Efficiency Assessment of Microfinance Modelling: Best Practices in the Context of Improving Economic Development in Rwanda

Karangwa Charles

PhD Candidate, Department of Management
Poltava University of Economics and Trade (3 Kovala Street, Poltava, 36014, Ukraine)
Economic researcher and project Manager at Volkswagen
Bank and Financial Services in Germany

Abstract

This article aims at assessing and evaluating the efficiency of microfinance management in the context of alleviating the poverty and achieving goals of sustainable economic development in Rwanda. The tremendous role and condition of microfinance as the basis of development of national economy of Rwanda is highlighted. Basing on an integrated approach, indicators for assessing the effectiveness and efficiency of management of microfinances as innovative financial institutions in the context of achieving the goals of sustainable development of the 21st century. The Concept of sustainable development goals is considered as a synthesis of global goals that have been adopted by all United Nations in 2015 to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030 (Castells, 2010)

However, the microfinance sector is a relatively new and fast-growing market that will contribute a lot to the achievement of the new millennium goals.

In every country, development should be balanced and has to get involved in solving economic, social and environmental problems. Therefore, a good balance among them determines the overall level and quality of life.

Rwanda has made substantial progress in stabilizing and rehabilitating its economy to pre-1994 genocide against the Tutsis, although poverty levels are still remarkable. The government successfully implemented a broad program of economic reforms, focused on the exchange and trade regime, the privatization of some state enterprises, the reform of public administration, budget and financial management, and private sector development. As a result, for the last ten years, GDP growth, mainly driven by agriculture and construction, has remained high (between 6 and 9%), inflation has been broadly contained, and the exchange rate is relatively stable. In 2014, the economic growth rate reached 5.7% and both the trade balance and the current account improved as percentage of GDP as well as the inflation rate that was about 6.45%the same year mainly due to high energy and food prices. The delivery of social services, while still weak, has improved remarkably. The main following reforms have to be completed in the coming years namely to improve revenue performance; address the issue of internal debt (including arrears for expenditures contracted in the 1994-98 period); improve the business environment; pursue the restructuring of the financial sector; complete the privatization process; and secure land tenure.

Finally, current generation has a duty to future generations to leave sufficient reserves of resources (natural, social and economic) in order to ensure their best level of well-being, (Rotherham and Willingham, 2009)

Basing on the method of formalization and an integrated approach, a universal format of the results of the evaluation of the effectiveness and efficiency of microfinance management in the context of the implementation of sustainable development goals is highly recommended. Its application should result in timely elimination of problems, identification of causes and elimination of consequences of inefficient management of the micro financial institutions.

It will increase profits from credits disbursement, efficiency of good services delivery and investments in a broad range of different economic sectors in Rwanda whereby the microfinance demand is meeting the regional scale through the provision of adequate financial services by self-sufficient micro-financial institutions (Marguerite, S. Robinson, 2001, p.11)

Key words: Microfinance, efficiency evaluation, management, sustainable economic development, goals.

Microfinance sector in Rwanda

The microfinance sector in Rwanda is a relatively new and a fast-growing market. Despite the existence for decades of informal finance grassroots organizations such as the tontines, microfinance really started with the creation of the Union de Banques Populaires (UBPR) in 1975. Since then, the microfinance market has followed different phases in its evolution.

Before the 1994 genocide against the Tutsis, there was a slow growth and expansion of a great number of cooperatives and a few financial institutions, which mainly used to offer services in Kigali. After the genocide, many international NGOs became involved in the financial sector by implementing relief-oriented microfinance initiatives. In addition, the government granted a significant amount of financial assistance to the population through heavily subsidized credit lines and grants by means of a series of development projects. The different initiatives were not well structured and good practices were not promoted. This generated a contagion of delinquency habits amongst the population including commercial bank clients, where 45% of the loans were non-performing (Minicom, 2000)

Due to Rwanda's sustained development approach, some of these NGO initiatives and government projects have gradually been formalized into MFIs. In general, more formalized microfinance services were introduced to the country towards the end of the 1990s. However, currently there are still few microfinance services and products in the market and MFIs are just starting to invest in market research and product development. Overall, the financial market depth is still low.

However, it is very important to highlight that, microfinance in Rwanda is the result of traditional cooperatives mainly established during the Belgian colonial times. The first attempt to institutionalize cooperatives in Rwanda began with the enactment of the cooperative ordinance 1949 that operated until the current law No. 31/1988 was enacted on 12th October 1988 (Rwanda Cooperatives agency, RCA, 2020)

Traditionally, Rwanda had its own self-help forms that conform to the principles of self-help. Some of these forms such as Ubudehe, Umubyizi and Umuganda have survived to the present day. What is true is that to date, no efforts have been made to consolidate this traditional philosophy of mutual assistance into economically oriented development initiatives such as cooperatives and microfinance with saving and credits services. The cooperative movement in Rwanda was started as a tool for promoting colonial government and later in the 1960s the national government's policies. The interest of colonial governments was to get resources from Rwanda for the development of their own countries.

After independence, the Government used cooperatives as instruments of implementation of its policies and plans, thus becoming a tool for politicians. This attitude led to misconception of the notion of "cooperative"with "associations".

Although the government invested many resources in them, most eventually collapsed because they lacked clear policies and strategies and the spirit of self-help among its members. The war and genocide of 1994 had further adverse effects on the rather weak cooperatives, at the level of human, material and financial resources (RCA, 2020)

In addition, to the fore going negative effects on the cooperative movement the State and development agencies including donors introduced the culture of dependency by conditioning external assistance to the formation of cooperatives and other forms of associations.

