision for members.

a. This refers to Community meetings, Community, Family Night

district deposited as much as RF 25 million last year (US\$25,000) into the Ejo Heza scheme on behalf of its members. The district coordinator of Ejo Heza approaches cooperative heads and aims to convince them (and through heads, cooperative members) on the benefits of joining the scheme.

#### **(iv) VSLAs and CARE International**

CARE has a memorandum of understanding with Ejo Heza. CARE agents support outreach and enrollment efforts for Ejo Heza by sensitizing their large networks of VSLAs to Ejo Heza. CARE's flagship VSLA methodology was developed in Niger more than 25 years ago and supports informal savings group members in building their financial skills and assets. Women's economic empowerment is a priority area for CARE's work, and financial inclusion has been identified as one of the four interrelated and key pathways to achieving this goal. Given the limited incomes of informal sector workers, a concern is whether workers will be able to participate in saving groups (like VSLAs) that meet short-term needs and also save long term under a

savings scheme like Ejo Heza. However, interviews with CARE agents reveal that VSLA participants are, in fact, more likely to save in Ejo Heza as they understand the benefits of saving and appreciate the benefits that Ejo Heza offers. The benefits of partnering with an institution such as CARE that has grassroots experience, knowledge, and trust is another relevant lesson learned from Ejo Heza.

#### **(v) Local community meetings, roadshows, and mobilization campaigns (Figure 16)**

About 42 percent of respondents of a 2019 LTSS survey said that they were made aware of the scheme through mobilization activities and roadshows (RSSB 2019a). In the 2022 phone survey, 63 percent of respondents (31 percent female, 32 percent males) reported that they heard about Ejo Heza through their local government. Community meetings are a consistent and common feature across all districts in Rwanda. The social fabric of the country lends itself to inclusive participation in these meetings where local leaders (mayor, vice mayor, district coordinators of RSSB) meet with members of

About 42 percent of respondents of a 2019 LTSS survey said that they were made aware of the scheme through mobilization activities and roadshows

**FIGURE 16. Ejo Heza roadshow (left) and member registration in field (right)**



Source: Twitter account of Ejo Heza.

## Much of Ejo Heza's current outreach strategy focuses on communicating the benefits of saving in Ejo Heza, incentives being offered, ways to register, and so on

the community to discuss, plan, and implement their ideas. The mayor for Gakenke district, which has around 88,000 subscribers and a contribution density of 91 percent, notes, *"To achieve our targets and goals, GAKENKE District organizes different community meetings within churches, through family meetings every Tuesday afternoon, within community works (UMUGANDA), meetings within cooperatives, etc."* A senior local government office of Kirehe district remarked, *"Mobilization is key, more important than any incentives"* When asked about ways to mobilize cost effectively, the vice mayor of Kirehe district noted that testimonials in community meetings were by far most effective. He mentioned how in community meetings he often asked people to check if they could see their savings on the app; many "yes" responses were a good sign, and even a few "no" responses would dampen spirits. The vice mayor also suggested that award ceremonies could be popular.

**Ejo Heza has a large network of paid staff and volunteer agents involved in the mobilization efforts at different levels.** There are three Ejo Heza staff<sup>24</sup> in Kigali RSSB office; 30 District Coordinators (one in each district), 416 at Sector Level and 2148 at Cell Level, paid by districts (who also do mobilization of other district programs); 14,837 Village Volunteer Agents (from CARE VSLAs); and 14,837 Village Chiefs. Mobilization for the scheme is a key priority for District Coordinators. Interviews with agents revealed that they would appreciate 'training and financial incentives' but they would also appreciate being recognized for their efforts (through tokens like caps and t-shirts that distinguish them as agents). The large network of mobilizers helps with the grassroots outreach but Ejo Heza, at the central level, should maintain a database of mobilizers, organize quarterly meetings, and ensure that mobilizers feel part of one 'Ejo Heza family.'

### **Much of Ejo Heza's current outreach strategy focuses on communicating the benefits of saving in Ejo Heza, incentives being offered, ways to register, and so on.**

This is a good approach in the initial stages when the aim is to get the target group interested in the scheme and build financial awareness. However, as coverage grows, scheme administrators need to shift focus to persistency and managing expectations of members. Only 6 out of 386 respondents in the 2022 phone survey reported that they knew how much pension they would receive from Ejo Heza if they continued saving at their present rate. Estimating pension income in a defined contribution is difficult even for literate and financially aware individuals but experience has shown that unmet or unclear expectations of pension income can lead to erosion of trust in the scheme when the first cohort starts retiring.

### **Registration**

**The information provided in the outreach stage serves as the foundation for the intake and registration stages.** It is important to provide a familiar and easy-to-use registration channel to make the process simple for the intended population, while ensuring that the systems and local field agents are in place to support the registration process. Once people have decided to participate, they need to know how and where to register and how to navigate the registration process. The self-service registration model is for individuals who wish to participate in Ejo Heza at any time and at their convenience. It is distinct from group registration or intake on specific days as part of an administrator-driven mass strategy. A benefit of self-service registration is that interested applicants get familiar with the interface which might motivate them to save more often. Conversely, if the registration process is not intuitive or simple, this could be a barrier,

24. One of them focuses on City of Kigali, another on Northern and Western Province, and a third on the Eastern Province and Southern Province.

especially for the poor or vulnerable who are at a larger risk of exclusion because of behavioral bottlenecks and limited financial literacy. Ejo Heza depends on both voluntary and group registration (especially in case of cooperatives), which is a good mix in the initial years while the registration process is being made user friendly and people get familiar with the scheme and processes.

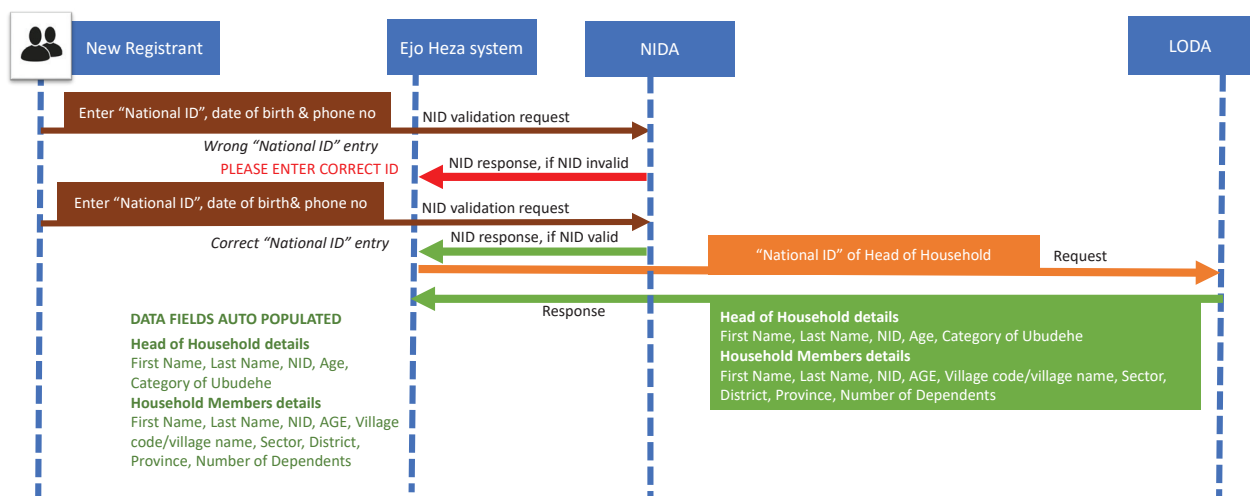
**Most of the current registration happens through the vast network of agents who engage in group and door-to-door registration, with only 25 percent of subscribers to date using self-service registration.** Most agents are unpaid or not on salaried contracts, and effective agents do not receive any specific incentives. Agents receive initial training (through CARE or Ejo Heza); however, an agent from the Rulindo District who has enrolled 364 individuals to date reported needing retraining on the topics of 'Declaration, Reporting, and Ejo Heza scheme' to assist with the registration process. The agent reported not having any

marketing materials and how 'lack of communication facilities (phone), lack of equipment (umbrella, boots, notebook) and COVID-19 prevention material' were some of the challenges he faced. An incentive structure for agents (cash and/or goods) should be considered. Private entities such as banks and telcos also have a strong grassroots presence and could be used to assist with Ejo Heza registration, borrowing from India's experience where banks receive incentives for every new person they register.

**Figure 17 highlights what the self-service registration process looks like from the systems angle.** The new registrant enters their national ID, date of birth, and phone number as part of the registration process on the Ejo Heza platform. A request through the API is sent to NIDA to validate the identity. Once established as valid, the Ejo Heza system requests information from the LODA database and receives sociodemographic data and Ubudehe categories as part of the backend processes. When promoting self-service

Most of the current registration happens through the vast network of agents who engage in group and door-to-door registration

**FIGURE 17. Voluntary registration process diagram**



Source: Authors' depiction based on desk research and interview with LODA and Ejo Heza IT team.

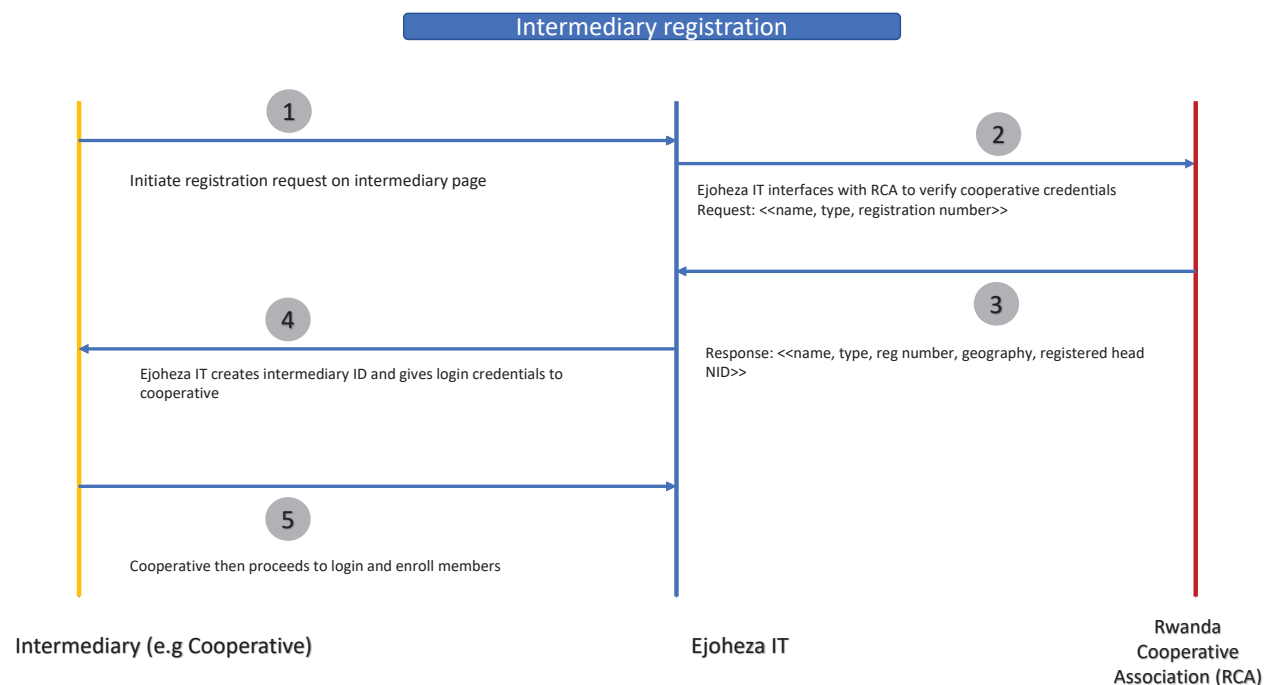
registration, it is important to consider the interface and customer experience for those registering on the web, smart phone, or USSD devices. Consultations and interviews with call center representatives suggest that while the registration experience on the web and smart phone has improved, the registration with USSD devices “is confusing, requires a PIN at multiple levels, and can be frustrating for the user.” This needs to be rectified as agriculture workers and those in the lower Ubudehe categories are more likely to use phone registration for Ejo Heza.

**Registration is currently possible via intermediaries like cooperatives and district/field agents (Figure 18).** The intermediaries express their interest in being part of the Ejo Heza scheme to the district coordinator and receive intermediary credentials from the

central IT team at Ejo Heza. Using those credentials, they can enroll subscribers. Currently, providing intermediary credentials depends on the manpower and bandwidth at central IT and field offices; if it becomes easy to generate intermediary logins, then the registration scale-up can be quicker, seamless, and cost-effective. Figure 18 depicts what an automated intermediary registration process might look like for a cooperative. Verification could be done through the Rwanda Cooperative Agency (RCA), which maintains the database of all cooperatives. Once verified, the cooperative would be able to enroll members in a matter of minutes. Similar links could be explored with other aggregators like banks and Saving and Credit Cooperative Societies (SACCOs). While such efforts are explored there is a need to tighten controls on data privacy and data security.

## Registration is currently possible via intermediaries like cooperatives and district/field agents

**FIGURE 18.** What an intermediary registration process might look like



Source: Authors' depiction based on desk research and interview with LODA and Ejo Heza IT team.

## Enroll

The second stage of the delivery chain, Enroll, includes two substages—Verification and Onboarding. At this stage, the individual has made a decision to join the scheme; however, the experience at the verification and onboarding stage can create a favorable or unfavorable impression. A smooth enrollment process that meets expectations will enhance the customer experience of the applicant.

