

PESA YETU IN TRANSITION TO BECOME OFFICIAL MICROFINANCE

Preamble

The **Pesa Yetu** approach was launched in 2012 by **Ezechiel Hatungimana**, inspired by a personal experience that revealed a significant gap in access to financial services in Burundi.

Ezechiel was introduced to business at the age of 12. By the time he turned 18, he had developed a thriving small business selling car spare parts. Eager to expand, he approached a bank to request a loan. Despite having a sound business plan, his request was rejected due to a lack of collateral, typically a house or other property that traditional banks require as security. He found this deeply unfair, especially for young entrepreneurs without inherited assets.

Frustrated but determined, Ezechiel began sharing his thoughts with others: “If banks offer savers just 4% interest annually and charge borrowers 18% or more, why can’t savers and borrowers come together directly to create a fairer system saving, lending, and borrowing among themselves?”

With this idea, in 2013, he began reaching out to like-minded individuals, encouraging them to join a long-term vision: to build a financial institution within 10 years by starting small saving what they had, accessing modest loans, learning to repay responsibly, building trust, and ultimately growing their wealth.

Today, that dream is supported by **630 members**, grouped into two main categories: **savers** and **investors**. This collective journey is a testament to the power of grassroots financial inclusion and the resilience of a shared vision.

Foundation of Our Work

At **Pesa Yetu**, we are guided not only by a clear **vision** and **mission**, but also by core **values** that have shaped our journey and sustained our impact.

Our Vision

To become a **financial institution** that **equips**, **accompanies**, and **connects entrepreneurs** to markets where they can sell their products and services (**marché d’écoulement**).

Our Mission

To **equip**, **accompany**, and **connect**.

These three words are more than a motto; they define how we support our members in achieving sustainable economic transformation.

Our Core Values

1. Integrity

We value doing what we say. Members are taught and expected to:

- **Keep their promises**
- **Save what they commit to save**
- **Repay their loans responsibly**

Integrity has built trust across all levels of our community.

2. Respect

We treat each person with dignity because we believe everyone is created in **God's image**. This principle enables people with **low incomes** to feel equally comfortable and valued among those with **higher incomes**.

3. Transparency

All group activities, especially financial decisions, are conducted **openly and collectively**.

- Loan requests are made **in the presence of the group**
- Repayments are followed up **by the group**
- No individual decides alone how the group's money is used

This openness fosters accountability and trust.

4. Partnership

We actively encourage collaboration among members, promoting:

- Joint business ventures
- Mutual support
- Win-win partnerships

These relationships strengthen our community and multiply success. Many members testify that they never knew each other until they joined a Pesa Yetu group, yet today they are trusted business partners and collaborators. The groups themselves have become powerful spaces of connection, trust, and opportunity.

5. Excellence

Pesa Yetu is not a copy-paste model. We innovate continuously, learning from experience and improving every day.

Our goal is not just to function; it is to thrive and lead with excellence.

All members (whom we call Pesa Yetu Users) adhere to our shared vision, mission, and values. The only differences among groups are the meeting day, time, and minimum saving amount. In every other respect, we are one unified movement.

How Pesa Yetu Works

The **Pesa Yetu** approach is built on two foundational pillars: **Saving** and **Investing**.

1. Saving as a Culture

At **Pesa Yetu**, saving is not just a financial act, it's a **way of life**. Members are organized into savings groups where each person contributes a monthly amount based on their income and comfort level. There is no fixed percentage required. Instead, each member chooses a contribution amount that is sustainable for them. For example, some groups start with as little as \$1 per month, while others save \$75 or more, which also represents the minimum cost of one share. Members are free to purchase as many shares as they wish.

What makes Pesa Yetu unique is its success in promoting saving as a lifestyle rather than an occasional event. Many members have maintained this habit consistently for over 10 years, while others are newer (5, 2, or even 1 year in). This marks a powerful cultural shift in Burundi, from the belief that **"I can't save because I don't have enough"** to a new mindset: **"I must save before I spend."** Saving has become a first priority in household budgeting.