Rwandan microfinance: Umurenge saving and credit cooperatives (SACCOs)

The history of Rwandan Umurenge SACCOs can be traced in the general context of the other Savings and Credit Co-operatives, which first appeared in Germany in the 1870's; and later on, that idea moved to North America in 1900 with European immigration especially in Canada, the United States, Australia and Ireland where it had the most established movements. In many regions of these countries, SACCOs are much larger than the commercial banks (David J.S. King, 1991)

Globally there are almost 100 million individual members in almost 60 countries around the world. SACCOs are a member of World Council of Credit Unions. Through this relationship SACCOs enjoy a reciprocal relationship with member countries throughout the world where SACCOs were formed before 1993. It evolved from the Cape Credit Union League (SACCOs), which was formed in 1981. At this time various Catholic Church parishes decided to form Credit Unions and SACCOs were formed to help them to coordinate their activities and standardize their operations. At this time, though the Credit Unions were formed as social organizations and did not operate their cooperatives as businesses. This brought about a whole lot of problems. Because the Credit Unions did not pay good interest on savings but gave out loans very cheaply, members were not interested in saving with the SACCOs, only getting loans from the

SACCOs. Without savings and shares, the SACCOs were unable to grow. However, because members were enjoying the cheap loans, they did not want to change the way they operated. Without growth, it was inevitable the SACCOs would stagnate (SACCOs.2011).

A second problem that existed in those days was that, people were scared to take up leadership positions, as there existed a state of emergency in the country during this period. This resulted in the ministers of the parishes taking a leadership position in the SACCOs. If the minister were transferred to another parish, it would depend whether the incoming minister had knowledge about the Sacco and whether he was interested in continuing its activities. However, the idea of a Sacco grew in impoverished communities as an alternative to other savings schemes, where you could get cheap loans. In 1987, the SACCOs extended its activities outside of the Western Cape Region and formed itself into the South African Credit Union League. The problem of non-viable SACCOs still existed and in 1991, when the World Council of Credit Unions did an assessment of the viability of the movement in South Africa, they found that only three of the existing 47 SACCOs were viable. Because of much discussion within the movement, it decided to change its entire orientation toward a business orientation. The viable cooperatives argued that making a surplus and developing strong SACCOs was in member's interests in the longer term, rather than short-term gain of cheap loans only. Thus in 1993 the Savings and Credit Co-operative League of South Africa (SACCOs) was born (Saccos.2011)

According to RCA, (2012) the government of Rwanda started to think of establishing Umurenge Sacco in 2008; after carrying out a study that showed 52 % of Rwandans had no access to formal financial institutions and keeping the money by traditional means such as digging a hole. Umurenge SACCOs is a Rwandan government initiative as elaborated in the Vision 2020 development agenda that aims to increase access of financial services to citizens. The concept of Umurenge Sacco was initiated on the understanding that banks and other financial institutions are more concentrated in towns and less spread in rural areas to serve the poor.

As such, establishing a Sacco at every Umurenge sector would bridge this gap. This would in effect, encourage local citizens to break the stigma of fearing financial institutions. Local citizens would thereafter be able to save, have access to loans and credit for different business activities, thus allowing them to invest and graduate from chronic poverty. Since the introduction of Umurenge Sacco, different government and non-government departments especially working in the areas of decentralization and local governance have made efforts to mobilize Rwandans towards this program. The Ministry of Local government and the Rwanda Cooperative Agency (RCA) have been at the helm of this drive. Substantial progress has been made. In a bid to better understand the progress achieved in Umurenge Sacco implementation, the Governor of the Central Bank visited all the provinces of the country (RCA, 2012)

In Rwanda, the concept of Umurenge Savings and Credit Cooperatives (Umurenge SACCOs) was based on an understanding that banks and other financial institutions were more concentrated in urban areas whilst the majority of the Rwandan population lives in rural areas who are totally excluded from the formal financial institutions (Minecofin, 2009)

Before 1994, Rwanda had a thriving microfinance sector in manufacturing, arts and crafts, carpentry, tailoring, garment making, metalworking, leather products, minerals, and maintenance work.

However, over the last ten years, there has been an impressive growth of MFIs. Currently there are around 456 MFIs registered and supervised by National Bank of Rwanda. The activity of supervising Microfinance institutions (MFIs) by the National Bank of Rwanda is based on the Law no. 55/2007 of 30/11/2007 governing the Central Bank of Rwanda, the law no. 40/2008 of 26/0872008 establishing the organization of microfinance activities and its implementing the regulation no. 02/2009 of 27/07/2009.