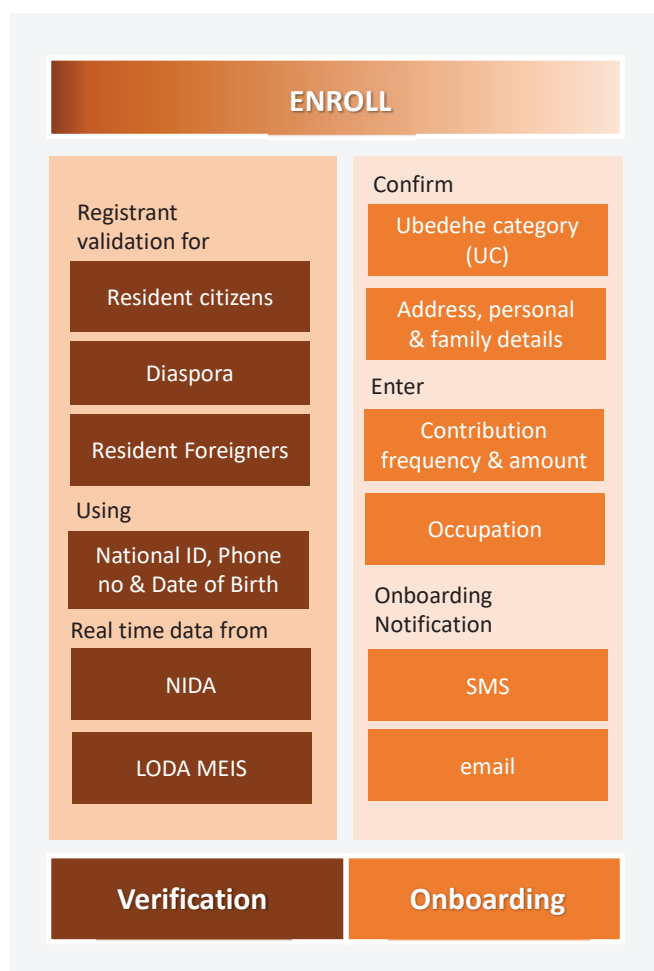
### Verification

**An applicant's identification needs to be verified against other administrative systems and, in some instances, interoperability is needed to ensure that data can be shared seamlessly, in real time, and without errors.** In countries with near-universal unique IDs, as is the case of Rwanda, a social insurance system can leverage this foundational structure by

mandating an applicant's national identification number at the time of registration. By linking the social insurance database to the ID database, other personal information stored in the ID database (name, date of birth, or possibly a phone number) can be requested both for cross-checking and/or limiting data fields requested at the registration stage. For example, details of verified applicants can be pulled from other administrative databases to identify the residency status, citizenship status, and socioeconomic level to create a complete social profile. Interoperable data systems can allow for schemes to put together a social profile on the basis of which incentives can be targeted or allow for pattern analysis to be conducted. Such data exchanges across systems are preferably done over API integrations to enable real time data 'push and pull' (two-way traffic). Additionally, sharing data real time can ensure that any changes in user data (such as socioeconomic classification, address, and phone numbers) can be reflected automatically in the social insurance system.

**In Ejo Heza, an applicant's verification is done through integration with NIDA database.** The applicant may be a local Rwandan resident or a diaspora member (Rwandan citizens residing abroad). The applicant completes the registration form by providing the mandatory identification information—date of birth, national identification number, and mobile phone number. If the applicant is a diaspora member, they must provide additional information such as their country, city, and address of residence and upload a copy of their Rwandan passport. If the applicant is a child age 16 or younger, he or she will use the phone number and national identification number of his or her guardian or parent<sup>25</sup> (RSSB 2019b). The applicant identification form has data field pattern validation to ensure that the data inputs are formatted correctly, and CAPTCHA<sup>26</sup> to prevent robot attacks. The system transmits the applicant's data to the NIDA<sup>27</sup> system over an API for validation and verification.

Once the data at the registration stage is validated and verified by NIDA, the next step is to retrieve an



25. This is required because the child may not yet have a national identification number and may only possess a birth certificate document.

26. CAPTCHA = Completely Automated Public Turing test to tell Computers and Humans Apart.

27. NIDA is the government institution which maintains the national population registry.

## In Ejo Heza, an applicant's verification is done through integration with NIDA database

applicant's socioeconomic information from LODA.<sup>28</sup> The real time electronic data communication with LODA occurs via the web services integration with the LODA Monitoring Evaluation Information System (MEIS). This communication involves two steps. First, a web service request call is made from Ejo Heza to the LODA MEIS with the national ID of the applicant as the input parameter. The second step is the response from LODA MEIS system to the requesting Ejo Heza system. If the national ID is found registered in LODA MEIS, then the household head and member details<sup>29</sup> are sent in an XML format to Ejo Heza. If there is an error in matching the ID, a message is sent to say that the ID is not found in the LODA MEIS database.

**Enhancements to the integration architecture between Ejo Heza and the LODA MEIS systems can address a common concern from Ejo Heza members on the delay/error in receiving government co-contributions owing to missing or incorrect Ubudehe categories.** In 2019-20, 17 percent of the subscribers in Ejo Heza were missing an Ubudehe category; this number dropped to 13 percent by 2021. The absence of an Ubudehe category specifically hurts those who would fall under the U1, U2, and U3 categories, all of which are eligible for matching contributions and life and funeral insurance benefits. This issue does not arise in case of CBHI, where eligibility for subsidies is also determined based on Ubudehe categories. This is because prospective CBHI members need to update their Ubudehe classification in LODA MEIS prior to registration in CBHI. This is not a requirement for Ejo Heza. Another challenge is that unlike CBHI, the Ejo Heza system is not connected to LODA MEIS via the LODA messaging queue engine. This prevents Ejo Heza from automatically syncing with the LODA MEIS system when a member's Ubudehe category changes. LODA

charges a fee for this service and it is recommended that RSSB request this integration for Ejo Heza as well.

**Aside from NIDA and LODA, the Ejo Heza system is currently not sharing or receiving data with any other public or private sector institution.** During an interview, the call center team of Ejo Heza noted that a common question was on the status of the life insurance/funeral insurance claim. If the call center team could view the status or stage of processing for the claim during the call, from the life insurance company, it would allow them to provide meaningful information to the caller. As it now stands, they can offer general information on the time it takes for processing, to the frustration of the caller. In the immediate future, interoperability with the private life insurance firm (SONWARA) could be considered. For the next phase of expansion, the Ejo Heza team should explore interoperability with public or private sector systems/databases (such as those of banks, SACCOs, telcos, and chain stores) to reach more consumers, better target incentives, and/or improve the customer experience.

### Onboarding

**Onboarding is the last stage in the enrollment process where the applicant confirms the profile details.** In most social insurance programs, verification and onboarding can happen simultaneously. At this point, the applicant can view his verified personal information and can see data imported from other administrative systems (if the feature exists). The applicant will be able to update personal information and non-mandatory fields like desired contribution amount, preferred payment, and communication channel at this stage.

28. LODA is the Local Administrative Entities Development Agency. It is a government agency under the supervision of the Ministry of Local Government. LODA is mandated with the implementation of the social protection and local economic development programs.

29. The member details sent by LODA are the household head's first and last names, age, Ubudehe category, household code; also sent are details about each household member, including their first and last names, age, village, sector, district, and province, as well as the number of dependents.

## BOX 2: The Ejo Heza Information Technology (IT) team on challenges facing the system

The Ejo Heza IT unit is a team of four people: a Systems tester, Development Head, Data Systems Lead, and a Database Administrator. This team manages IT for only Ejo Heza and is distinct from the RSSB IT team (which supports the other six RSSB schemes). RSSB is working toward an integration of the platform of Ejo Heza with the main RSSB IT platform but there are **transition-related challenges**. These challenges have arisen because the program language used for the Ejo Heza platform is different from the one used by RSSB. While an integration is feasible and desirable, **staff shortages and the short-term nature of contracts of Ejo Heza IT team members (3-6 months) make it hard** for them to manage day-to-day operations while also focusing on integration. The IT team also noted four other challenges:

- **Need to update infrastructure:** Ejo Heza achieved fast coverage growth in a short time and since the systems were initially not ready for this growth they would slow down. The IT team would work non-stop and over the weekends to bring the system back to speed. According to the team, *“The slowness in the system has largely been resolved with the application-level changes made.”* If, however, coverage was to expand rapidly, more resources will be needed to make the system ready for an increase in volume.
- **Slowness in generating reports and accessing data from the system:** The IT team manages a dashboard which allows staff with access to generate reports and evaluate trends. The IT team acknowledged that generating these reports takes longer than desired. The call center team also noted that because of the slow system, members would call to ask, *“I am saving but why is my balance not being updated? Where are my government matching contributions?”* This is an area the systems developer has been working on and by end of 2022 they expect this to no longer be an issue. The limited human resources were once again noted as the main challenge in being able to address this issue promptly.
- **Challenges in making Ejo Heza system interoperable with LODA MEIS:** This challenge arises because LODA only has data on the head of household and is only recently beginning to map out all members in each household. Since the Ejo Heza scheme is at an individual level whereby all subscribers are not necessarily household heads, there is a higher chance of missing or incorrect Ubudehe categories when integrating with the LODA system, relative to CBHI where benefits are also targeted at household level.
- **Building a rich dataset:** The subscriber is only asked for their ID, name, phone, date of birth, occupation, and frequency of subscription at the time of registration. However, the IT team retrieves a lot more data at the back end from NIDA and LODA database. For example, the Ejo Heza administrative database is a rich data set and includes address, province, district, photo, whether they were registered by agent, agent details, and more. When asked if the additional variables are of good quality and can be used to estimate which registration channel is most effective, the IT team clarified that it would be better to add a question at the time of registration such as *“Who helped you register in the scheme?”* and include a drop-down menu. The IT team also noted that they can easily add more options (for example, under occupation) if more details were needed.

**Most systems have a default notification channel (like a text message or a paper receipt<sup>30</sup> in case of in-person registration) to let the applicant know that the onboarding to the scheme is completed successfully.** Applicants can also select a preferred communication channel (text, email, WhatsApp, or phone call for example). The preferred or default communication channels can be used to send reminders to members based on their desired contribution frequency. Since sending reminders can be expensive, some schemes (like Ejo Heza) have negotiated free/

discounted rates with telcos in the initial years but resorted to auto-debit (as in the case of India's APY scheme where contributions are deducted directly from bank accounts); others are experimenting with sending notifications via their scheme app (Vietnam) or WhatsApp (Gift a Pension in India).

**In the Ejo Heza scheme, applicants can confirm the data prepopulated from LODA MEIS while finishing the enrollment process.** The applicant can access information about their Ubudehe category, registered

30. This is the case in the voluntary scheme of Vietnam where agents issue a card at time of registration and update the card every time a contribution is made (like a passbook).

## Individual or group (cooperative) subscribers to Ejo Heza can pay contributions through mobile money, bank transfers, cash deposits, or via credit card

address (province, district, sector, village), and dependents. They may confirm their desire to retain the same address. At this stage the applicant is also required to enter their occupation and specify the frequency and amount of their contribution. The applicant may include their email address as an optional field. Data as of 2020 indicates that about 80 percent of members chose the monthly contribution frequency, 9 percent quarterly, and 6 percent annual. However actual contribution trends suggest little adherence to the chosen payment frequency.

### Contribute

The third stage of the delivery chain, Contribute, includes two substages—Contribution and Benefit Eligibility. At the Contribute stage, the individual has made a decision to make at least the first contribution into the scheme and would be interested in knowing the benefits and incentives available. A lack of understanding or a lack of appreciation of the incentives available to an individual can cause the incentive to be ineffective. It is therefore not only important to include targeted incentives in scheme design but equally important to ensure they are understood by members and are deemed attractive, given the characteristics of the informal sector.

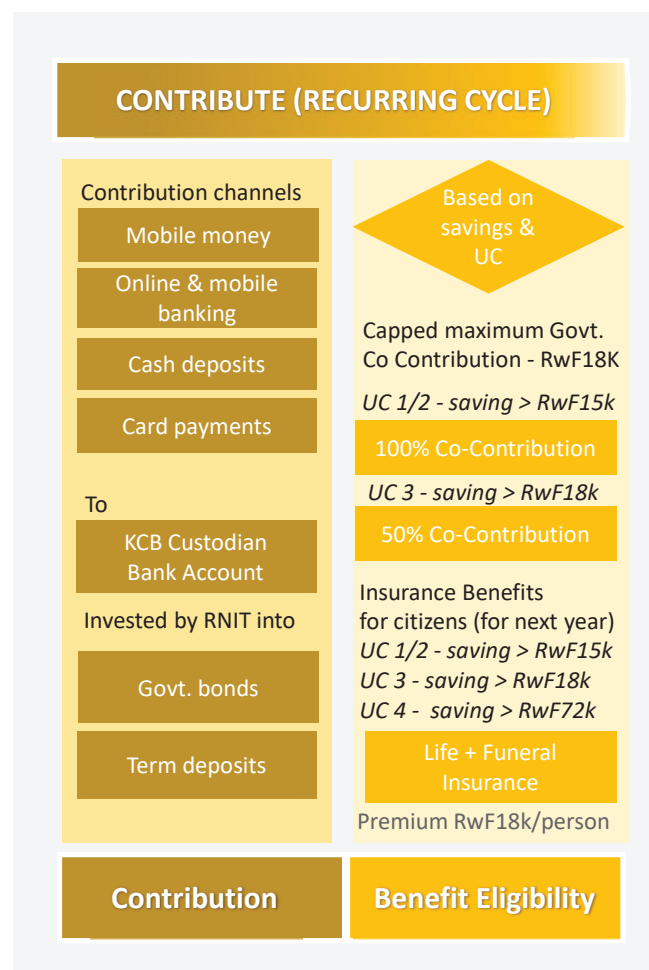
### Contribution

**The next step after registration is for the member to make a decision to contribute to the scheme.** If there isn't an auto-debit design in place (for example, the case of cooperatives in Ejo Heza or banks in India's APY), a voluntary scheme needs to focus on ensuring that individuals know how to contribute and do so continually. Members contributing for the first time may need handholding from the agent network or helpline. The method of contribution collection needs to be mindful of usage and access of instruments that

informal sector workers have. The reach of digital payments is expanding rapidly in this group in Rwanda, as in other African countries. While they should be encouraged for their ease and cost effectiveness, care should be taken that groups (for example, women, poorer groups without a phone) should not be excluded only because they do not have digital access.

### Individual or group (cooperative) subscribers to Ejo Heza can pay contributions through mobile money, bank transfers, cash deposits, or via credit card.