Each group agrees on a specific day and time for saving sessions at the beginning of the year, creating a rhythm of accountability. To ensure commitment, members who fail to save as scheduled are subject to small fines. These fines are collected into a shared fund and are redistributed among members at the end of the year, turning discipline into reward.

Monthly meetings go beyond saving. They include:

- **Financial education training** to improve money management, investment, and entrepreneurship skills.
- A dedicated time for **business promotion**, where members present their products or services to the group.
- **Networking opportunities**, where each member, referred to as a **Pesa Yetu User**, can access other groups to reach more potential clients.

Through this approach, saving becomes the foundation for **growth, connection, and community-driven development**.

2. Investing Through Small Loans

In addition to saving, Pesa Yetu enables members to **invest** by providing access to small loans, which in turn generate income for both the individual and the group.

- **In the first year**, a member can borrow up to **twice** the amount of their total savings.
- **After the first year**, the maximum loan amount is reduced to **1.5 times** their savings, a measure designed to manage financial risk and ensure sustainability.

Loans are used by members to launch or grow small businesses. The profits from these loans, along with the fines collected generate dividends shared among members at the end of the year, while the initial capital is preserved. This reflects the long-term vision: building up sustainable capital for the future microfinance institution.

3. Group and Collective Investment

After the first year, investing evolves from individual efforts to **group-led initiatives**. Based on the experiences and lessons learned at the individual level, groups start running collective businesses. Later, multiple groups may join forces to launch larger, more ambitious ventures, building on their combined knowledge and resources.

Over the past 10 years, the power of this “**Save and Invest**” model has been clearly demonstrated. It has proven to be not just a pathway to personal financial growth, but a foundation for building a community-owned and operated financial institution.

Advantages of Pesa Yetu

Pesa Yetu stands out as a unique and impactful approach to community finance. Its key advantages include:

a. Saving as a Culture, Not an Event

Pesa Yetu has transformed the mindset of its members. Saving is no longer seen as something occasional or only for the wealthy, it has become a **way of life**. Many members now testify that they have developed the habit of consistent saving, something they never thought possible before joining the movement.

b. Learning to Invest and Serve Community Needs

Members not only access capital but also **learn to invest wisely**. They are encouraged to observe the needs of their communities and develop entrepreneurial solutions. Peer learning plays a critical role, as members share experiences, challenges, and ideas, helping each other grow personally and professionally.

c. Business Training and Coaching

Access to loans is complemented by **business training, coaching, and mentorship**. Members are guided in how to start, manage, and scale their businesses. The training emphasizes problem identification and value creation, empowering members to become solution-oriented entrepreneurs.

d. Networking and Expanding Market Access

Pesa Yetu fosters a **built-in market and support system**. Group members serve as the first buyers of each other’s products or services. During monthly meetings, time is set aside to promote member businesses, ensuring visibility across all groups. Additionally, the annual event, “**Come and Meet Your Business Partner**”, offers a broader platform where entrepreneurs meet investors, sellers meet buyers, and valuable connections are made. This networking ecosystem has proven to be a major asset.

e. Opportunities to Become Shareholders in Larger Ventures

The investment journey does not stop with small businesses. Pesa Yetu creates pathways for members to **invest in larger, long-term ventures**, such as the upcoming microfinance

institution and other collective projects like a fish farm. These opportunities allow members to become **shareholders in impactful businesses**, building wealth for the future.

f. Promoting Financial Inclusion and Interdependence

Pesa Yetu is rare in its ability to **bring together people of different income levels**, both the poor and the wealthy, around a shared financial goal. Through training, less-resourced members learn to **identify the needs of wealthier individuals** and offer tailored solutions, creating mutual value. This fosters interdependence and inclusion within the business value chain. For example, wealthier members may distribute products through less-capitalized members, allowing both to earn profit and grow together.

Pesa Yetu is more than a saving and lending initiative, it is a **transformational community movement** that builds habits, empowers entrepreneurship, expands markets, and creates wealth across socioeconomic lines.