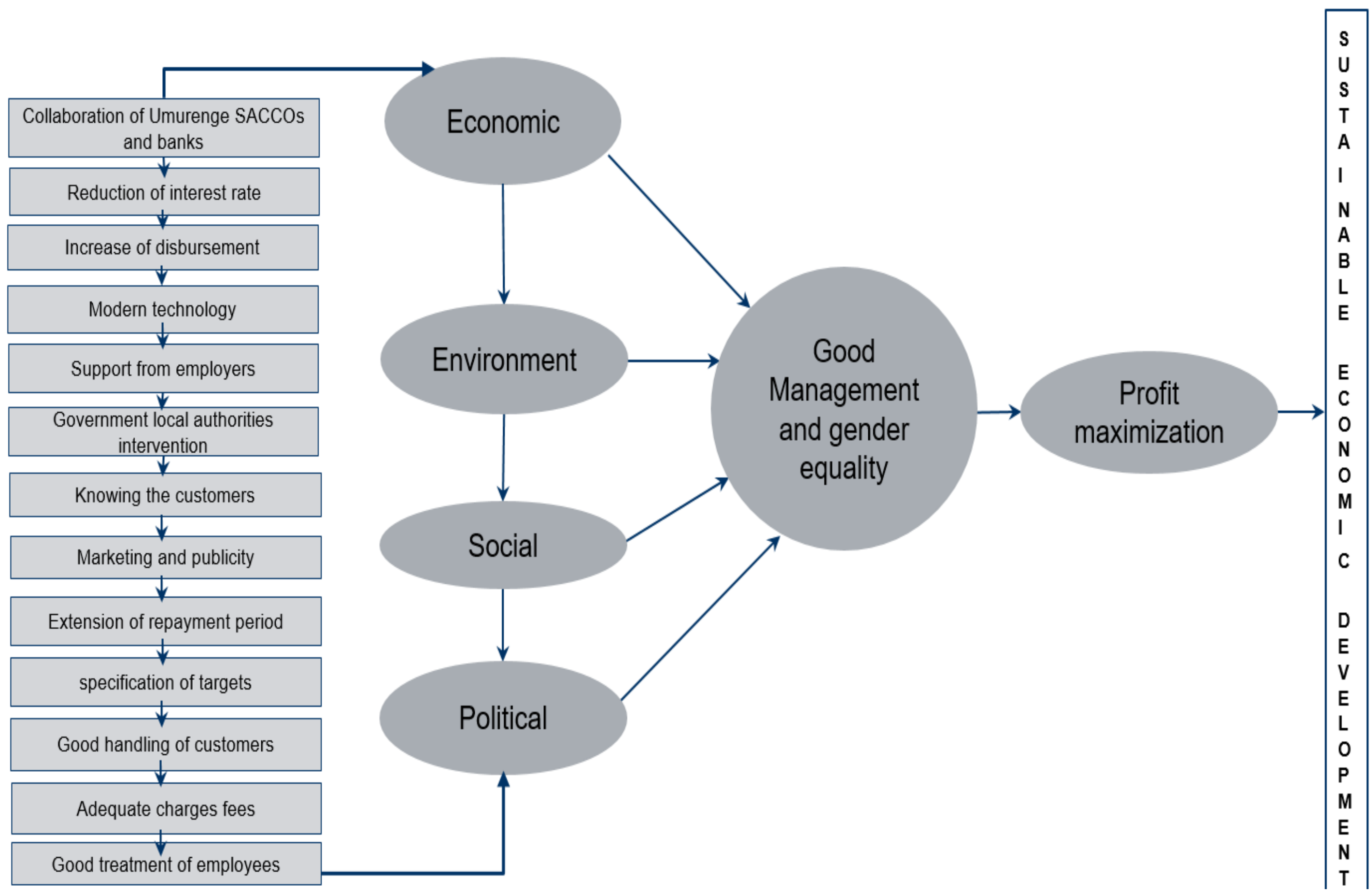
Currently the micro financial services provide the poor an opportunity to improve their livelihoods and, alongside with social services that can contribute to poverty reduction. The needed financial services do not cover micro credit alone, but also other services are in demand. These include above all savings, but also money transfer services, micro insurance and micro leasing, all of which can play an important role in the economic empowerment of the poor.

On the other side, Umurenge SACCO was established in 2008 by the government of Rwanda with the aim to boost up rural savings and provide Rwandans with loans to improve their earnings and enhance their livelihoods.

The Fin Scope 2008 and 2012 surveys have revealed that in 2008 21% of Rwandans, 18 years or older, were using formal financial institutions.

This percentage has increased to 42% in 2012. Before 2008, among the half million who are banked in Rwanda, 97% were holding a bank account at UBPR (Union des Banques Populaires du Rwanda). Later on, within 3 years, Umurenge SACCOs multiplied by 5 the number of banked people and have an impact on households representing more than half of the total population. The table below sums up the ultimate target of Umurenge SACCOs in Rwanda.

The Schema of Umurenge SACCOs in Rwanda



Source: developed by author

Umurenge SACCO contributes a lot in alleviating the poverty in rural areas where development is still raging behind in the context of achieving the goals of sustainable economic development in Rwanda. The concept of sustainable development normally covers the following main ideas:

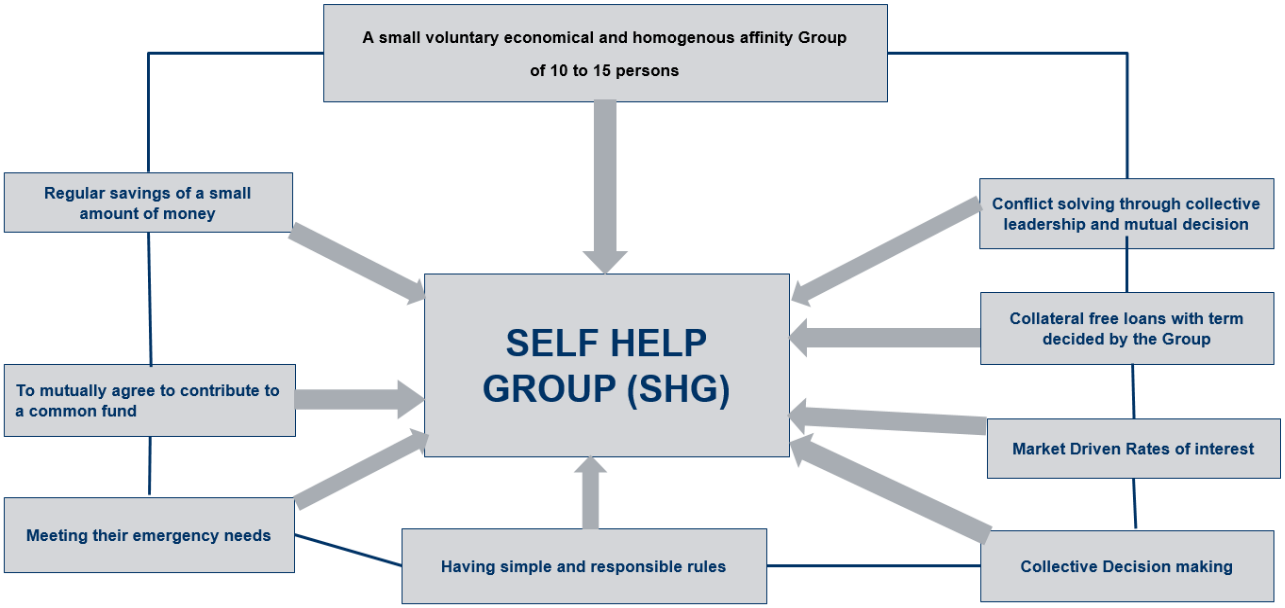
- Development involves in solving economic, social and environmental problems. It will be sustainable only if a balance is achieved between the various factors that determine the overall level and quality of life of the population.
- Current generation has a duty to future generations to leave sufficient reserves of natural, social and economic resources in order to ensure their level of well-being, not lower than the current one.