The scheme allows for a wide variety of ways to



## Individual or group (cooperative) subscribers to Ejo Heza can pay contributions through mobile money, bank transfers, cash deposits, or via credit card

contribute: (i) mobile money digital payment using Airtel money or MTN money; (ii) bank transfers or online and mobile banking with partner banks—for example, National Bank of Rwanda, the Bank of Kigali, Equity Bank, and Cogebanque Bank; (iii) deposits in cash at partner banks; or (iv) credit card payments using Visa or MasterCard. When a subscriber contributes for himself/herself, they can use their preferred channel and only need to provide their national identity number as reference for the transaction. When cooperatives or groups make payments on behalf of their members, the Ejo Heza system allows for uploading a declaration with each member's ID and payment amount. The system in turn creates a unique payment reference ID for the bulk payment. Subscribers can access their account balances via USSD and through the Ejo Heza online web platform. The individual account balance of a subscriber is displayed under three sub-headings: (i) contribution payments, (ii) government matching contributions, and (iii) investment returns. The account balance at any given point is the sum of these three components.

**The contribution from the subscribers is collected in KCB Bank's custodian account before it is transferred to be invested by the fund manager Rwanda National Investment Trust (RNIT).** RNIT invests the funds in the custodian account according to the scheme's investment policy. Ejo Heza's investment holdings totaled RF 23 billion as of December 31, 2021, and were spread out between fixed deposits

(1 percent), cash account (4 percent), and treasury bonds (95 percent). The nominal investment return credited to member accounts was 9 percent in fiscal year 2021 (RSSB 2022).

**In the first three years of the scheme, Ejo Heza, in the interest of raising public awareness, partnered with a telecom company, and requested that they offer free text messages as contribution reminders to members.** The scheme no longer offers text reminders as they proved to be a costly and recurring communication expense. Behavioral studies have also shown that generic reminders are not as effective as tailored reminders. Cost permitting, tailored reminders with the name of the subscriber, a reference to their desired contribution frequency, and a motivating message, are much more effective. Interviews with the Ejo Heza team has revealed that the strategy going forward is to look for effective aggregators like the cooperatives who, by design, ensure higher persistency with minimal recurring costs.

### Benefit eligibility

**Ejo Heza is a voluntary defined contribution scheme which means that the benefits are largely a function of contributions paid by members and returns earned by the scheme.** The level of contributions and frequency are not mandated in a voluntary scheme so ensuring persistent contributions from members is key to retirement adequacy from the scheme. Scheme

In the first three years of the scheme, Ejo Heza, in the interest of raising public awareness, partnered with a telecom company, and requested that they offer free text messages as contribution reminders to members

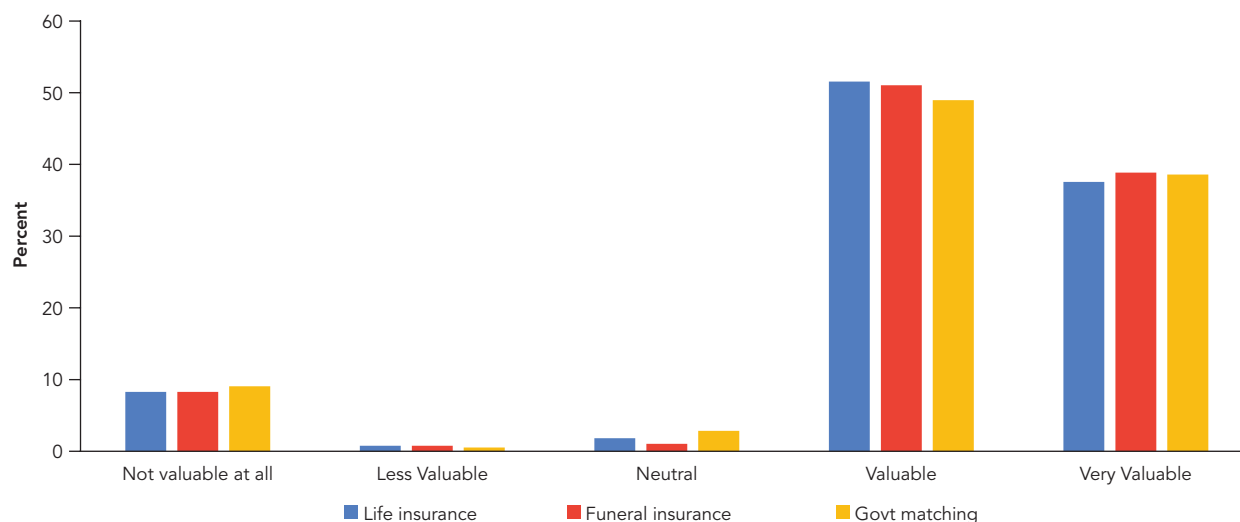
administrators face a number of trade-offs when designing pension schemes for informal sector workers. One among them is striking a balance between the short-term needs of informal sector workers and the long-term goals (for example, ensuring income security in old age) of a pension scheme. Spreading awareness and propagating a long-term saving culture is certainly a crucial piece of the policy agenda. However, international experience has shown that including design features that offer tangible short-term benefits in a voluntary pension scheme can go a long way in attracting informal sector workers to save (Güven et al., 2022).

**The Ejo Heza scheme is novel in its design as it offers flexibility, features to attract individuals to save a minimum level, and tangible short-term benefits to members.** Members have the flexibility to partially withdraw from the scheme once they have saved at least RF 4 million. They can also access the loan feature once they have hit this level of minimum savings. The matching contributions offered by the government (see Table 1) incentivize members to save at least RF

15,000 annually for Ubudehe categories 1 and 2 and RF 18,000 annually for Ubudehe category 3. The amount of government matching is higher (100 percent matching for U1 and U2, 50 percent for U3) and the level of savings needed to qualify for matching is also lower for Ubudehe categories 1 and 2. This is progressive given that individuals from these households are expected to be poorer and have lower ability to save. Members in U4 do not receive government matching contributions as they are considered to be well-off. However, to encourage them to save for old age, the government offers members a tax exemption if they save at least RF 72,000 in Ejo Heza annually. The short-term benefits of life and funeral insurance are among the most motivating and attractive features of Ejo Heza, as highlighted in interviews by district mayors, agents, and cooperatives. The 2022 phone survey found that, on average, 89 percent of subscribers found the fiscal benefits to be valuable or very valuable. Surprisingly there is not much variation in how respondents value the three benefits—matching contributions, life, and funeral benefits (Figure 19).

The Ejo Heza scheme is novel in its design as it offers flexibility, features to attract individuals to save a minimum level, and tangible short-term benefits to members

**FIGURE 19. Members rating of the fiscal benefits in Ejo Heza**



Source: Phone survey results, 2022.

The benefits offered under the voluntary scheme are a cost to MINECOFIN but they are explicit and capped and therefore not a contingent liability like the defined benefit scheme of the formal sector pension program

**The benefits offered under the voluntary scheme are a cost to MINECOFIN but they are explicit and capped and therefore not a contingent liability like the defined benefit scheme of the formal sector pension program.**

Government matching for U1, U2, and U3 is capped at RF 18,000 per saver. This makes the fiscal costs explicit and capped<sup>31</sup> unlike in defined benefit pension schemes where there is a contingent liability if the contributions collected are not actuarially fair. The life and funeral insurance are not administered by the government. Instead, they have been contracted out to a private sector insurance firm, Sonarwa, following a competitive selection process. The insurance is only available for those who save the minimum levels (see Table 1 for rules). Currently, MINECOFIN finances the cost of the insurance premium and pays RF 18,000 in premium to Sonarwa for each eligible member.

**The matching contribution and insurance were unanimously touted as the most attractive features of Ejo Heza during the consultations but surprisingly only 25.5 percent of active savers in 2020 saved the minimum levels to qualify for these benefits.**

While the incentives themselves are attractive and a signal of policy commitment from the government, most individuals are not being able to access these benefits. Careful investigation is needed to understand what might be happening. Is the minimum saving level too high for individuals or are most unaware of benefits or forget about them after they have registered?

**The incentives under Ejo Heza are not time bound currently but it is imperative to think of ways to sustain momentum if and when fiscal incentives from MINECOFIN are no longer available or limited in scope.**

The matching contributions as of 2021 formed only 8.1 percent of the Ejo Heza fund balance and life insurance premiums were paid for only 210,213

members. The Ejo Heza team should investigate why the take up is low despite the attractiveness of these benefits. If more individuals can access these benefits while they last it will increase Rwandan's familiarity with the scheme and lead to a coverage increase via word-of-mouth growth. While focusing on ensuring more individuals get access to these fiscal benefits, the team also needs to think of a long-term strategy. A hassle-free contribution process in Ejo Heza where individuals get competitive market returns are a good start as the informal sector workers currently do not have any other scheme that offers them any income security in old age. The phone survey (2022), however, revealed that only 14.2 percent of members knew the investment return that was earned on their Ejo Heza account. Among those who knew the investment return in Ejo Heza, 64 percent were satisfied and 34.5 percent were highly satisfied. The awareness levels did not vary by gender, pointing to a need for a concerted effort by the Ejo Heza team to highlight the inflation-competitive and stable returns being offered by the scheme. Communication material should feature the historical return, how people can check their return, and testimonies of satisfied individuals. The trust Rwandans have in RSSB, and the Government of Rwanda is a vital positive factor for ensuring long-run success of the scheme. As the insurance market deepens, coverage grows, and more experience develops, it may be possible to negotiate more competitive premiums. In case of Colombia, for example, the social security institution (ColPensiones) has negotiated the package of inclusive insurance (lump sum in case of death, sickness, disability) with an insurance company and transfers 1 percent of the individual's saving as premium to the insurance company (see annex of Guven et al. (2021) for details). In doing so, the fiscal burden is no longer on the government.

31. It can also be time bound; for example, India's APY scheme only offered matching for those who registered in year 1 of the scheme.

The pension eligibility age in Ejo Heza is 55 years and the options available to withdraw after that age depend on whether the fund balance is less than or more than Rf 4 million

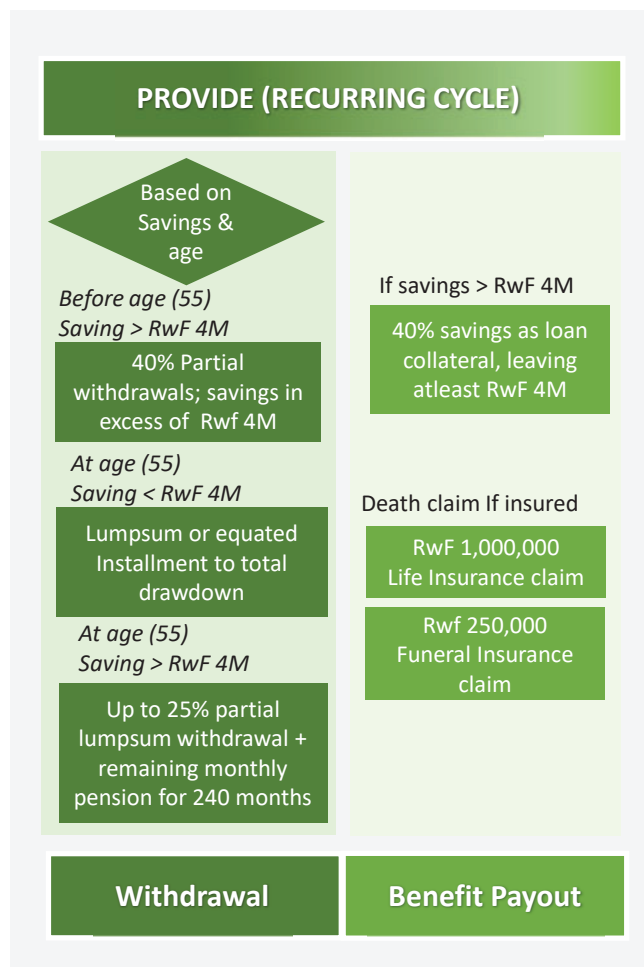
## Provide

The fourth stage of the delivery chain, Provide, includes two substages—Withdrawals and Benefit Payout. At the Provide stage, the individual needs to interact with the scheme to evaluate if he/she is eligible for early withdrawals. The Benefit Payout stage refers to the substage at which the individual interacts with the scheme to receive a benefit (retirement or early withdrawal) payout.

## Withdrawals

**In a pension scheme, the withdrawals, in most instances, begin once the pension eligibility age, as per the scheme rules, is reached.** Increasingly, in both mandatory and voluntary schemes, earlier withdrawals or short-term withdrawals are also offered to meet the liquidity needs of individuals and increase the appeal of saving with these schemes. On the flip side, allowing early access impacts adequacy of the scheme so it is recommended that withdrawals be limited to emergency needs (for example, health expense, death, disability). Alternatively, design the scheme to offer a short-term (accessible anytime) and long-term account,<sup>32</sup> or (as in case of Ejo Heza) allow withdrawals once individuals meet a minimum saving amount.

**The pension eligibility age in Ejo Heza is 55 years and the options available to withdraw after that age depend on whether the fund balance is less than or more than Rf 4 million.** Individuals who have a fund balance less than Rf 4 million at retirement can withdraw their entire account as a lump sum, or request an 'equated installment.' An equated installment is one where the subscriber chooses the frequency of withdrawals and the amount is calculated based on their fund balance. The fund balance will continue to accrue



interest even as the drawdown of savings continues. Individuals with fund balance more than Rf 4 million at retirement can receive up to 25 percent of the funds as lump sum and the remaining as a pension annuity that is calculated as remaining fund balance divided by 240. Members are allowed full access to funds prior to reaching age 55 under three circumstances: permanent disability, terminal illness, and emigration to another country by non-nationals.

32. This is also referred to as the side-car account structure (see Stewart, Jain and Sandbrook 2018).

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The pension eligibility age in Ejo Heza is 55 years and options available to withdraw after that age depend on whether the fund balance is less than or more than RF 4 million

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**The scheme also offers withdrawals in the short term (before the pension eligibility age of 55) if fund balance is more than RF 4 million.**

A member who meets this criterion can withdraw up to 40 percent of their savings, in the excess of RF 4 million, for housing and education expenditures. This feature ensures that members retain at least RF 4 million (US\$4,000) in their retirement saving while also getting access to their funds to engage in productive activities. While there are members who have become eligible for pensions (because they reached age 55), there is no member so far who has saved RF 4 million, given that the scheme has been operational for only four years. As the scheme matures, it is likely that some members will qualify for withdrawal in the short term.