What We Have Achieved So Far

Over the past decade, Pesa Yetu has made significant strides toward its vision of transforming community finance in Burundi. Below are some of the key milestones we have reached:

1. Group Expansion and Member Engagement

Pesa Yetu has grown into a vibrant and engaged community through grassroots group formation and targeted education.

- **27 Pesa Yetu groups** have been successfully established, all supported by a central coordination and service center.
- **630 members** have embraced regular saving as a disciplined lifestyle.
- **500 individuals** have accessed loans through the Pesa Yetu system, enabling growth in their personal and business finances.
- **Over 2,000 people** have benefited from business training and financial education delivered through our in-person programs.
- **Weekly YouTube video series** now complement our on-the-ground efforts, offering teaching in the local language on essential topics including business development, personal finance, market dynamics, leadership, and strategic thinking. These videos are tailored to equip entrepreneurs, investors, and future retirees with practical knowledge they can apply immediately, making financial literacy accessible and relatable to everyone in our community.

2. Empowerment and Social Impact

- Individuals previously trapped in poverty have **rediscovered hope** and are embracing their God-given potential through economic empowerment.
- **More than 82 churches** have benefited from business and financial teachings, extending the impact to their congregations through **coaching, mentoring, and networking opportunities**.

3. Building Business Networks and Partnerships

- We have successfully run the “**Come and Meet Your Business Partner**” conference for four consecutive years, a platform where entrepreneurs meet buyers, investors, and business partners.
- The **Central Bank of Burundi** even used this event to promote its stock market platform, a testament to the event’s national relevance and credibility.

Toward Becoming a Financial Institution

We are thrilled to have reached the exciting phase of transitioning into an official **microfinance institution**. The Central Bank of Burundi requires a **minimum starting capital of USD 150,000**, but our ambition is to begin operations with **USD 500,000** to better serve our clients and compete effectively in the market.

Here’s what we have accomplished so far toward that goal:

- **USD 47,000 already mobilized** through the sale of shares to members and support from partners.
- **Office space secured** for the microfinance institution’s headquarters.
- **Access to BCB loans:** Members who are unable to purchase shares outright but have a stable income or income-generating activities are supported in accessing **BCB loans of USD 750**, repaid at **USD 17/month over 60 months**, to buy shares in the microfinance.
- **Promising investor leads:** Two local investors have each expressed interest in investing **USD 57,000**.
- **Capacity building:** Ezechiel, the founder, has begun an **MBA in Finance and Strategic Management** and is receiving mentorship from experienced professionals, including retired bankers.
- **Board strength:** An American with **20 years of experience in U.S. banking and risk management**, now based in Burundi, has agreed to join the board of Pesa Yetu Microfinance.
- **Legal and fiscal setup complete:** Pesa Yetu Microfinance is **legally registered** and has obtained its **fiscal registration number**.

We are now well-positioned to take the next steps toward launching a trusted, community-rooted, and competitive microfinance institution.

What We Are Looking For

As we transition **Pesa Yetu** into a fully licensed microfinance institution, we are seeking **strategic partners** and **financial support** to launch with strength, scale our services, and build a sustainable, community-driven institution. To this end, we present the following **partnership options**:

Option 1: Grant Support – USD 450,000

We are seeking a **grant of USD 450,000** to launch Pesa Yetu Microfinance with strong institutional and financial capacity. This grant would serve as **foundational capital** to establish

operations with excellence and scale our services to underserved communities. Specifically, it would enable us to:

- **Recruit and train professional staff** to deliver high-quality microfinance services,
- **Develop internal systems** for governance, compliance, risk management, and client support,
- **Set up physical infrastructure and operational tools** needed for effective day-to-day service delivery,
- **Support early-stage lending operations** to provide affordable credit to our members,
- **Meet the Central Bank's minimum capital requirement** of USD 150,000, and
- **Move toward our internal startup capital goal** of USD 500,000, ensuring competitiveness and sustainability.