Main Credits models applicable to Microfinances in Rwanda

- ✓ **The Self-Help Group (SHG) Model**

According to Dwivedi, 2017, a Self-help Group (SHG) is a group of 10 to 15 people comprising mostly of women from a similar region and class who come together to form credit and saving organization. SHGs have federated even into larger organizations. Typically, a Cluster / Village Organization (VO) is made up with about 15 to 50 SHGs, with either one or two representatives from each SHG. Depending on geography, several VOs or clusters come together to form an SHG Federation or an apex body. The Village Organizations, SHG Federations and SHG Clusters in Andhra Pradesh are registered under the Mutually Aided Co-operative Society (MACS) Act 1995. At the cluster and federation level, there are exchange of ideas, sharing of costs, inter-group borrowings and discussion of common interests. For dealing with a variety of issues including accounting, loan collections, and social issues, there are typically various subcommittees formed.

The schema of objectives for a Self-Help Group Model (SHG)



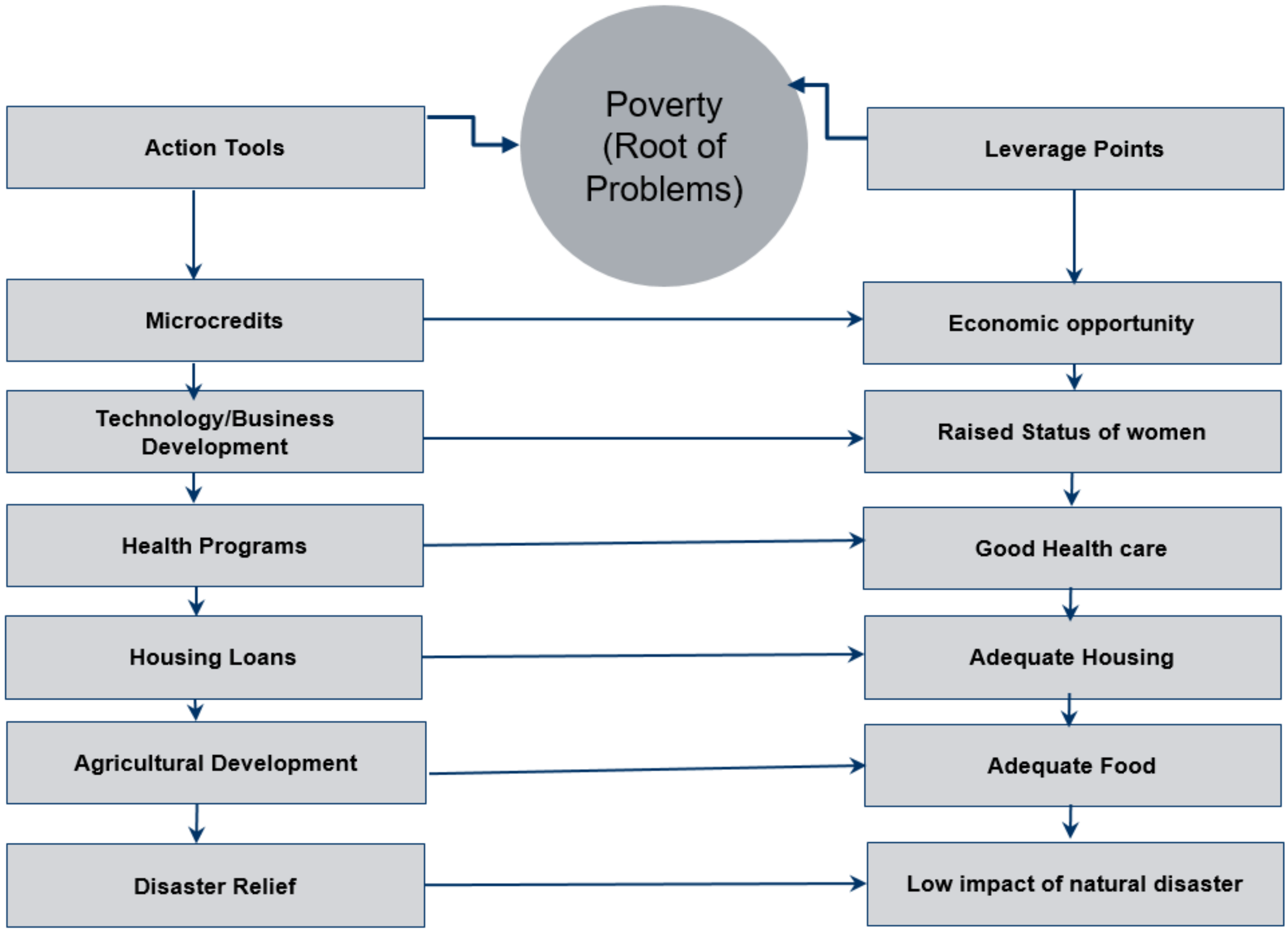
Source: developed by the author

- ✓ **The Grameen Model**

Referring to Dwivedi, 2017, the model of Grameen Bank works for giving credit to the rustic poor including women in rural areas, who possess short of what a large portion of a section of land of area or whose benefits do not surpass the quality of a section of land of area. Grameen Bank credits, dissimilar to customary bank advances, are not secured by physical insurance, for example, area or other steady properties. In fact, they are secured by gathering guarantee. In Grameen's perspective, absence of access to the credit is the greatest imperative of the rustic poor. Grameen Bank further feels that if the poor are furnished with the credit on sensible terms, they can then judge for themselves how best is to build their salaries and need just the inputs that they can bear to buy. Thus, dependent upon these ideas, Grameen Bank makes the budgetary and social conditions that empower both poor men and women to accept credit from the Grameen Bank (Khandker et al, 1995).