### Benefit payout

**Benefit payments under the Ejo Heza scheme take place either in case of short-term withdrawals, withdrawal after reaching pension eligibility age, or if a life or funeral insurance claim is made.**

Calculating and processing payments once someone reaches pension eligibility age is straightforward as Ejo Heza has date of birth records and detailed contribution history of each individual. Claims under life or funeral insurance, however, require a proof of death and a claim request from the beneficiary's next of kin. Since the insurance benefit is contracted to Sonarwa, a private sector insurance firm, the claim verification and issuance is also their responsibility. Not all members are automatically eligible for the life and funeral insurance benefit. As noted in Table 1 (rules), only those who meet the minimum saving (by Ubudehe category) are

eligible for this incentive. The next of kin of eligible beneficiaries can apply for a claim by visiting the Ejo Heza website (ejoheza.gov.rw), choosing the nature of claims in the claim's module, and submitting relevant documents. Funeral benefits in the amount of RF 250,000 are paid out within 24 hours, while life insurance death benefits in the amount of RF 1,000,000 are paid out within 7 days. While digitization of the claims process reduces costs and improves efficiency, care should be taken that members have access to alternate ways to submit claims (for example, through the district coordinator or agents) especially in what is an emotionally difficult time for next of kin. Interviews with two agents revealed that they are currently not able to help members with claim submission.

**Aside from monetary benefits, members can also get loan collateral guarantees from a financial institution for an amount equal to 40 percent of savings in excess of RF 4 million.**

The Ejo Heza scheme is still young and there is no saver who qualifies for the loan guarantee under scheme rules. This is an innovative feature and could attract individuals to join the scheme if and when some are able to benefit from this feature. Since the scheme itself is not offering the loans to individuals and the collateral comes with a cap (only 40 percent in excess of RF 4 million), Ejo Heza will be able to avoid contingent liabilities and keep administrative costs in check. However, scheme administrators need to evaluate if RF 4 million is a reasonable level that members can reach. If most members are unable to reach that target, then this incentive only remains good on paper, and it might be more prudent to reduce the savings level at which loans can be offered to members.

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Benefit payments under the Ejo Heza scheme take place either in case of short-term withdrawals, withdrawal after reaching pension eligibility age, or if a life or funeral insurance claim is made

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## Manage

The fifth and last stage of the delivery chain, Manage, includes two substages—Monitoring and Exit. At the Monitoring stage, the scheme aims to collect feedback from the individual on customer experience and grievances and monitors their changing attitudes/preferences. In the Exit stage, the intention is to check that the scheme does not include any member who is no longer allowed to be part of the scheme.

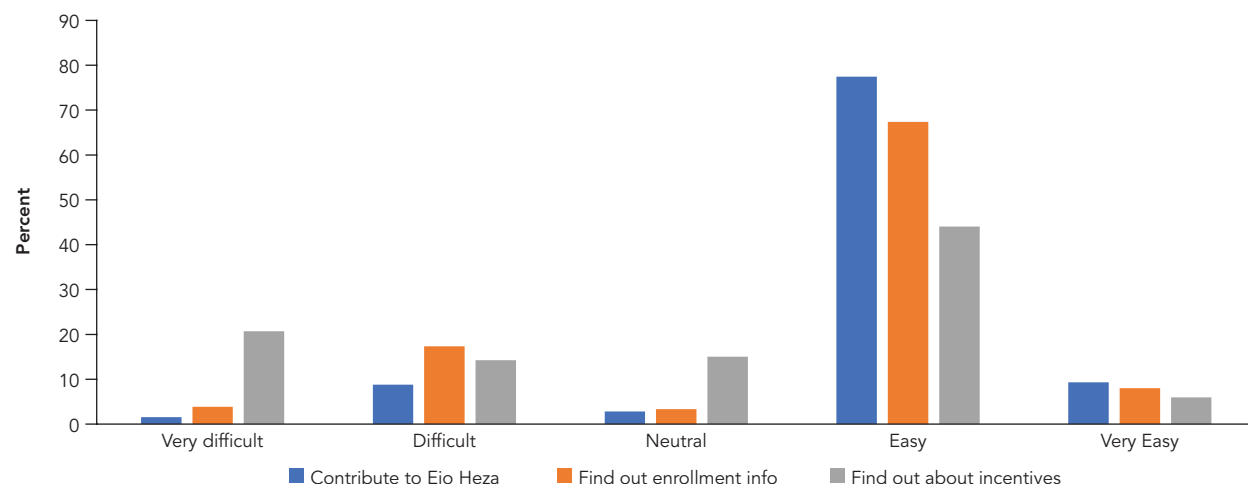
## Monitoring

**Current members, prospective registrants, and those from the target groups might become familiar with the scheme through one of the many touch-points (agent network, walk-ins at the counter, web platform, call-center, email, local community).** Monitoring refers to the process of ensuring that the various touchpoints are able to meet the needs of the individual or point them to a resource channel that is able to do so. Some examples of the support challenges individuals face might be associated with registration, data management, benefit disbursements, withdrawals, claims, and other grievance solutions. Results of the phone survey (2022) found that, on average, most subscribers find the contribute and provide stages of the delivery chain ‘easy’ to navigate (Figure 20). Among the three key processes, finding out about incentives was deemed, on average, to be more difficult than contributing or finding enrollment information.



**Ejo Heza relies on four key resource channels to answer questions or provide support to current and prospective members.** These include a dedicated toll-free helpline (4044, 5006) that is available between

**FIGURE 20. Subscribers’ rating of three key activities by level of difficulty**



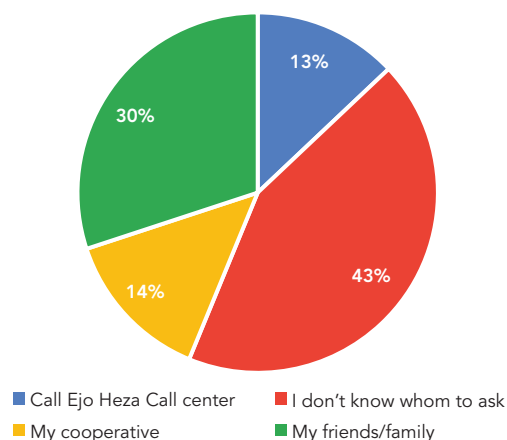
Source: Phone survey results, 2022.

Current members, prospective registrants, and those from the target groups might become familiar with the scheme through one of the many touchpoints (agent network, walk-ins at the counter, web platform, call-center, email, local community)

the hours of 8 a.m. and 10 p.m.; email at the support address (info@ejoheza.gov.rw); walk ins to any RSSB regional office; and/or reaching out to the District Coordinator of RSSB in their district. When subscribers to Ejo Heza were asked in the phone survey who they reach out to if they have a question on Ejo Heza about 43 percent said they do not know who to ask (Figure 21). At least 13 percent of them were comfortable reaching out to the call center while 14 percent would ask their cooperative.

**The call center is a centralized team in the RSSB Kigali headquarters and can provide real time insights into the challenges individuals face, questions they have, and how they evolve over time.** The call center's responsibilities have been contracted out to a private sector firm. There are currently seven agents dedicated to Ejo Heza and five for all other RSSB

**FIGURE 21. Who do members ask if they have a question on Ejo Heza?**



Source: Phone survey results, 2022.

schemes. An increase to staffing could be considered as calls on Ejo Heza have increased substantially—from 5,500 calls a month in 2019 to 16,000 in 2021 and about 30,000 as of July 2022. The annual call center report (2019) noted that commonly requested inquiries at the call center were about balance checks, how to contribute, how to update profile information, how to update phone number, pin reset, and how to register (RSSB 2019c). Interviews with the call center team revealed that the kind of questions have also evolved over time, pointing to the rising awareness. In early 2019, the questions were: “What is Ejo Heza? How can I register? Am I eligible to register? Can I register with the scheme if I am saving in other schemes? Can my kids register?” After 6-12 months from the launch, the questions were focused on matching contributions: “Which category gets how much benefit? How long will I get the benefit? Why are you only giving benefit for 2/3 years?” Currently (as of July 2022), the common questions are: “I am saving but why is my balance not being reflected? Where are my government contributions?”

**Comparing call center reporting data from 2018–19 and 2020–21 revealed that the incoming call traffic increased by 15 percent only, while subscribers increased by sixfold during that same period.** The efficiency of the call center team appears to have improved during this period as the ‘dropped call’ rate<sup>33</sup> decreased from 31 percent to 12 percent. The cited reason for the high call abandonments were limited human resources. During this period, the ratio of balance enquiries reportedly tripled, and profile update

33. Dropped call rate refers to the share of total calls that call center couldn't get (got dropped) because customer hung up while they were waiting in queue.

## The exit stage identifies the criteria and processes of a social insurance scheme to determine when a beneficiary is no longer eligible for benefits in the program

queries increased by 14 times. The call center staff received a 5-day refresher training in early 2022. During an interview with the World Bank team, the call center team reported that training by Ejo Heza staff on 'key messages' was most useful. They noted that some callers would make calls only to verify something they might have heard on the radio, so it was important for the call center team to be abreast of key messages being highlighted to ensure that they weren't providing unclear or conflicting messages to the caller. The efficiency and resource constraints of the call center should also be looked at, in light of the increasing call volume.

**The call center serves another critical purpose of carrying out phone surveys which allows policy makers in Rwanda to get representative insights from members across districts, age, gender.** The Ejo Heza Net Promoter Score survey report (2021) found that 41.05 percent of respondents were satisfied with Ejo Heza and 12.8 percent were dissatisfied. The top three concerns of dissatisfied members were that: (i) contributions were not reflected on the system dashboard, (ii) verification of account balance was a challenge, and (iii) government co-contribution was not credited (NPS RSSB, 2021). Those who were satisfied with the scheme noted that Ejo Heza offered them a chance to be able to 'retire in dignity' and it was easy for them to retrieve their account balance. The dichotomy in responses on ability to view fund balance shows that awareness building has a role to play in addressing some of the members' concerns. A survey that asks more details on access/usage of phone, educational background, financial awareness, and location will allow Ejo Heza teams to assess if dissatisfaction is concentrated, for example, with individuals who have feature phones, with those above a certain age, or with a specific group like women.

### Exit

**The exit stage identifies the criteria and processes of a social insurance scheme to determine when a beneficiary is no longer eligible for benefits in the program.** Reasons for program exit under the Ejo Heza scheme could be retirement itself, early withdrawal under exceptional circumstances, or death of the beneficiary. Typically, programs follow a four-step process in exiting beneficiaries: an exit trigger, criterion validation, exit decision, and beneficiary notification. Exit triggers are updates that result in changes to a beneficiary's basic information. Criterion validation is an accountability check to ensure that a member is being exited for the reasons that are being cited and the rules for exiting are being met. Exit decision is a yes/no depending on whether the criteria are validated or not. Notification of the decision is then sent to the beneficiary or the next of kin (in case the exit is due to death) by the preferred communication channel.


**Accurate records and a transparent certification process are important to ensure that members have a smooth experience at the exit stage and there is no leakage in the scheme.** More than other social protection schemes, pension systems are more likely to receive cases of death benefits and need to process payments promptly and accurately. At the same time, there are examples of schemes with 'ghost' pensioners that arise due to leakages, errors, or fraud.<sup>34</sup> Ejo Heza should ensure that the nominated beneficiary database is up to date, the date of birth of both beneficiary and nominee is accurate, and that the phone number or address is the latest. A clear, accountable mechanism should be in place to certify through official means (such as a death certificate) that the beneficiary has passed away. Ensuring record accuracy and transparent exit processes while the scheme is still young will avoid legacy challenges as the scheme matures.

34. See Omondi (2019) and Singh (2022) for examples.



## SECTION 4

# Ejo Heza Member Preferences to Select Design Changes



**T**he need for solutions to increase pension coverage among informal sector/self-employed/part time workers has motivated countries across Africa, Asia, and Latin America to operationalize voluntary schemes. The voluntary schemes differ in design, incentives, who they target, and withdrawal rules, but the objective of *all* is to offer a scheme that meets the needs of those traditionally excluded from formal sector schemes (see annex of Guven et al. 2021 for details on other schemes). Among such schemes, Ejo Heza is emerging as a leader given its rapid coverage growth, notwithstanding the impact that COVID-19 had on its mobilization strategy. The only other voluntary scheme similar to Ejo Heza in terms of coverage is China's RURS scheme—at 38 percent of working age population—which offers a generous subsidy to the poor and vulnerable groups<sup>35</sup> to encourage saving in the scheme (Jain and Palacios 2021). China introduced the rural resident scheme in 2009 and urban resident scheme in 2011 and unified them as one single scheme, Rural and Urban Resident Scheme (RURS) in 2014 to cover informally employed workers.

**Coverage expansion in the voluntary schemes of other countries (such as Thailand, India, Colombia, Vietnam, and Kenya) has not been as high as that of Ejo Heza but there are three lessons learned which are considered to be applicable for Ejo Heza.** First, flexibility in withdrawals is desired (India's latest scheme, Pradhan Mantri Shram Yogi Maandhan, offers much more flexibility than its predecessor scheme, APY). Second, bundling can be attractive if it is communicated well and if it allows informal sector workers to get similar risk coverage as the formal sector enjoys. Third, and most importantly, finding aggregators that can replicate the 'observe and auto-deduct' role that employers play for formal sector pension schemes is a gamechanger for scaling up coverage. The 'observe' feature enables an administrative relationship through which trust comes into play and compliance or nudges can be exercised. The 'auto-deduct' feature enables the overcoming of behavioral bottlenecks and makes it both cost effective and efficient for individuals to save. Cooperatives are an excellent example of an aggregator in Ejo Heza as they can observe incomes/behavior of their members and can auto-deduct the committed saving amount at the time of harvest. India's APY scheme depends on the large network of national and state banks to be an aggregator. The government initiative of Jan-Dhan Yojana opened a total of 200 million bank accounts for the underserved and these accounts are now all eligible to join APY. Banks are offered monetary incentives for every individual that

35. About 25 percent revenue in the RURS comes from individual contributions and the rest from national and subnational government subsidies. The matching subsidies to individual accounts come from local governments. In 2019, around 22 million workers had their full contributions paid by the central government.

