



## ASSESSMENT OF MICROFINANCE SERVICES AND COMMUNITY EMPOWERMENT PROJECTS AT SELECTED MICROFINANCE INSTITUTIONS IN KICUKIRO DISTRICT, RWANDA.

**Dr. HATEGEKIMANA Jean Paul**

E-mail: [hategejp6@gmail.com](mailto:hategejp6@gmail.com);

Tel.: +250 783 590 293

**Skype:** Jean Paul Hategekimana

*Professional Project Management Consultant,*

*Director of Administration and Academic Services in BRAINAE UNIVERSITY*

*Private Writer, and A Teacher of Research Methodology*

*Editorial Member of BRAINAE Journal of Business, Sciences, and Technology*

**Received:** 02 August, 2022; **Accepted:** 29<sup>th</sup> August, 2022; **Published:** 29<sup>th</sup> August 2022

DOI: <https://doi.org/10.53236/25>

### ABSTRACT

The study was about microfinance services and community empowerment projects at the selected microfinance institutions in Kicukiro District, Rwanda. The specific objectives of this study were to examine the effects of short terms credits of MFIs on the community development projects in Kicukiro District; to establish the relationship between medium terms credit and community projects in Kicukiro District; to examine the influence of long-term credits of MFIs on community development projects in Kicukiro District. The target population is 752 borrowers of MFIs in Kicukiro, while the sample was 261 respondents. Data collection methods were questionnaires and written documents. Data analysis was done through descriptive statistics, regression, and correlation analysis. Findings showed that the influences of short terms loans offered by MFIs on community development projects in selected MFIs of Kicukiro District confirmed by Pearson correlation of 0.732\*\* with a p-value of 0.000 less than the standard significance level of 0.01. The relationship between medium terms loans and community development projects in selected MFIs of Kicukiro District is indicated by a strong correlation as Pearson correlation showed 0.727\*\* with a p-value of 0.000, which is less than the standard significance level of 0.01. The results showed on the effects of the long-term loan on community development projects in selected MFIs of Kicukiro District confirmed a positive and very strong correlation as the Pearson correlation is 0.693\*\* with a p-value is 0.000, which is less than the standard significance level of 0.01. This indicates that out of the considered other services offered by Amasezerano Community Banking Ltd, and COPEDU Ltd affecting community empowerment projects, the only long-term loan has a significant relationship of 69.3% with community empowerment projects in Kicukiro District, Rwanda. In a conclusion, Microfinance Services represented by long-term loans, short-term loans, and medium-term loans influence positively and significantly community empowerment projects in Kicukiro District, Rwanda.

**Keywords:** *microfinance; financial services, community empowerment projects.*

### 1. INTRODUCTION

The development objective of the community development project stands to start an effective and sustainable tool to recover the living conditions and the economic status of deprived communities. There remain two main project components including social and infrastructure development and providing sub-project grants for carrying out social assessments and designing programs of sub-projects; and implementing sub-projects consisting of improving access to basic education, health, and social services.

Government of Rwanda has developed its poverty reduction strategy through extensive national consultation. The resultant Poverty Reduction Strategy Paper (PRSP) was endorsed by the Boards of the World Bank and the international monetary fund on August 12.

2002. The actions outlined in the PRSP fit within the overall vision of Rwanda's development as set out in vision 2020, which identifies the key objective that Rwanda needs to attain to become a middle-income country by 2020. Throughout the PRSP, microfinance is a key element for the achievement of the government of Rwanda's objectives.

The financial markets in most developing countries are prepared to provide efficient and effective financial services to the low-income households. The majority of Rwandans, whose incomes are very low, have limited access to financial services and microfinance institution offers the possibility of managing scared households and enterprise resources more efficiently. Microfinance services can be a critical element of poverty alleviation

strategy. Improved access and efficient savings, credit, and insurance facilities can enable the poor to smoothen consumption, manage their risks, build their assets, develop their micro-enterprises enhance earning capacity.

Microfinance services can also contribute to improving resource allocation, adopting better technology, and providing markets. Thus microfinance helps to promote economic growth and development. Savings services are among the most beneficial services for low-income people. Nearly all households need to save to protect themselves from periods of low-income periods anticipated expenses. The enterprises need to store the value accumulated from profit until they can invest them to earn a return. Others, thus broadening outreach can use the savings kept as funds investment (Niyoduenga, 2016).

Savings and credit services can allow enterprises and families to make some important investments.

## 2. PROBLEM STATEMENT

Despite important development and the augmented technical and financial resources dedicated to financial inclusion, much effort remains fast. Regrettably, financial access and underlying financial infrastructure occupied for decided in rich countries including savings accounts, debit cards or credit as well as payment systems on which they function, still aren't available to many people in developing countries where Rwanda included (Brennan, 2008).

Rwanda's Government recognized the diversity of creativities to provide community development projects through shared revenue arrangements. The Association of Microfinance Institutions in Rwanda (AMIR) is employed its member organizations both SACCO and MFI's to instrument a shared core investment system. Access to Finance Rwanda (AFR) encourages augmented access to financial services to sustainably increase on-farm productivity and subsequently improve people's incomes and livelihoods (AMIR, 2012).