Investment funds assembly is recognized to be a basic piece of loaning by the Grameen bank. Every part is obliged to store 1 taka (Tk) every week. At the week-by-week gathering, parts should additionally help 5 percent of their essential to a "gathering store" and 5 takas for every 1,000-taka credit (over an introductory 1,000-taka advance) to a "crisis reserve". The gathering trust could be utilized for commonly concurred upon purposes and is self-overseen. The crisis store is overseen by the Grameen Bank for utilization as protection against potential default as a result of any incidents, for example, passing, inability, or all others. This store is likewise used to reimburse terrible obligations, give life mischance protection to all gathering parts, and embrace exercises that enhance the wellbeing, education, aptitudes, and venture chances of gathering parts. Every part is obliged to buy a Grameen Bank value offer worth Tk 100 on top of obligatory funds (Khandker, 1996).

The Schema of Grameen Model



Source: developed by the author

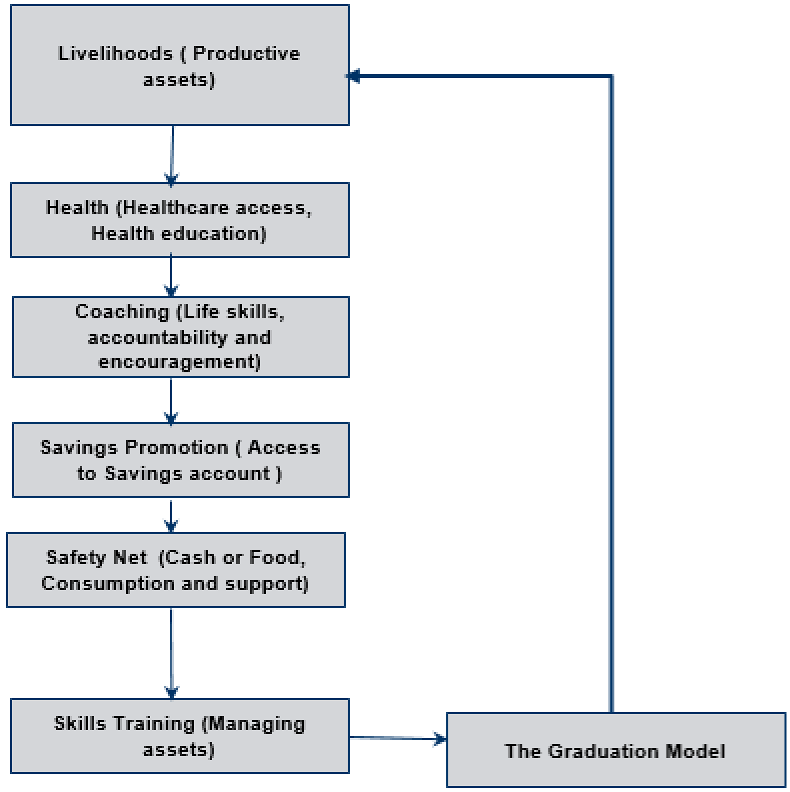
- ✓ **The Graduation Model**

A Bangladeshi advancement association, BRAC (Bangladesh Rural Advancement Committee) in 2002, launched the graduation model. The graduation model is started on the conviction that the poorest of the poor fail to offer the fortitude to take an interest in microfinance – as either a borrower or a saver. These are individuals who are wildly poor, have next to zero stakes and are nourishment unreliable.

The model focuses on the ultra-poor and launches a multi-pronged mediation with them, ordinarily involving obligatory investment funds, a subsistence remittance, exchange of a beneficial stake (normally animals), wellbeing and work trainings, and so on. The essential thought is to give the ultra-poor wellbeing net and an open door to begin considering reserve funds and speculation in some manifestation of gainful occupation exercises. The graduation demonstrates additionally meant to show an effect inside two years, setting itself a period bound target, which is essential for an intercession that endeavors to impact social insurance arrangements in creating nation (Goldberg and Salomon, 2011).

The complete process of Graduation Model intervention to lift extremely poor out of this state to above poverty line is explained in the figure below. The process takes about 24 months to let extremely poor 'graduate' while they are provided with various services during this period like consumption support, skill training etc.