## Countries across Africa, Asia, and Latin America have operationalized voluntary schemes to increase pension coverage among informal sector/self-employed/part time workers

joins and continues to save in the scheme. Contributions to APY are auto-deducted from bank accounts. In Kenya, the Haba Haba scheme is exploring using digital taxi companies, Boda-boda drivers and Safaricom (the largest telco company) as aggregators. Countries that have strong foundational systems and a digital payment ecosystem can also explore an aggregator at the scale of tax authorities. While incomes are not observable for many in the informal sector or those who don't meet the minimum tax slab, consumption-based taxes like the value added tax (VAT) are in theory traceable in a digital economy. The tax authority can, in principle, leverage both the 'observe' and 'auto-deduct' feature and can divert a percentage of VAT taxes into every individual's pension account.

**The differences in country context and starting points mean that not all lessons from global experience are relevant for Rwanda.** However, scheme design changes which are also aligned with the aspiration of Ejo Heza i.e. expanding adequate pension coverage to all Rwandans, can be considered for discussion. The phone survey allowed for an opportunity to elicit member preferences on some design changes. These changes are not recommendations of the authors but where relevant benefits, risks, and feasibility of each change are highlighted. It should also be noted that these design changes individually or together are not meant to solve the coverage, adequacy, and viability objectives of the scheme. Section 6 of this report presents thorough policy recommendations. The four design changes discussed in this section were selected based on consultations with the Ejo Heza team and international experience. They are:

- Short term access to funds
- An increase in the minimum savings level to be eligible for government incentives

- Scaling up coverage through mandates and/or identifying aggregators
- Eligibility restrictions based on age.

### Short-term access to funds

**Individuals working in the informal sector, self-employed or gig workers on average have higher liquidity needs than those in the formal sector.** Not all who work in the diverse informal economy are low-income individuals but the lack of adequate insurance (for health, employment, sickness, and so on) and stable income sources mean that many face liquidity challenges and have to tap into savings to meet contingencies. A literature review note (Stewart & Jain et al. 2019) showed that when faced with adverse shocks, limited access to retirement savings can in fact help increase the overall welfare of these individuals but there are adequacy and relevance issues if unlimited access to pension savings is allowed. The need to get this balancing act right is being felt increasingly as coverage is expanded to the non-salaried/informal workforce. The report includes country examples and points to four methods<sup>36</sup> that are commonly allowed for early withdrawal access to pension funds (Stewart et al. 2019). It argues for the need to balance current interest with future needs of members by facilitating controlled access or offering a dual-account system with varying degrees of liquidity.

**In the 2022 phone survey, respondents were asked if they had access to other savings they could use in case of emergencies or to meet short-term needs.**

Sixty percent of them reported having access to such funds and 33 percent indicated that they had no access (see row totals in Table 4). Another question posed to the respondents was whether they desired partial

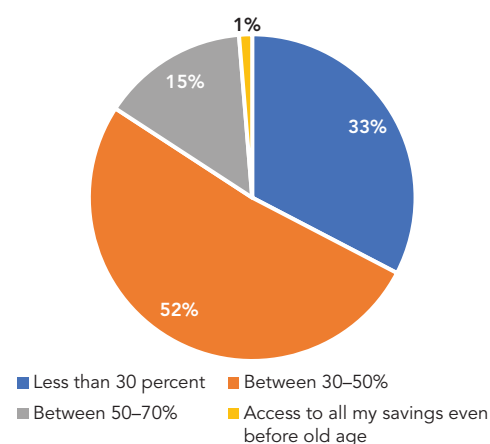
36. These methods are permanent withdrawals; loan and repayment; pension savings as collateral; and the dual account (also known as hybrid savings or side-car account structure).

**TABLE 4: Percentage of members who would like partial access to Ejo Heza savings**

Access to saving for short-term needs/emergency	Desire to partially withdraw Ejo Heza savings anytime and for any purpose		
	No	Yes	Total
No	2%	31%	33%
No, but I can ask my family and friends for help	0%	7%	8%
Yes	5%	54%	60%
<b>Total</b>	<b>8%</b>	<b>92%</b>	<b>100%</b>

Source: Phone survey results, 2022.

access to their savings in Ejo Heza. Ninety-two percent of all respondents said they would like partial access and, as seen in Table 4, individuals who reported having access to other savings also desired short-term access. This points to the overwhelming desire by members, irrespective of alternate savings, to want partial access from Ejo Heza. It is promising that most members don't desire unfettered access. When asked how much access to funds would be desirable, 33 percent of respondents said they would like access to less than 30 percent of Ejo Heza savings. About 52 percent of respondents would like access between 30-50 percent of funds and less than 1 percent would like full access to funds (Figure 22). Based on the survey findings and in recognition of liquidity needs of the target group, Ejo Heza could consider a side-car account structure with up to 30 percent or 40 percent in a short-term liquid account and the rest in a long-term saving account that can only be accessed once savings reach

**FIGURE 22. How much early access to funds would members like?**

Source: Phone survey results, 2022.

the target of RF 4 million or when an individual reaches age 55. It should be noted that allowing short-term access would involve additional administrative arrangements. Systems and administrative capacity will need to be developed to handle partial withdrawals.

## Increase in the minimum savings level to be eligible for government incentives

**The annual savings in terms of GDP per capita that is needed to be eligible for the government matching and life insurance benefit is only 1.8 percent of GDP/capita for those in Ubudehe category 1 and 2; 2.1 percent for Ubudehe category 3; and 8.7 percent for Ubudehe category 4 (see Table 1 for rules).**<sup>37</sup> If the aim is to prevent individuals from falling into old age poverty, a stream of pensions equivalent to the poverty line will be needed for the 240 months of the payout phase. A back-of-the-envelope calculation suggests that an annual contribution of RF 45,000 for at least 25 years<sup>38</sup> will be needed to generate a fund balance that can produce pensions equivalent to the poverty line<sup>39</sup>. The average savings under Ejo Heza is only between RF 9,000–RF 12,000, and therefore much lower than this estimated annual contribution. If the low savings in the scheme continue it could pose a reputational risk in 20-25 years when cohorts start

37. The GDP per capita as of 2021 for Rwanda was RF 824,345.

38. Assuming the scheme earns a 10 percent return each year. We assume 25 years of contribution as experience suggests that it is difficult to ensure persistency over long periods of time especially in voluntary scheme.

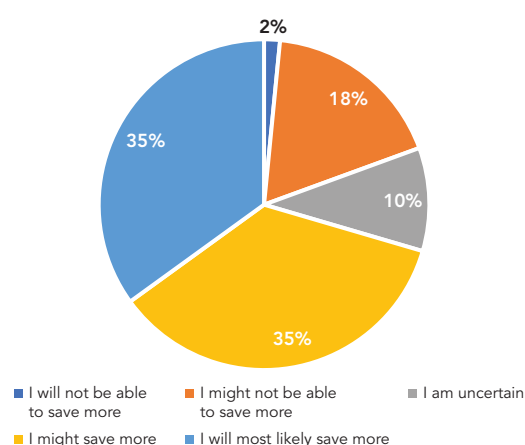
39. The national poverty line assumed for this calculation is RF 159,375 (2014) and it has been inflated to 2022 numbers and amount to RF 223,361 annually.

## In the 2022 phone survey, respondents were asked how they would react if the government raised the minimum savings needed to be eligible for matching contributions

retiring. If individuals can save more or for a longer period, or if the scheme earns higher returns, a higher pension can be expected.<sup>40</sup>

**In the 2022 phone survey, respondents were asked how they would react if the government raised the minimum savings needed to be eligible for matching contributions.** Eighteen percent said they might not be able to save, 10 percent were uncertain, and 2 percent were sure they would not be able to save more; 70 percent of respondents said they ‘might’ or are ‘most likely’ to save more (Figure 23). The optimism in being able to save more to meet a higher matching is intriguing especially since administrative data of Ejo Heza suggests that many members do not meet current matching.<sup>41</sup> The individuals who say they might or are most likely to save more also report a higher savings in Ejo Heza to date (Table 5). The correlation between current savings in Ejo Heza and reported ability to save more points to the fact that those who are saving lower amounts currently are less likely to be

**FIGURE 23. Reported ability to save if minimum savings limit for government incentive was increased**



Source: Phone survey results, 2022.

able to save more. If the goal of the scheme is to enable members to enjoy pensions at least equal to poverty line for the 240 months of payout phase, then the

**TABLE 5: Reported ability to save more compared with reported savings in Ejo Heza**

	Average savings in Ejo Heza to date	Std. Deviation
I will not be able to save more	RF 5,500	RF 8,544
I am uncertain	RF 16,219	RF 12,425
I might not be able to save more	RF 16,737	RF 13,156
I might save more	RF 16,141	RF 19,335
I will most likely save more	RF 17,463	RF 15,986
<b>Grand Total</b>	<b>RF 16,594</b>	<b>RF 16,429</b>

Source: Phone survey results, 2022.

40. Since the remaining fund balance after retirement will continue to accrue interest, the scheme might be able to offer inflation-indexed pensions as long as the scheme is making good returns.

41. In follow-up analysis of the phone survey the World Bank will aim to link the contribution records of the respondents to look at the administrative data and see if the individuals who report being able to save more are meeting the current minimum requirements for eligibility.

## An agent suggested that Ejo Heza's coverage could be scaled up by making the scheme mandatory for all those in the informal sector

scheme needs to motivate people to save more than the average saver currently. A higher threshold for government incentives could motivate some members but for others the higher threshold would need to be accompanied by a more generous matching by the government.<sup>42</sup> The high ratio of U1 and U2 savers in Ejo Heza points to the interest they have in the scheme but their inability to meet the minimum saving level also shows that these groups might need more subsidies from the government, similar to the subsidies under CBHI.

### Scaling up coverage through mandates and/or identifying aggregators

**In an interview, an agent from the CARE VSLA group from Kirehe district suggested that coverage within Ejo Heza could be scaled up by making the scheme mandatory for all those in the informal sector.**

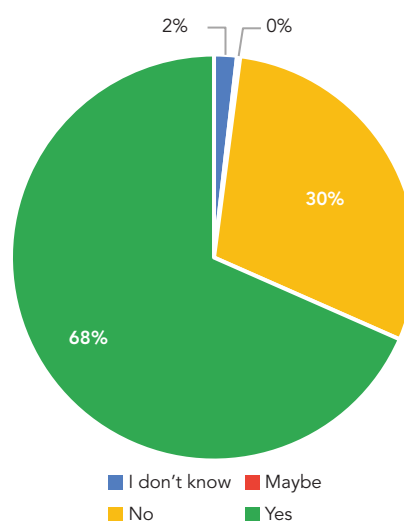
This suggestion is in line with decades of pension history experience where mandates are the single most effective tool used by policy makers to provide pensions to formal sector workers. However, there are three main challenges that policy makers face in mandating contributions for the informal sector: (i) incomes are unobservable and vary, making it administratively hard to mandate based on income; (ii) ensuring compliance of the mandate is difficult, as there is no registered 'employer' through whom administrators can track contributions; and (iii) the low and irregular incomes of this group of workers means that the administrative cost of collecting and managing their contribution can be high. These challenges were insurmountable in the era of paper-based records, lack of digital systems, and limited digital awareness. However, the sweeping increase in use of digital payments and digital media globally and particularly in Africa has opened a range of possibilities.

42. There will soon be a social registry managed by LODA that will be used for classifying households into distinct income categories. This objective targeting criteria would be better suited to target Ejo Heza subsidies to those who need higher matching to meet the proposed (higher) saving threshold.

### Mandates themselves can come in different forms.

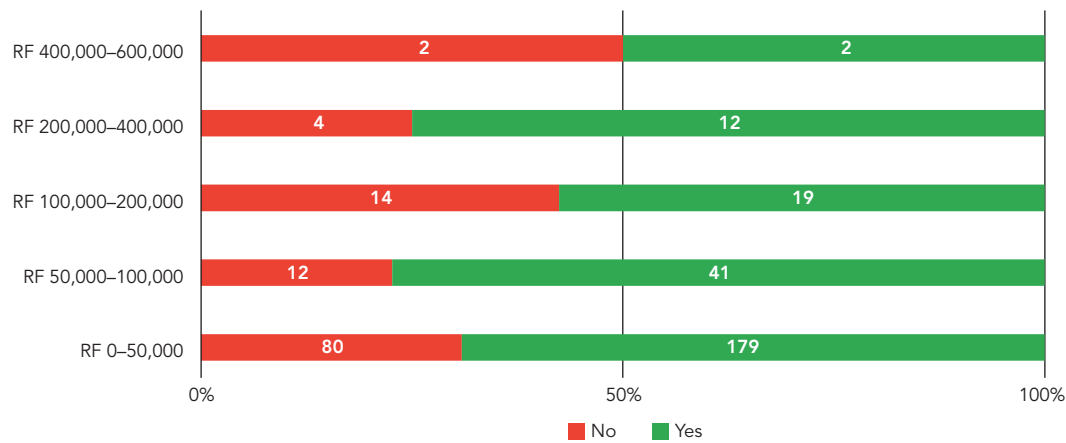
They can be selective for e.g., only apply to richer households like U3 and U4 or they can be universal but financed without imposing an additional cost to individuals, especially the poor. When Ejo Heza members were asked if there should be mandatory coverage for individuals belonging to Ubudehe U3 and U4 (the more well-off income categories), 68 percent of respondents answered 'Yes' (Figure 24). There is a diversity in responses across the income spectrum (Figure 25) but on average there is acceptance for a mandate even among the more well-off individuals who are more likely to be affected by such a mandate. It should be noted that despite digital advances, enforcement challenges with mandates remain. A case in point are mandates on the formal sector which have been a prominent feature of social security but institutions including RSSB continue to need compliance teams to enforce and monitor.

**FIGURE 24. Should U3 and U4 save mandatorily in Ejo Heza?**



Source: Phone survey results, 2022.