Unfortunately, most of the community projects in Rwanda have suffered from low resources, coordination

## 3. OBJECTIVES OF THE STUDY

The study investigated the MFIs services and community development projects in the selected MFIs of Kicukiro District, with the specific objectives of:

Enterprises use this credit as a source of short-term working capital and long-term investment capital. The households use it to meet consumption needs, particularly when income flows are low. Without permanent institutional finance, most poor households continue to rely on self-finance or informal sources of microfinance, which limits their ability to actively participate in development opportunities.

Microfinance institutions can contribute to the development of the overall financial system through the introduction of financial markets. Microfinance can provide an effective way to assist and empower women, who make up a significant proportion of the poor and suffer from poverty. In brief, microfinance addresses the financial needs of a significant portion of our population. Microfinance institutions are mainly the facilities of underlying economic opportunities that lead to poverty alleviation in rural areas of Rwanda and economic prosperity in general (Niyoduenga, 2016).

and capacity of community projects are still missing adequate access to financial services. Most borrowers lack the experience of understanding the financial organization's procedures, and they do not take the necessary practical skills to make successful loan applications and their usage in the established projects (AMIR, 2012).

According to the study of Arbiana, (2013) studied factors affecting the growth and community development projects: experiences from Kosovo; Mawa, (2008) showed the issue under discussion and concluded that microfinance is an innovative step towards development; Ravinder and Tesfy, (2006) studied microfinance as the founding stone for development; and Obianuju, (2012) evaluated the impact of microfinance banks on the beneficiaries, a case study of Kaduna state, all of these studies, none of them has been addressed in Rwanda which indicating the scarcity of the studies on a related topic in Rwanda. This motivated the researcher to undertake this study for evaluating microfinance services and community empowerment projects in selected MFIs of Kicukiro District.

- [1.] Examining the influences of short terms loans offered by MFIs on community development projects in selected MFIs of Kicukiro District.
- [2.] Finding out the relationship between medium terms loans and community development projects in selected MFIs of Kicukiro District.

[3.] Analyzing the effects of long-term loan on community development projects in selected MFIs of Kicukiro District.

#### 4. RESEARCH HYPOTHESES

This study tested null (H0) and alternative (H1) hypotheses which are as follows.

- [1.] **Hypothesis1:H0:** There is no significant relationship between short terms loans and community development projects in selected MFIs of Kicukiro District.
- [2.] **Hypothesis2: H0:** There is no significant relationship between medium terms loans and

community development projects in selected MFIs of Kicukiro District.

- [3.] **Hypothesis3: H0:** There is no significant relationship between long-term loans and community development projects in selected MFIs of Kicukiro District

#### 5. REVIEW OF LITERATURE

##### 5.1 Concepts of the study

This section exemplifies the meaning of key concepts understudies like MFIs services and community development projects.

##### 5.1.1 Microfinance Services

Micro-finance is the delivery of credits, savings, and financial services to very poor people. It is providing facilities to poor households ' make chances for them to create own, and accumulate assets and smoothen consumption. Microfinance is a combination of two words, micro means small amounts, and also finance means monetary terms (Vijay, 2007). Microfinance stays

increasingly existence careful as one of the most effective tools to reduce poverty. It takes a significant role in connecting the gap between formal financial institutions and the rural poor (Hermes, 2014). There are two groups of credits including secured loans/mortgages and unsecured or short-term loans.

##### Secured Loans/or Mortgage Loans

Mortgage credits joint diverse kinds of loans like terrestrial development loans are generally secured purchase or development loans or unsecured advances to investors and speculators. A secured purchase or

development loan is usually a form of financing connecting the purchase of land and lot development in anticipation of further construction or sale of the property (Dichter, 2007).

##### Unsecured front money loans

Unsecured front money loans are employed wealth advances to a borrower who may be engaged in a new and unproven venture. Many financiers trust that unsecured front money lending is not prudent unless the bank is complicated in the latter stages of construction financing (Ellis, and Nyasulu, 2003). Unsecured front money loans cast-off for a developer's equity investment

in a project or to cover initial costs overruns are symptomatic of an undercapitalized, inexperienced, or inept builder. Unsecured loans typically carry a higher interest rate than secured loans. There are different types such as bank overdraft, Commercial credit, trade credit (Business Dictionary, 2013).