The schema of Graduation model



Source: developed by author

- ✓ **The Village Banking Model**

The village banking institution, Foundation for International Community Assistance (FINCA) implements a village-banking model in its effort to create financially sustainable solidarity groups. FINCA works with groups of 30-60 members, usually all women.

Village banking offers several important services:

- Credit—in the form of a loan to a group of approximately 15-30 individuals
- Savings services—both forced and voluntary
- Non-financial services—informal and sometimes formal as well
- The internal account—offered by some VBIs, the internal account provides additional credit, savings, and non-financial services (Westley, 2004).

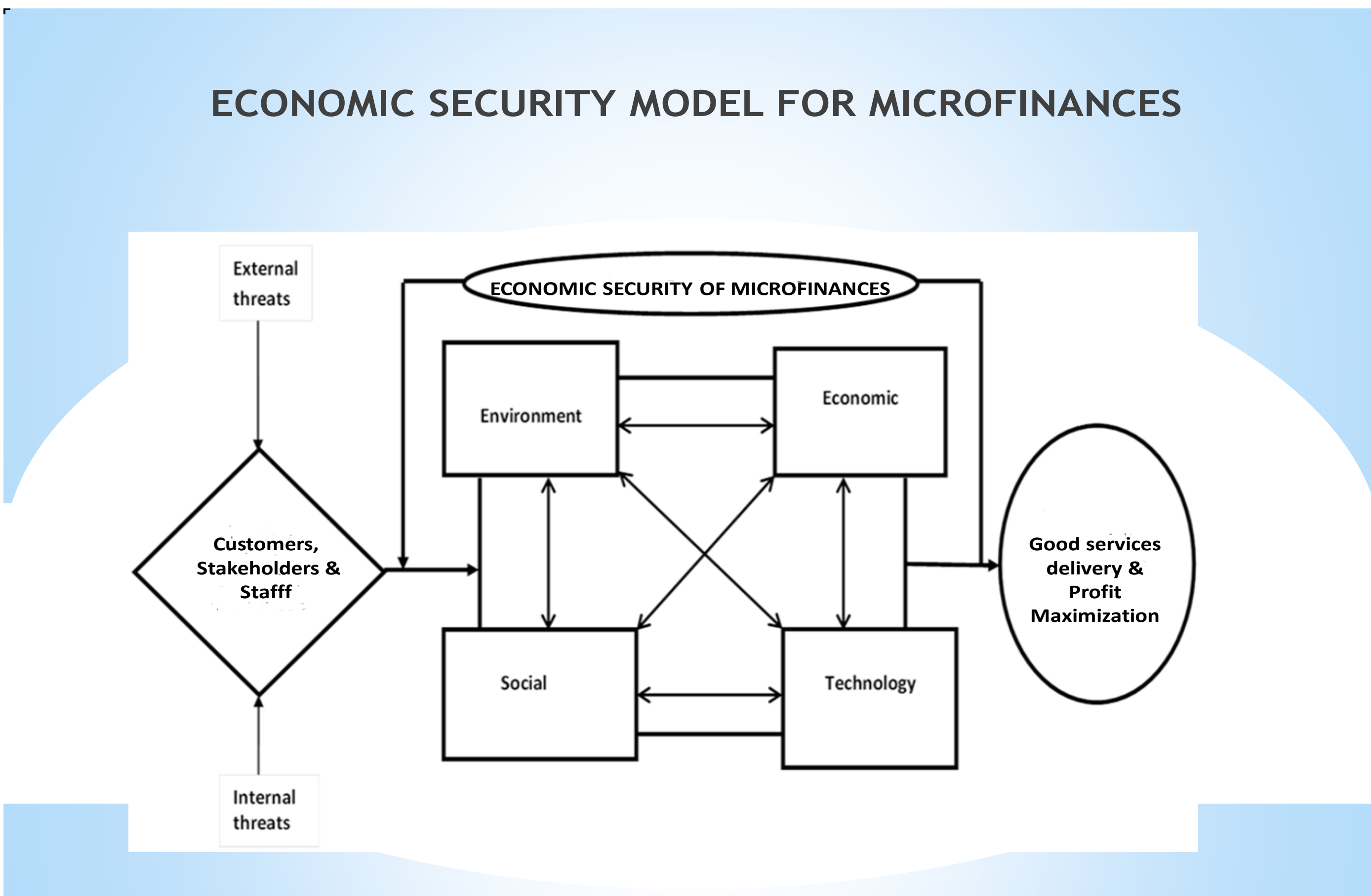
When the town bank is introduced, it accepts its first advance from the executing org (the neighborhood central station of FINCA or its offshoot) for on giving to the distinct parts of the town bank. The supporting org uses one to three months in setting up each one bank, sorting out the race of an administration board and preparing its parts, and creating the tenets and regulations to represent the town bank. The primary singular credit (normally USD $ 50) is reimbursed on a week after week premise in equivalent portions of vital and enthusiasm over a four-month period. The town bank gathers these installments at consistent gatherings and, at the end of the sixteenth week; it reimburses the whole credit chief in addition to enthusiasm to the actualizing organization. The trusts flowing here and there and then here again between the executing office and the town bank for advances to parts constitute the outside record. In the event that the town bank reimburses in full, it is qualified for a brief moment advance. In the event that the town bank is unable to pay the sum due, the actualizing organization stops further credit until repayment is made (Fotabong, 2011).