**FIGURE 25. Preference to mandate coverage for U3 and U4**



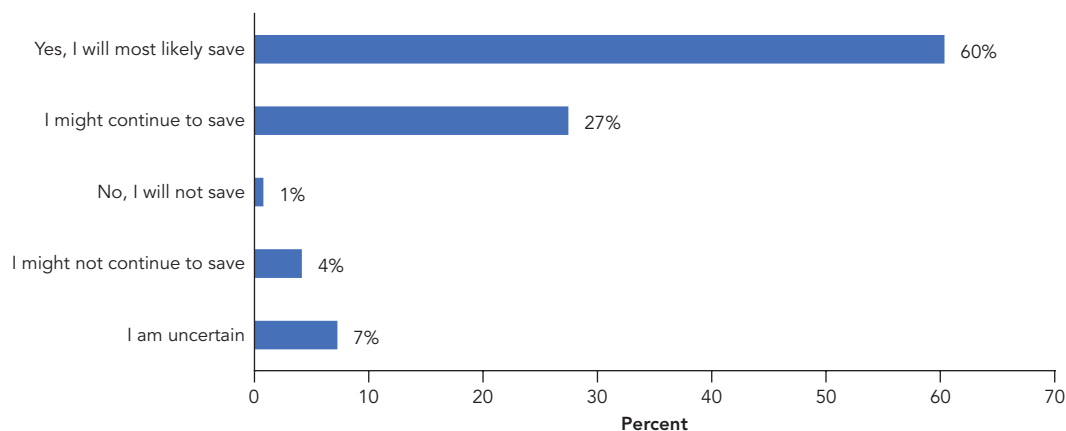
Source: Phone survey results, 2022.

**At the other extreme towards achieving universal pension coverage, is to identify an aggregator that has the ‘observe and auto-deduct’ capacity like co-operatives, but for the whole Rwandan economy.**

The only such aggregator currently is the tax authority and consumption taxes (VAT revenues) is a proxy indicator of individual consumption and paid indirectly by almost all individuals. If all VAT revenues were to be digitized and traced back to individuals via National ID, then one could fathom a diversion of a nominal percentage of VAT revenues into pension accounts for individuals. In doing so, the state would effectively ‘mandate’ consumption smoothing for the individual but without imposing any additional tax on them. A

diversion of even nominal VAT revenues from the Treasury coffers into Ejo Heza accounts would mean a slight drop in immediate capital expenditures. But as the economy moves from cash to digital the overall VAT revenue is likely to go up significantly, thereby not hurting cashflows. The views of the subscribers were elicited in the phone survey through a question on whether individuals would save (or save more) if the government were to automatically contribute tax revenue into individuals’ accounts. About 60 percent of respondents said they will most likely save and another 27 percent saying they might continue to save. Only 4 percent suggested they might not continue to save (Figure 26).

**FIGURE 26. Reported willingness to save more if the government automatically contributes some tax revenue directly into your account**



Source: Phone survey results, 2022.

**Rwanda has already implemented a green policy (National Strategy of Transformation, NSTI), aiming to be a cashless and paperless economy by 2024 (Deutsche Welle 2020).** The digital advances, strategic vision, success with CBHI, and ingenuity shown in case of Ejo Heza have also shown that Rwanda makes bold policy decisions. The phone survey results are a preliminary indication that members might not be averse to this idea, but further consultations are warranted to test the feasibility of this proposal. The supply side challenges, notably having the right technology and adherence to data privacy rules, are also important considerations that need to be carefully thought through.

### Eligibility restrictions based on age

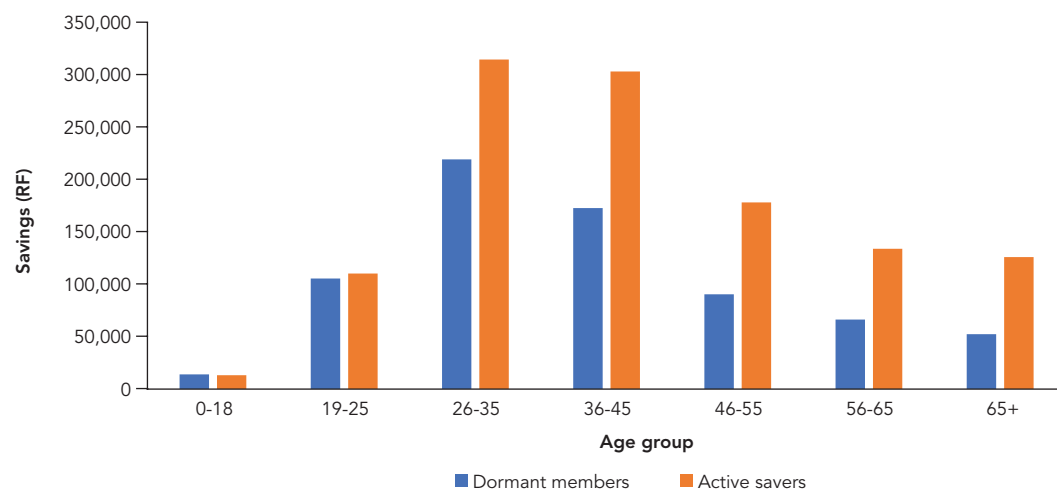
**From the outset, the policy vision of Ejo Heza was to be an inclusive scheme for all Rwandans and foreigners residing in Rwanda.** This is why there were no age restrictions to join the scheme. If members

meet the minimum savings of RF 15,000 for U1 and U2; RF 18,000 for U3; and RF 72,000 for U4, they are eligible for the matching contributions as well as for the life and funeral insurance benefit. Administrative data shows that 52 percent of all savers in 2022 were in the age group 26-45 and the rate of dormancy (or inactivity in contribution payment) was lowest among older adults (Figure 27). The lack of any age restriction creates two unintended challenges for the scheme.

**First, premia charged by the Sonawara, the life insurance company, are higher than global estimates of similar schemes, as there is a risk of adverse selection.** As of 2021, 22 percent of savers were above the pension eligibility age of 55. To be eligible for the insurance benefits they only need to save the minimum and the state pays the premium on their behalf, which is equivalent to the annual minimum savings for Ubu-dehe category 3 (RF 18,000). Comparing the life insurance benefit offered by Sonarwa in Rwanda to a similar program offered by the Life Insurance Corporation in India, called the PMJJBY (Pradhan Mantri Jeevan Jyoti

From the outset, the policy vision of Ejo Heza was to be an inclusive scheme for all Rwandans and foreigners residing in Rwanda

**FIGURE 27. Age distribution of Ejo Heza savers and non-savers**



Source: Phone survey results, 2022.

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In keeping with the vision of policy makers to keep Ejo Heza age-inclusive, an individual of any age could be allowed to save, but the life and funeral benefit could be provided only to savers below a certain age

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Bima Yojana):<sup>43</sup> PMJJBY has an age limit of 18-50 and the subscriber pays a premium of INR 436 (\$5.35) in PMJJBY for a cover of INR 200,000 (\$2,453). This scheme is intended for a similar cohort of unorganized workers (including rural and agricultural workers). In Ejo Heza, a premium of RF 18,000 (\$16.79) is charged for a total cover of RF 1,250,000<sup>44</sup> (\$1,166.3). The rate per thousand for the Ejo Heza scheme ( $\$1,166/\$16.7 = \$68.5$ ) is approximately 7 times that for the PMJJBY scheme in India. Allowing for some age restrictions when accessing the life insurance benefit can allow MINECOFIN to achieve globally competitive rates as insurance companies.

**Second, individuals who start saving at older ages (for example, age 52) will still be eligible to withdraw at 55 but the savings would not have grown by much.**

There is a risk that these individuals would have unmet expectations from the scheme. If the pension fund has a growing proportion of older adults, it will also need to adjust its investment policy and keep more cash in hand to be able to make lump sum payments on retirement. This could hurt its ability to invest in long-term securities that provide higher and stable returns.

**In keeping with the vision of policy makers of keeping Ejo Heza age-inclusive, an individual of any age could be allowed to save, but the life and funeral benefit could be provided only to savers below a certain age.** There could also be a requirement of payout being allowed only after a minimum of five years of membership or after reaching savings of RF 4 million (whichever occurs sooner).

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43. <https://financialservices.gov.in/insurance-divisions/Government-Sponsored-Socially-Oriented-Insurance-Schemes/Pradhan-Mantri-Jeevan-Jyoti-Bima-Yojana> (PMJJBY).


44. RF 1,000,000 death benefit + RF 250,000 for funeral expenses.

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## SECTION 5

# Viability Assessment of the Ejo Heza scheme



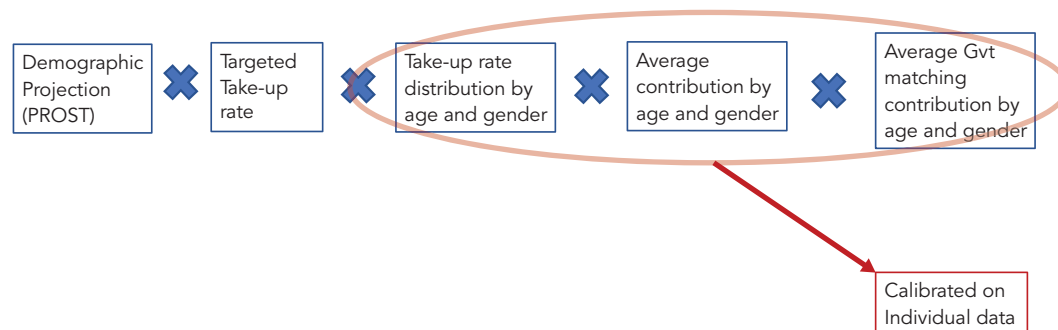
**V**iability assessment of a voluntary scheme like Ejo Heza enables policy makers to understand when a scheme would become financially viable—that is, when the revenues into the scheme might begin to pay for the expenses of operating the scheme. The answer to that question depends in large part on how many individuals the scheme is expected to attract, what their expected level of contributions are, what the operational and asset management costs of the scheme, and so forth. For an existing scheme like Ejo Heza, the assumptions can be based on historical trends and projections based on grassroots experience.

**The viability assessment for Ejo Heza was carried out by the World Bank team using a tool (SVAT)<sup>45</sup> customized for the scheme at the request of RSSB.** The assessment was carried out using administrative data as of December 2020. The scheme had been implemented for approximately two years at the time of this assessment, so it was still a young scheme and had less than half of subscribers (789,900) it has currently. The matching contributions by MINECOFIN were due to expire in 2021 and the SVAT analysis was used to estimate the likelihood of the scheme's viability under four different scenarios, one of which included a continuation of the matching contributions for three more years, until 2024. The viability assessment used for Ejo Heza was designed to assess the financial viability of the scheme, but its outputs can also be customized to look at adequacy indicators like expected fund balance on retirement.

**The SVAT model for Ejo Heza made revenue and expenditure projections for the scheme from 2020 to 2060.** The revenues of the scheme were projected by making an assumption on the number of contributors who are expected to join the scheme (based on take-up rate distribution), the average annual contributions individuals are likely to pay, and the average government matching they would be eligible for given scheme rules (Figure 28). The detailed administrative data as of 2020 shared by Ejo Heza was used to calibrate the distributions used for the model and the assumptions of coverage increase over time informed the scale up assumption over time. It is worth noting that the Ejo Heza team targeted 2.5 million active savers by the end of 2025, and that the scheme already has 1.4 million active savers as of December 2021.<sup>46</sup> Once contribution revenue is calculated, the investment return net of management fees is applied to calculate the total funds accumulated into the scheme, or assets under management (AUM). The model assumes that, in the baseline case, 2 percent of the AUM is set aside to cover the scheme's expenditures. This is also referred to as the 'cost recovery' and is the only revenue source for the scheme.

45. The Scheme Viability Assessment Tool (SVAT) was developed by the World Bank Social Protection and Jobs Team in collaboration with World Bank Treasury Pension Department to assess the viability of long-term voluntary schemes for the informal sector. The tool can be used to assess viability of an existing scheme as well as provide guidance for policy makers where such a scheme is considered.

46. The target as of 2021 for the model was assumed to be 1,070,000.

**FIGURE 28.** Equation used to project Ejo Heza scheme revenues in the SVAT

Source: World Bank staff's schematic depiction of calculations in SVAT.

Note: PROST is the World Bank pension tool used for actuarial projections of mandatory pension schemes.

The baseline scenario for the viability assessment of Ejo Heza projected the scheme to break even by 2025 under what was then a realistic set of assumptions

**The scheme is deemed to break even when the cost recovery or revenue of the scheme is sufficient to meet the operating costs of the scheme.** The scheme is fully funded by design as it is a defined contribution scheme. Members are only expected to receive their contributions plus investment returns plus government matching if any, at the payout phase. The incentives under the scheme namely the matching contributions and the premium to the life insurance company are both paid by MINECOFIN. The expenditures to the scheme are therefore limited to operational expenses only. These include salary costs, marketing cost (fixed), acquisition cost per customer (variable), and fixed cost of updating IT hardware once every 10 years. Similar to revenues, the expenditures are expected to rise over time as the number of members grows, with economies of scale for fixed costs. It should be noted that the results would look very different (and breakeven would occur at much later stage) if the costs currently incurred by MINECOFIN were to be included in the scheme's viability analysis.

**The baseline scenario for the viability assessment of Ejo Heza projected the scheme to break even by 2025 under what was then a realistic set of assumptions.** The World Bank team in conjunction with Ejo Heza assumed the baseline scenario to be one where government matching continued only until 2021, average savings increased by inflation, the scheme earned a 'real' investment return of 5 percent and had a cost recovery of 2 percent.<sup>47</sup> The World Bank team noted that since the scheme was growing rapidly it was necessary to have real time (at least annual) updates so that the most recent count, savings, matching contribution, and investment data are input in the SVAT model at all times. A limitation of the model was that it did not take into account any endogenous effects that could affect scheme viability (for example, continuing or discontinuing matching contributions could impact take-up rates and savings). These effects were not included in the model as they were hard to quantify without a rigorous impact evaluation that measured the impact of matching contribution on likelihood of saving and level of saving. An extension of the

47. The year of breakeven and amount needed to finance the scheme was found to be most sensitive to the cost recovery assumption. Higher cost recovery however means lower account balance for participants. It was recommended that after the scheme reaches breakeven, the cost recovery-percent be reduced to improve adequacy of benefits.