This grant would catalyse our transformation into a fully licensed microfinance institution, rooted in transparency, professionalism, and social impact.

Option 2: Zero-Interest Loan – USD 450,000

Alternatively, we are open to securing a **zero-interest loan of USD 450,000** to serve the same purpose as above: launching Pesa Yetu Microfinance with solid institutional and financial capacity.

Option 3: Founder's Equity Participation – USD 125,000

A critical success factor for Pesa Yetu's long-term leadership and stability is the involvement of its founder, Ezechiel Hatungimana, who has led the movement since 2012 with passion, vision, and integrity.

We are seeking support in the form of a personal loan or investment facilitation to enable Ezechiel to acquire up to 25% of total equity, equivalent to USD 125,000, as permitted by regulation.

This participation will:

- Ensure long-term alignment and motivation,
- Strengthen confidence among members and partners,
- Anchor the institution in its founding values and strategic vision.

Option 4: Equity Investment – Share Purchase Opportunity

We also warmly invite **individuals and institutions** to purchase equity shares in **Pesa Yetu Microfinance**.

- Each share is valued at **USD 750**, and investors may purchase **multiple shares**,
- **Ownership is capped at 25% of the total capital**, in line with regulatory requirements. Based on our internal goal of **USD 500,000 in startup capital**, the maximum any individual or institution may invest is **USD 125,000**.
- As a shareholder, you will be part of a mission-driven, community-rooted financial institution built on trust, inclusion, and sustainability.

- **Dividends are projected to be distributed beginning in Year 3**, based on the institution's financial performance.

This option offers a meaningful opportunity to **co-own a growing microfinance institution** and contribute directly to its impact on underserved communities.

These options are presented as **flexible pathways** to support the launch of Pesa Yetu Microfinance. Each stands on its own, and depending on what is secured, others may be adjusted or become unnecessary. We are open to dialogue and would appreciate the opportunity to explore which form of support or collaboration could be the most appropriate and mutually beneficial.

Join Us in Empowering Burundi Through Finance

We believe this is a unique opportunity to be part of a local, tested, and proven solution to financial exclusion. With over 630 members already practicing saving and investing through Pesa Yetu, we are not starting from zero, we are building on a strong foundation of trust, learning, and transformation.

Why Consider Partnering with Us

Partnering with **Pesa Yetu** offers the opportunity to be part of a proven, community-rooted initiative with a decade of impact. Here's why we stand out:

1. Proven 10-Year Track Record

Over the past 10 years, Pesa Yetu has served well over 630 individuals, helping them achieve both short-term financial goals and long-term dreams through a proven model of saving, lending, and investing. While the number 630 reflects current or recently active members, many more have been part of our journey but have transitioned out, mostly due to migration or relocation. This ongoing engagement and turnover highlight both our deep impact and the trust we've built in the communities we serve.

2. Efficient and Trusted Network

Pesa Yetu has built a reliable and effective network of savings and investment groups. This decentralized structure has operated with transparency and accountability, fostering trust and long-term engagement across all members.

3. Inclusive Model That Empowers the Poor

We don't leave anyone behind. Our model has proven that **people with low incomes can become financially sustainable**, grow businesses, and in turn support others. Inclusion and empowerment are at the core of what we do.

4. Built-In Market and Economic Ecosystem

Pesa Yetu groups have cultivated a culture of **internal buying and selling**. Members are not only entrepreneurs but also active consumers of each other's goods and services, creating a vibrant, ready-made market ecosystem.

5. Diverse and Growing Investment Portfolio

Our members have invested in a wide variety of businesses, from agriculture to services, manufacturing to fish farming. This **diversification reduces risk** and demonstrates our adaptability and responsiveness to real market needs.

Conclusion

Pesa Yetu is not just an idea, it is a movement. With a proven model, a dedicated network, and a strong vision to become a formal microfinance institution, we are well-positioned for sustainable impact. We invite partners as we take the next step, **empowering more lives, formalizing our structure, and building the future of inclusive finance in Burundi.**