The essence of economic security of Microfinances

As known, since its first establishment in 1970s by Dr. Muhammad Yunus in Bangladesh, the microfinance movement spread around the world attracting the attention of a large community by its successful lending practices, poverty alleviation impact and women empowerment. The importance of microfinance has been reinforced amidst the global financial crisis of late 2000s as trust and reliability in formal banking sector has been seriously shattered (Littlefield &Kneiding, 2009)

The essence of economic security of any MFI relies in a state of the management system that determines its ability to provide activities and services on economic indicators of functioning and development within subjectively established boundaries in the presence of internal and external threats. As presented below, for any Micro financial institution, the threat is defined as potential or real actions of certain persons (legal entity or natural person) that can cause a specific material or moral damage (harm) to a particular subject. There are two types of threats for any business financial institution namely internal and external threats. However, we should emphasize that in all conditions of running a microfinance, the source of such threats is the management of entities`personnel: the persons involved to ensure its activities and in production technology or administration during the process of entity's activity.

For its improvement of economic development, the government of different countries, donors, international and most advanced national NGOs have been collaborating in a joint effort to develop a microfinance industry that follows sound practices and internationally accepted performance standards (Seibel &Almeyda 2002).



Source: developed by author

Economic development of Rwanda

The concept of economic development is understood as the process whereby simple, low-income national economies are transformed into modern industrial economies. Although the term is sometimes confused to economic growth, generally employed to describe a change in a country´s economy involving qualitative as wells as quantitative improvements (Maddison, 1991).

The theory of economic development- how primitive and poor economies can evolve into sophisticated and relatively prosperous ones- is of critical importance to underdeveloped countries, and it is usually in the context that issues of economic development are discussed. There are two prominent models of economic growth namely the exogenous and endogenous growth figuring the capital, labor input and modern technology. Besides, empirical country specific evidence supports that economic policy variables such as the ratio of public spending to GDP, the rate of inflation, the openness of the economy and arrangements of exchange rate regimes are equally important for respectable economic growth. Analysis of panel data constructed from World Bank database for OECD economies the difference among low-income economies, newly emerging economies of South East and South Asia, countries in Middle East, Sub Saharan Africa, Latin, and Central America on economic growth. It suggests that country and region-specific micro and macro-economic factors and policy variables have significant influences in the rates of economic growth, Nicolas Kaldor (1961).

Some studies have integrated analysis of long run growth to the analysis of short-run fluctuations (Blackburn (1999), Blake and Weale (2003).

Solow’s neoclassical growth model includes maximization of profit by producers, who pay remuneration to factors equal to their marginal products; maximization of utility by consumers who save fixed fraction of their income for future use; model closure by equality between saving and investment, substitution between capital and labor depending on the wage rental ratios.

However, as prognosticated by the World Bank, the Rwandan government may encounter mounting problems over the coming years.

Rwanda is the most densely populated country in Africa; landlocked with few natural resources and minimal industry. It has a total land area of 26,338 Km2 and a population of around 12 million, which is estimated to be growing at 2.6% annually. There are more than 455 people per square kilometer and only 52% of the country’s surface area is arable with much of the country being mountainous especially in the western region (Enterprising Solutions global Consulting, LLC, Rwanda Microfinance sector assessment, 2005)

Due to different factors including the Covid-19 pandemic, the goals of Vision 2020 have been achieved to a limited extent as far as the labor market is concerned in Rwanda. That means that there are likely to be well over a considerable growing number of unemployed or underemployed young people. However, the African governments try to create jobs for them namely in Rwanda where they are most of them in rural areas and small towns, even if the pressure to move to the metropolis of Kigali as well as theattempt of illegal emigrationfor African young people is increasing.

Afterwards, the most urgent challenge in most Sub-Saharan countries is the lack of jobs affecting millions of young people – a problem that had been given low priority in the Millennium Development Goals, although it was already on the horizon 20 years ago. It was illusory even then to assume that most of the young people could be induced to stay on the rural areas even with improvements in agriculture.

Finally, an assessment of the microfinance sector in Rwanda has shown the range of financial services available or not, the key constraints and opportunities to providing microfinance, the key stakeholders, and their respective roles in creating an enabling environment and access of the poor to financial services.

The evaluation has its limitations as it had to be done within a short time–demand, supply, enabling environment and strategic positioning considerations, including gathering the needed information from all provinces of the country. The wide range of identified issues are however all necessary ingredients at this stage to inform the MFIs and enable them to prioritize and develop strategies to support the sector and strengthen the coping capacity of the poor through improved financial services.

Conclusion

The completed evaluation of efficiency for microfinance management revealed that microfinance sector is growing faster in Rwanda than elsewhere in the World. Through our research, it has been demonstrated that since the early-2000s, there has been remarkable economic growth in Rwanda. Due to the setting up and creation of different micro financial institutions including MFIs such as Umurenge SACCOs initiated by the Rwandan government in 2008, there has been a great number of people that have access to the financial services as well as a quick improvement of the standards of living for the population in rural areas.

However, there are enormous challenges that have been identified in the Rwandan micro financial sector stating that most MFIs namely Umurenge SACCOs lack *credit management* skills in general; and delinquency management is still a big issue. This includes the lending methodology, pricing of products, customer care and the effectiveness of the lending methodology as reflected in the portfolio at risk. According to many managers of Umurenge SACCOs, there is a weak credit and repayment culture among clients.

This is a direct consequence of the massive post-war government and donor grants given to clients and the population in general; in addition, subsides granted to MFIs. This has hampered the sector's sound development and its evolution towards a more market-led and business-oriented operations. Product pricing is also a key weakness for most MFIs whose interest rates do not reflect the real cost of providing services to clients. Monopolistic pricing approach is most often applied, resulting in inefficient operations and reduction of poor clients' access to financial services.