**TABLE 6: Summary of baseline and scenario results from Ejo Heza’s viability assessment carried out using December 2020 data**

Scenario	Breakeven year	Cumulative net cost (in million)	AUM by 2040 (as % of GDP)
Baseline scenario	2025	4,178	3.0%
Scenario 2: Government funded matching contributions continued till 2024	2024	3,784	3.1%
Scenario 3: Cost recovery reduced by 1%	2028	10,084	3.2%
Scenario 4: Low coverage growth (only 1.5 million active savers as of 2025)	2026	5,921	1.8%
Scenario 5: 20% Higher savings from contributors	2025	3,898	3.5%

Source: Calculations by WB team using the SVAT tool.

model that was considered was to incorporate withdrawal patterns. In 2020, the scheme was too early for withdrawals and balances were low; but over time they are both expected to rise and could impact the scheme’s viability and finances, and hence they are important to observe and model.

Four sensitivity scenarios were carried out to illustrate the impact of a change in assumptions on break-even year, deficits, and AUM. The results in baseline depended on the validity of assumptions used and the scenario analysis carried out was used to help policy makers understand the range of possibilities (Table 6). Scenario 2 where matching contribution was extended for 3 more years relative to the baseline, was projected to cost less (cumulatively) as break even was to be achieved sooner. A reduction in cost recovery (Scenario 3) relative to the baseline meant higher returns for members but delayed break even and was

expected to cost more to the government as it would need to finance the operating costs of the scheme.

**The SVAT model was customized for Ejo Heza based on its features and allowed policy makers to understand the impact that policy decisions and take-up/saving rates by members can have on Ejo Heza’s financial viability.** It is recommended that Ejo Heza conduct at least one expected versus actual analysis every year to test validity of assumptions and recalibrate the model if need be. This is especially important in the initial years of the scheme as it grows, and the profile of contributors changes rapidly. The model itself can be made more robust if panel data is maintained so that persistency of contributions and later withdrawals can be analyzed. The high inflationary environments since 2020 onwards also poses a risk on the fund’s ability to generate stable real returns and a scenario analysis with lower real returns is recommended.

## SECTION 6

# Policy Recommendations

**E**jo Heza, a voluntary long-term saving scheme launched with the intent to offer retirement protection to the vast majority of informal sector has been an inspiration for policy makers and practitioners globally. In the four years since its launch in November 2018, it has subscribers equal to 27 percent of the working age population. The need for innovative and scalable solutions to provide social insurance coverage to the informal sector has been noted by international institutions since 2000s, made more urgent post COVID-19 (Guyen et.al. 2021). Under the universal health coverage (UHC) agenda, more countries have had success in scaling up health insurance in large part because of government subsidies. Rwanda's health scheme for informal sector workers (CBHI) is yet again a widely cited example. The global south has been experimenting in approaches to expand coverage to the informal sector. The World Bank's 2019 white paper called for a blurring of lines between social assistance and social insurance and for government resources to financially protect and prepare those most vulnerable for their old age (Packard et al. 2019). However, many countries face the reality of resource constraints especially as they reel from the fiscal costs of providing subsidy in health insurance.

**Rwanda, through the Ejo Heza scheme, has demonstrated that political will, smart solutions, and the willingness to experiment via new partnerships can make financial protection in old age a possibility even for those outside the formal sector.** Developing countries globally are experimenting with different designs and partnerships to scale up coverage among informal sector workers. As international experience grows, the strategies best suited to register more people, ensure persistent contributions, manage expectations, and meet stated goals, will become more apparent. For now Ejo Heza, for much of the developing world, is an active ground both for lessons learnt and experimentation (see Box 3). The vision of Ejo Heza continues to be bold with a desire to cover all those in the informal sector. This report and the broader World Bank technical support to Ejo Heza is directed at supporting this vision via three key activities: (a) a thorough assessment of the scheme and documenting good practices/gaps by using the World Bank Delivery Chain assessment (b) using the phone survey to elicit member needs, preferences, and opinions on design changes to the schemes, and (c) showcasing how models like SVAT can be used to ascertain scheme viability in the long run. Section 4 gave recommendations on four significant design changes, most relevant to Rwandan policy makers. This section lists recommendations for practitioners (grouped under seven themes) that would bring Ejo Heza closer to its vision, irrespective of any design changes.

**To meet its stated goals of expanding pension coverage to all Rwandans especially those in the informal sector Ejo Heza scheme will need to focus on improving scheme viability, improving customer experience, ensuring persistency in saving, continued coverage expansion, smoother operations and policy making.** The recommendations in this section highlight (in green) the areas which each of them can help improve.



### BOX 3 Key factors for Ejo Heza success & lessons for other schemes

The report calls for rigorous impact evaluation to ascertain what factors might be responsible for Ejo Heza's success but in the absence of such evaluations, feedback from numerous consultations, trends in administrative data, knowledge of initiatives attempted in other countries, and the phone survey responses of a random sample of 384 Ejo Heza subscribers offer insights. Below are some key factors that stand out:

- 1. A sound legal basis for the scheme and alignment with GoR's strategic priorities-** A key intervention under the Economic Pillar of the NSTI 2017-2024 was to operationalize a long-term savings scheme and pension for all Rwandans, including those in the informal sector as a basis to support long-term domestic investments. Following this strategic priority the GoR, through the MINECOFIN established EjoHeza Long Term Savings Scheme under Law N° 29/2017 of 29th June 2017.
- 2. Set targets at sub-national level and recognize those who meet them:** This helps with increased ownership, higher accountability and leads to innovative campaigns by district level staff who want to be recognized. The targets themselves need to well be designed and the central office needs to support districts e.g., through a designated District Coordinator in case of Ejo Heza.
- 3. Build trust in the institution and political will:** The Government of Rwanda and RSSB enjoy the widespread trust of their people which is a key advantage. In countries that might not have that, efforts need to be made, at the policy and program level, to establish trust and maintain it.
- 4. Identify aggregators to onboard subscribers:** Aggregators who can 'observe and auto-deduct', like cooperatives, can serve as an effective substitute to employers for those in the informal sector.
- 5. Offer fiscal incentives:** Especially in the initial stages when the scheme is likely to have operational teething troubles, a monetary benefit is likely to get more people interested in joining.
- 6. Offer a tangible benefit for the short run:** Benefits such as the life and funeral insurance lump sum benefit, which is currently unavailable to informal sector workers, are easily understood and feel like a good 'bargain' for locking away their money.
- 7. Balance flexibility in design:** This would meet the needs of informal sector workers without acutely compromising the objective of retirement security
- 8. Be adaptable and agile:** The informal sector is dynamic and has evolving needs, so a scheme needs to be designed to 'meet the clients where they are found'. The traditional methods of social security organizations that cater to the formal sector are unlikely to be successful.
- 9. Leverage digital infrastructure like ID and payment to make registration, contribution and payments easy and efficient.** It also makes the individual account portable across jobs, locations and service providers, which is critical for informal sector workers who are mobile and would like to be assured that their modest savings are safe
- 10. Explore partnerships at the sub-national and civil society level:** Ejo Heza's partnership with mayors, CARE VSLA, Rwanda Cooperative Authority, and volunteer village level mobilizers helped with mobilization efforts.
- 11. Ensure clear, consistent and intuitive communication:** This can be done through leaflets, video, radio messages, call centers, and district coordinators who are knowledgeable enough to answer questions and are committed to the scheme's success (through monetary or non-monetary incentives).

## 1. Communications: Keep doing what's working, fix the gaps, and explore new avenues

A communication and mobilization strategy is key to the continued success of the scheme. Communication teams in Ejo Heza need to identify what is working (do more of it), hear from members (fix the gaps), and not hesitate to be creative (explore new avenues). The objective should be to work hard behind the scenes to keep it simple for members.

Recommendation	What it can help with					
	Improve scheme viability	Customer experience	Persistency in saving	Coverage growth	Policy making	Smoother operations
<b>i. Reshape the narrative on why people should save in Ejo Heza</b> —steering away from incentives to highlighting prospects of a pension, and competitive and safe returns						
<b>ii. Recognize and develop different targeting and communication strategies</b> for urban/rural; USSD/smartphone users; women/men, individuals with/without phones.						
<b>iii. Create &lt;1min 'how to' videos</b> that can be shared on WhatsApp/YouTube and show how to register, contribute, check balance, and get enrollment information.						
<b>iv. Build a community of all mobilizers (paid or volunteers)</b> and make them feel part of one 'Ejo Heza family' <sup>a</sup> by holding quarterly meetings and awarding tokens of appreciation.						
<b>v. Engage with other aggregators</b> who might have an 'observe and auto-deduct' capability especially in urban areas.						
<b>vi. Adopt a 'Tech with touch' motto</b> to avoid excluding those with limited digital access (women, children, low-income members) and in vulnerable situations (after death of a member, or disabled).						
<b>vii. Create 'digital contracts' using information at registration stage</b> that can be accessed by members with a #text and can serve as proof of membership (see Annex 2 for suggested format).						

a. Interviews with volunteers CARE VSLA agents revealed that they are glad to volunteer as they see Ejo Heza as a scheme that will help their community, but they would appreciate if Ejo Heza team gave them caps, t-shirts, umbrellas, and pens, for example, to recognize their efforts and help them stand out in the community.

## 2. Focus on improving adequacy, persistency, and preparing for withdrawals/payouts

The focus of the scheme so far has been on coverage expansion (and rightly so). The strategy used for coverage expansion in Ejo Heza by identifying aggregators like cooperatives and schools is a unique feature of the scheme. It allows the scheme to target the ‘low hanging fruit’ as far as coverage expansion is concerned. Further, group characteristics of aggregators guarantees persistency and efficiencies in communication. Such efforts are laudable but given that Ejo Heza is a long-term saving scheme, a strategy to improve adequacy, persistency will be needed to ensure pensions at minimum provide protection against poverty in old age. There is a risk with not diversifying to other target groups notably urban dwellers who are likely to have a higher ability to save than those in co-operatives. Not managing expectations can also lead to reputational risks not because of design faults but due to low or irregular contributions from the members. Lower income individuals in Ejo Heza are more likely to save less and in turn receive low pensions. Lastly, the scheme is currently young so payout and withdrawals are limited but the frequency will go up as the scheme matures. The administrative costs will need to be accounted for and scheme viability and a seamless process of payouts will be crucial for maintaining attractiveness of the scheme.

Recommendation	What it can help with					
	Improve scheme viability	Customer experience	Persistency in saving	Coverage growth	Policy making	Smoother operations
<b>i. Revisit targets for district using objective criteria</b> to reflect socio-economic differences by district.						
<b>ii. Assess and manage expectations of members</b> on expected fund balance in old age given their saving levels.						
<b>iii. Enhanced efforts to target urban dwellers</b>						
<b>iv. Highlight the above inflation, competitive and stable returns</b> in the communication material and in-person visits.						
<b>v. Explore potential for ‘auto deduction’</b> in partnership with Mobile Money operators and Banks. <sup>a</sup>						
<b>vi. Promote the registration of spouses and children of existing members.</b>						
<b>vii. Improve system readiness to process withdrawals, pension payouts</b> and evaluate their cost/ investment implications.						

a. A pilot where individuals are tracked for six months or longer can be carried out to assess individual’s reaction to auto-deduction and if saving patterns are any different.

### 3. Revisit incentives as 'experience' on the scheme develops

The limited successful global experience around voluntary schemes means that the Ejo Heza scheme will need to 'learn by doing'. This report has attempted to bring in international experience which might be relevant for Ejo Heza (notably from China, India, Colombia) but the learnings from Ejo Heza itself will be the most valuable for improving the scheme. Scheme practitioners should use data, empirical analysis, and the vast community network as their guide to inform policy making.

Recommendation	What it can help with					
	Improve scheme viability	Customer experience	Persistency in saving	Coverage growth	Policy making	Smoother operations
<b>i. Assess (empirically) whether RF 4 million</b> is a hard to meet target for most Rwandans.						
<b>ii. Renegotiate insurance premiums after the age eligibility restriction,</b> based on scheme experience, comparable international benchmarks.						
<b>iii. Consider incentives for agents/intermediaries based on a cost-benefit analysis</b> and experience from countries.						
<b>iv. Pilot other short-term incentives to members,</b> for example, accident insurance, maternity benefits to savers in Ejo Heza <sup>a</sup> or points in a grocery store/mobile money top-ups/chance to win a lottery if one saves persistently.						

a. Colombia's experience can be relevant here where 1 percent of the savings is diverted to life insurance company in exchange of lump sum benefits in case of sickness, death (maternity benefit is under consideration to being included)

## 4. Improve interoperability with other government systems and integrate with private sector

Making it easy to save and view benefits stands out as critical in ensuring that Ejo Heza meets its vision of extending pension coverage to all those currently excluded. The scheme needs to work seamless across systems. Rwanda has an exemplary network of foundational systems and with the policy direction of becoming a cashless economy by 2024, strengthening social registries, and the willingness of the private sector to collaborate, Ejo Heza is well suited to scale up if it can create a web of integrated systems.

Recommendation	What it can help with					
	Improve scheme viability	Customer experience	Persistency in saving	Coverage growth	Policy making	Smoother operations
<b>i. Ensure real time updates on Ubudehe category of members</b> by registering on 'messaging queue' of LODA MEIS. <sup>a</sup>						
<b>ii. Integrate Ejo Heza platform with banks, SACCOs, mobile money operators so that they can be intermediaries (similar to cooperatives) who register and collect contributions.</b>						
<b>iii. Integrate with IREMBO so individuals can at minimum</b> submit claims/check balance.						
<b>iv. Integrate the system with RCA to allow for sharing of 'real time' information on cooperatives.</b>						
<b>v. Integrate with the provider of insurance benefit (Sonarwa currently) so that Ejo Heza teams can see status of application and reason for delay.</b>						
<b>vi. Review and ensure that data privacy and security controls</b> are in place for registration through intermediaries.						

a. Interviews with LODA IT team revealed that CBHI is currently registered on the messaging queue so this service can easily be added to Ejo Heza on payment of a fee to LODA.

## 5. Strengthen learning, monitoring, and evaluation

The Ejo Heza team has demonstrated an agility that other voluntary schemes and even formal sector schemes (including the scheme at RSSB) can learn from. The scheme is, however, now at a scale where strengthening learning, monitoring and evaluation are important. The field presence of Ejo Heza leadership and constant communication with district coordinators has allowed the team to be in tune with what members want and the challenges they face. As numbers grow and the team expands, data will need to do more of the talking. Consultations will continue to be critical, but the M&E systems will alert scheme administrators of issues at a national level and by sub-group as well as theme (coverage or persistency or claim challenges). The M&E systems should be designed to preserve the agility that embodies Ejo Heza—the feedback from the members should allow strategies to speedily adapt to the emerging realities of the field.

Recommendation	What it can help with					
	Improve scheme viability	Customer experience	Persistency in saving	Coverage growth	Policy making	Smoother operations
i. <b>Generate quarterly reports on M&amp;E indicators for management (see Annex 1 on suggestions).</b>						
ii. <b>Redo the SVAT analysis based on new data and take into account withdrawal patterns.</b>						
iii. <b>Organize study tours with countries that have relevant experience to share.</b>						
iv. <b>Engage with researchers to carry out Impact Evaluations.</b>						

## 6. Build human resource capacity and leverage external expertise as needed

Ejo Heza was set up almost like a start-up with Access to Finance Rwanda as the sponsor for the first two years, a consulting firm to do the market scoping, and a dedicated team with experts from MINECOFIN that led the development. In hindsight, this could be a major factor behind the agility shown by Ejo Heza (missing from other schemes set up by social security institutions globally) but the rapid scale of the scheme will now also need to be supported by commensurate resources. Strengthening internal capacity, attracting/retaining talent, and leveraging external expertise as needed (from partners or consulting firms) is recommended.

Recommendation	What it can help with					
	Improve scheme viability	Customer experience	Persistency in saving	Coverage growth	Policy making	Smoother operations
i. Evaluate the human resource policy for Ejo Heza team members with attention to staff shortage, capacity constraints, and short-term nature of contracts.						
ii. Recognize and reward better performers at the HQ, district, and sector level.						
iii. Build technical capacity and review staffing of call center.						
iv. Engage in regular training of agents (paid and volunteer).						
v. Adapt systems and build capacity to allow 'intermediary logins' to be generated at the district level.						
vi. Hire a PR firm to work with the communications team to craft tailored and creative messages targeting children, urban workers, women, and youth (age 16-30).						
vii. Hire a statistical expert to analyze data, design research questions for survey, monitor call center staff during survey.						

## 7. Collect better data and mine it for policy making

A clear understanding of enrollment and contribution patterns among informal workers remains severely limited by the data environment. Ejo Heza has developed a short registration and enrollment intake form that makes it easy for individuals to open their accounts. Adding a few optional questions could provide valuable insights on outreach strategies that are working. Further, collaboration with the National Institute of Statistics of Rwanda would allow RSSB administrative data (not only for Ejo Heza but also for other schemes) to be complemented with household/labor force survey data with the intent of getting more policy-relevant insights on the population. Rwanda can leverage its “exemplary identification ecosystem” (World Bank 2016) to produce the type of linked administrative and survey data sets that have been instrumental in pension reform design in a country like Chile.<sup>48</sup>

48. Encuesta de Protección Social: <https://www.previsionsocial.gob.cl/sps/investigadores/estudios-previsionales/encuesta-de-proteccion-social-2>

Recommendation	What it can help with					
	Improve scheme viability	Customer experience	Persistency in saving	Coverage growth	Policy making	Smoother operations
i. <b>Building a ‘richer data set’ by pulling variables from other government databases as relevant.</b>						
ii. <b>Adding a question at time of registration such as ‘Who helped you register?’</b>						
iii. <b>Ensure that the drop down under ‘Occupation’ at the time of registration includes the same categories as Rwanda’s household survey data</b> to allow for easier mapping.						
iv. <b>Analyze panel data of participants with policy relevant questions in mind.</b>						
v. <b>Propose a module on social insurance in the next round of ECIV (HHLD) survey</b> by collaborating with the National Institute of Statistics of Rwanda.						
vi. <b>Add indicators in the IT dashboard</b> (see Annex 1 for suggestions).						
vii. <b>Add a question on cause of death<sup>a</sup></b> to build ‘experience ratings’.						

a. Assuming Sonarwa already collects this data, the Ejo Heza IT team should ensure they get this data from Sonarwa (ideally through interoperable data system) as this information can be used to develop the ‘experience’ of the scheme that actuaries then use it to assess premium fairness.

# Annex 1: Sampling Frame of Ejo Heza Phone Survey

The Phone survey was designed to test five hypotheses:

- The reason why Ejo Heza members do not save consistently in Ejo Heza is the lack of financial literacy awareness or a culture of savings.
- Ejo Heza members value short-term benefits more than generous longer-term benefits.
- Ejo Heza members do not think saving for old age is important.
- Ejo Heza members understand that the pension they will receive from Ejo Heza depends on how much they contribute today and how regularly they do.
- Ejo Heza members have trouble accessing information related to Ejo Heza.

The survey only includes those who are in the Ejo Heza database, but the results can be generalized to the entire population as the sample is a ‘representative sample’ of 2 million (30 percent of labor force) and good enough for generalizability and internal validity.

## SURVEY SAMPLING

1. The phone survey was done with 386 Ejo Heza members who were randomly selected from the pool of total Ejo Heza members. Currently Ejo Heza has details of 2 million members so a good sample size at 95 percent confidence interval is = 386 interviews.

$$\text{Formula used for calculating Sample Size} = \frac{(z^2 \times p(1-p) / e^2)}{1 + ((z^2 \times p(1-p) / e^2) / N)}$$

where N=2 million, p=0.5, z=1.96, e=5 percent

2. **Population:** All Ejo Heza members who registered before December 2021 (this includes people who have contributed once, more than once or never contributed and only registered). The reason why the population is being limited to those who registered before December 2021 is because matching contributions are paid once every four months so it is likely that someone who registered in 2022 would not have received the matching contribution at the time of this survey and the questions on matching would not be as relevant for them.
3. **Respondent:** Out of all those who have been in the Ejo Heza database since December 2021, the sample was stratified based on gender (male/female), age group (below 40/above 40), and contribution status (active/dormant<sup>49</sup>).

49. By active we mean at least one contribution between July–December 2021, by dormant we mean no contribution between July–December 1, 2021).

## Annex 2: Indicators Recommended to be Monitored and Included in IT Dashboard

### Coverage and persistency indicators

1. Number of active contributors—disaggregated by broad age group (e.g. age 15-25, 25-35 etc.) and gender (active refers to those who have paid contributions consistently in the last three months).
2. Number of new contributors—gender disaggregated ('new' refers to new joiners to the scheme).
3. Number of dormant contributors—gender disaggregated ('dormant' refers to those who are part of the scheme but have not paid any contributions in the last quarter).
4. Number of registered contributors by Ubudehe category and occupation and by gender ('registered' refers to all those whose data is in the system. If all data is correct, then at any given point in time number of registered >= number of active. If there are no dormant contributors, then number of registered will be equal to number of active).

### Savings capacity indicators

1. Total Contributions—split into individual and matching contributions, as of the date when report is generated for e.g. March 31<sup>st</sup>, June 31<sup>st</sup>, Sept 31<sup>st</sup>, Dec 31<sup>st</sup> if reporting data quarterly.
2. Total reserves of the fund, as of the date when report is generated.
3. Average individual savings by age group, gender, and Ubudehe category (age group can be any broad age classification 0-15, 15-19, 20-24 etc.).
4. Median individual savings by age group, gender, and Ubudehe category.
5. Percentage of members eligible for matching contributions by age, gender, Ubudehe category.

### Investment indicators<sup>50</sup>

1. Most recent asset allocation along with expected returns in a pie chart.
2. Nominal returns from Ejo Heza investments (using data from AUM).
3. Nominal returns credited to member accounts (using individual data)—an analysis of individual records showed that the average returns credited to individuals were only 4 percent lower than what one would expect given the assumptions of cost recovery. This could be because there are delays in crediting gains from investment to member accounts, but this should be monitored, and attempts made to quickly transfer realized gains to member accounts).

### Data and service quality

1. Percentage of individuals in the system who are missing Ubudehe categories by gender.
2. Percentage of Individuals in the system who are eligible for matching but whose accounts have not yet been credited as yet.
3. Number of calls (and type of calls) to call center or some indicator to understand rates of grievances and what they are.
4. Expenses related to 'communication and awareness initiatives' in the last quarter.
5. **Percentage of members who used mobile money to pay contributions** (a pie chart can also be created to show the delivery channel(s) being used by members for e.g. cash payment in office, mobile money, money order etc.).
6. Percentage of members who inquired about their fund balance (using their mobile phone or in person).

### Withdrawals and other benefits

1. Percentage of individuals by Ubudehe category who claimed additional benefits like insurance.
2. Expenditure on additional benefits.
3. Withdrawal<sup>51</sup> count by broad age (e.g., 15-25, 25-35...) and gender.
4. Average Withdrawal amount by broad age (e.g., 15-25, 25-35...) and gender.

50. Pension funds are recommended to develop a detailed investment performance report, at minimum on a monthly basis, with monthly, cumulative and annualized returns by asset class. They are also advised to look at benchmarks (or the target portfolio), some risk metrics and indicators of the actual performance versus the benchmark (excess of return, Sharpe ratio, etc.)

51. Withdrawal could be because the individual reaches age 55 or has accumulated in excess of 4 million RF and is hence eligible to withdraw up to 40 percent of excess.

# Annex 3: Design and Messaging Recommendations for a Digital Contract

### EjoHeza Scheme Contract

<b>JOHN SILAS</b> <small>NAME OF SUBSCRIBER</small>	<b>14 JUNE 1974</b> <small>DATE OF BIRTH</small>	<b>MONTHLY</b> <small>CONTRIBUTION FREQUENCY</small>
<b>CATEGORY 2</b> <small>UBUDEHE CATEGORY</small>	<b>14 MARCH 2018</b> <small>REGISTRATION DATE</small>	<b>A33467678</b> <small>CONTRACT NUMBER</small>
<b>1234567890</b> <small>EJOHEZA SUBSCRIBER ID</small>		 <small>SIGNATURE</small>

**✓** WHAT DO YOU GET

- Government co-contributions if your contributions exceed 18,000 RwF
- Life and funeral expenses (based on eligibility criteria)
- When you are 55, you will get back savings in monthly form
- With 10 years of contribution, you will receive **Rwf 30,000** per month when you are **XX**

**✗** EXCLUSIONS

- If you save < 15,000 RwF there will be No government co contributions
- Life and funeral expenses will not be available if you contribute < 15,000 RwF
- Exclusion 3
- Exclusion 4

Dial \*506# for any queries  
Call XXXXXXXXXXX for more support

- A**
  - Clear information regarding EjoHeza details in succinct form
  - Authenticity via signature/seal to certify the document
- B**
  - Simple depiction of what the subscriber gets and what he/she does not
  - Illustration of benefits that can be personalized to the subscriber as per his/her Ubudehe category
- C**
  - Clear call to action on how the subscribers can receive more information
  - Both USSD and Inbound call center numbers referred
  - Branding of RSSB to leverage trust and authenticity

## Design Principles

- Messaging can be family oriented** to highlight collective benefits of long term savings
- Usage of simple and uncluttered messages**, with complex information being communicated in infographic/visual form
- Focus themes on safety and stability**
- Focus the messages on meeting needs of the family** and how the EjoHeza contributions can help
- Leverage the communication channels** that are available and provide the relevant proofs/documents in **SMS formats** as well
- Graphically depict** legal information like Eligibility criteria, Terms and Conditions and user consent.

## Annex 4: Contribution Targets by District for 2021/22

### PERFORMANCE OF ALL DISTRICTS IN EJOHEZA CONTRIBUTIONS FOR FINANCIAL YEAR 2021/2022

No.	District	Total Contributions (2021/2022)	Target (2021/2022)	Total Performance (%)
1	Gakenke	642,310,972	375,000,000	171%
2	Nyamasheke	630,985,003	375,000,000	168%
3	Gicumbi	529,443,903	375,000,000	141%
4	Rusizi	520,169,738	375,000,000	139%
5	Rubavu	498,258,345	375,000,000	133%
6	Bugesera	384,636,422	300,000,000	128%
7	Burera	370,240,040	300,000,000	123%
8	Karongi	369,343,378	300,000,000	123%
9	Ngororero	367,722,067	300,000,000	123%
10	Nyabihu	363,786,066	300,000,000	121%
11	Rulindo	360,904,912	300,000,000	120%
12	Nyamagabe	356,926,771	300,000,000	119%
13	Gatsibo	354,273,325	300,000,000	118%
14	Rutsiro	353,074,168	300,000,000	118%
15	Kayanza	352,460,131	300,000,000	117%
16	Nyaruguru	341,589,197	300,000,000	114%
17	Huye	328,285,865	300,000,000	109%
18	Kirehe	328,237,895	300,000,000	109%
19	Rwamagana	387,801,962	360,000,000	108%
20	Gasabo	403,298,626	375,000,000	108%
21	Gisagara	322,150,663	300,000,000	107%
22	Muhanga	320,896,715	300,000,000	107%
23	Kamonyi	314,249,562	300,000,000	105%
24	Nyanza	303,416,225	300,000,000	101%
25	Musanze	302,824,590	300,000,000	101%
26	Ngoma	302,726,857	300,000,000	101%
27	Ruhango	301,612,671	300,000,000	101%
28	Nyagatare	352,208,971	360,000,000	98%
29	Kicukiro	242,313,211	300,000,000	81%
30	Nyarugenge	244,346,353	330,000,000	74%
31	Diaspora	4,212,200	75,000,000	6%
	<b>TOTAL</b>	<b>11,254,706,804</b>	<b>9,675,000,000</b>	<b>116%</b>

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