In Rwanda, many MFIs such as Umurenge SACCOs do not have enough adequate *management information systems (MIS) and internal controls* and risk management strategies. The day-to day use of operation for accounting MIS of these institutions makes very often reporting and portfolio monitoring very difficult.

A number of MFIs appear to be experiencing extremely rapid growth and do not appear to be strong in*business planning and managing their growth* in line with their growth in capacity due to mismanagement and embezzlement of local administrative authorities.

This poses a risk tothe Umurenge SACCOs as well as the microfinance at large. Growth is one of the key determinants of major fraud cases and MFI downfall, and the risk is even higher in a sector with still weak system capacity.

Finally, most Umurenge SACCOs in Rwanda have a *poor client-oriented approach* as they still operate under the "one product fits all" mind frame. There is little effort to develop demand-led products that meet specific researched client needs, differentiate services from competitors, and enhance the image and branding of the institution. The MFIs with a positive market image amongst their clients are facing less liquidity constraints as they are better able to mobilize more savings due to the higher consumer confidence. These savings are an inexpensive source of funds to finance their expansion and portfolio growth, which might be used as a source of credits for all clients in need.

References

African Development Bank (2012), *Leveraging Capital Markets for SME Financing in Rwanda*, Kigali, Rwanda

Aqil Burney, S.M. (2008). *Inductive and deductive Research Approach*. University of Karachi.

Association of Microfinance Institutions in Rwanda (AMIR) Annual Report 2010.

Audrey, (1978); Methodology of Educational Research. Thirded. Delhi: UBSPublishers 'Distributors LTD.

Beck, T., Demirguc-kunt, A., and Levine, r. (2004). *Finance, inequality and poverty alleviation: cross-country evidence*, World Bank policy research working paper

Chet Aeschliman, Fiacre Murekezi and Jean-Paul Ndashoboye (2007) Extending the outreach of Rwandan Peoples' Banks to the rural poor through village savings and credit associations, Kigali: Rwanda

Dale W. Adams, (1978) Mobilizing Household Savings through Rural Financial Markets Economic Development and Cultural Change, Vol. 26, No. 3, (Apr., 1978), pp. 547-560 Published by: The University of Chicago Press.

Dickson Malunda (2012) *Report for African Centre for Economic Transformation* (ACET), 2012

Honohan, P. (2004). *Financial development, growth and poverty: how close are the links?* In Charles Goodhart, ed. *Financial development and economic growth*: explaining the links. London:

Pajegedes, C. (2001). *Impact of microfinance on poverty alleviation in Nigeria: an empirical investigation*. European Journal of humanities and social sciences. Volume 2. N.1 lgrave.

Joas, H. (1992). *The Creativity of Action.* Frankfurt a. Main: suhrkamp (English 1996. Cambridge

James-Wilson, D. (2008) *Youth Livelihoods Development Program Guide*, USAID, Washington, DC: 6.

Kakooza, T. (1996); An introduction to Research Methodology. Kampala: National Adult Education Association.

Knowles, J. & Behrman, J. 2005. *The Economic returns to investing in youth in developing countries*. Nhp discussion paper. The international bank for Reconstruction and development. The World BankMetropolity press).

Lewis, A.W. (1955) Theory of Economic Growth, London: Homewood, p. 230

Lower, r. (2005) *Tontines in Africa. A case study of Cameroon*. The African reinsurer. Volum

MUKAMUHOZA Marie Gaudula, (2007); » Role of Credits Offered by Banque Populaire de Kibali in Development of Rural Areas". Kigali: Rwanda

Orbugh, e. (2011). *Towards an integrated approach to microfinance: a case for the integration of financial and non-financial services in microfinance institutions*. Standford University. E 019

Philips. (2004) " Savings Mobilization Role of Nigerian Commercial Banks - Analytical Policy Study"

Safari, J.P (2010). *Human capital Management in Rwanda: challenges and prospects for microfinance institutions.* Maastricht school of Management and the school of finance and banking.

The World Bank (2008). "The Republic of Rwanda. Joint ida-imf staff advisory note on the poverty reduction strategy". Poverty reduction and economic management 3. Country department eastern Africa 2. Africa region.

Thomas David r. (2006). *A General inductive approach for analyzing qualitative evaluation data*. American journal of evaluation. Sage.

Royal Government of Cambodia. (2006) *Financial sector development* strategy 2006-2015

Zeuli, K. &Radel, J. (2005). *Cooperatives as a community development strategy: linking theory and practice*. University of Wisconsin. The Journal of regional analysis and policy 35:1.

Weber, M. (1972): *Wirtschaft und Gesellschaft (Economy and Society*). Tübingen: Paul Mohr

Walzer, n. & c. D. Merrett. (2001). A *cooperative approach to local economic development*. Connecticut: quorum books.

Uncdf, (2010). *Building financial inclusive sector in Rwanda*. Program-bisfir. August 30th 2010-december 31st 2010.

Thorsten, b. & de la torre, A. (2007). *The basic analytics of access to financial*

Services. World Bank policy research working Paper 4026.

Biggart, A. &walther, a. (2006) *coping with yo-yo-transitions: young adults struggle for support, between family and state in comparative perspective, in c. Leccardi& e. Ruspini* (eds.): a *new youth? Young people, generations and family life,* Aldershot: Ashgate, s. 41-62.

Steven Amway and Anthony Docu. (2000) *The Impact of Financial Sector Reform* on Bank Efficiency and Financial Deepening for Savings Mobilization in Ghana

David J.S. King, *The ideology behind a business activity*: The case of the Nuremberg-Fürth Railway, business and Economic history, 1991, vol.20

Marguerite S. Robinson, *The Microfinance Revolution, sustainable finance for the poor*, USA, 2001