##### 5.1.2 Community Development Projects

Community developments are well-defined as beneficial changes for all the community members. These changes were initiated by the community members themselves. Community development emphasizes the authorization of individuals and communities that can stop social injustice (Ajayi, and Otuya, 2006). Community development is often related to community work or

community planning and may include stakeholders, foundations, governments, or contracted objects counting non-government organizations (NGOs), colleges, or government agencies to develop the community security of local, regional and, sometimes national groups (Christensen, *et al.*, 2003). There are different pointers of public development projects:

### **Increase in Sales Revenue**

An effective indicator of development to the community is having an income from goods and services, sold minus the charge related to things like returned or undeliverable merchandise. Compare gross revenue and sales revenue

### **Innovative Performance**

Innovation remains whatever that each republic can point out in a competitive and global marketplace, which can bring it an advantage. Innovation performance indicated or aids to upsurge productivity and utilization of

### **Capability to accommodate oneself**

Being capable of housing their own home is universally acknowledged as the second most important need of man after food. Housing exceeds shelter includes the facilities

### **Entrepreneurial Development**

Entrepreneurial orientation has developed one of the most recognized and investigated concepts in the free enterprise literature. Invention remains as a precise tool of entrepreneurs, how they adventure change as a chance

## **5.2 Theoretical Review**

This section debates on the philosophies that have been bearing the planned study namely, empowerment theory, agency theory, and stakeholder's theory.

### **Empowerment Theory**

As a term, empowerment originates from American community psychology and is associated with the social scientist Julian Rappaport (1981). However, the origins of empowerment theory spread further into history and are linked to Marxist sociological theory. Empowerment is central to social work. Social workers struggle to empower individuals so they can overcome personal challenges such as substance abuse or eating disorders, personal or family illness, and the emotional trauma resulting from divorce, abuse, or the death of a loved one.

Empowerment theory social work involves using intervention methods to guide people toward achieving a sense of control. People may feel helpless in their lives for any number of reasons, but empowerment theory focuses on how oppression contributes to this experience. It centers on helping marginalized people at individual, group, and community levels gain the

Examples include inequitable access to well-funded and high-quality schools, discriminatory lending practices in housing, or sexist attitudes in corporate culture. Social workers can help promote awareness of direct power blocks and energize social movements against them by developing programs that help individuals overcome

is the income a firm understands from selling its products or services to the community. Usually, sales are the net auctions that the firm attains minus the cost of the returned merchandise (Covin, *et al.*, 2011).

equipment or time recovers the quality of products or services, rises safety, reduces wastes, and improves equity (Anderson, *et al.*, 2009).

and other community services within the environment which relations man with his distant and immediate neighborhood (Aluko, 2004).

for different commercials or services. It is accomplished of being obtainable as a correction, accomplished of being erudite, accomplished of being skillful (Wiklund, *et al.*, 2009).

However, social work does not focus exclusively on individuals. It also aims to empower groups and communities, particularly those with histories of oppression and marginalization. Social work can and should involve advocating for policies that promote greater social justice and equity. Social workers practice an array of practice methods and theories. For example, empowerment theory social work emphasizes promoting self-development and awareness and aids people to address the oppressive forces that block them from thriving.

personal, interpersonal and political power to improve their lives. Additionally, the model seeks to challenge systems that prevent or hinder people from having their needs met. Empowerment theory social work explores several key factors: direct power blocks are the structures that stop people from achieving goals such as better employment, advanced education, or safe housing.

marginalization. Indirect power blocks mention to adopted oppression. Groups with histories of mistreatment often absorb the negative messaging of the abuse they receive. They develop stories about their limited options and ability to achieve and then pass those ideas down across generations. However challenging,

these deeply ingrained thoughts need to be resolved. The empowerment approach works to develop awareness on several levels. Self-efficacy: Individuals must build their power by cultivating the belief that they can change their circumstances. This requires addressing some of the indirect power blocks interfering with their self-actualization. Social workers can guide individuals through therapies that help clients explore their beliefs, why they hold them, and how to change them. They can also help individuals develop coping skills to adjust to

Empowerment theory social work uses a five-step problem-solving model to achieve its goals: identify problems; define strengths; set goals; implement interventions, and evaluate successes on a collaborative level. To successfully implement the model, social workers must develop key understandings, consider diverse perspectives and ask critical questions. This theory was of relevance for the current study in the MFIs of Kicukiro District because it showed the process of

### **Agency theory**

Agency theory remains a principle that is used to enlighten and resolve matters in the relationship between corporate principals and their agents. Most commonly, that relationship stays the one between shareholders, as principals, and company executives, as agents. This theory says both principals and agents act in their self-interest, which can work for their mutual benefit (Carol, M. Kopp, 2021).

In the most basic sense, a principal is someone who heavily relies on an agent to execute specific financial decisions and transactions that can result in fluctuating outcomes. It has entrusted money but has little or no day-to-day input. The agent is using the resources of a principal. It is the decision-maker but is incurring little or no risk because any losses were borne by the principal. Because the principal trusts so heavily on the agent to make the right decision, there may be an assortment of conflicts or disagreements.

Agency theory dives into such relationships. In terms of business, the principal is considered to be a shareholder, This theory was useful for a current study where it helps to explore the distinctive relationship between a principal and their agent. Throughout the relationship, there stays several actions and decisions that remain made by the agent on behalf of the principal. The same actions and

### **5.3 Empirical Review**

Ravinder and Tesfy, (2006) argued that microfinance remains the founding stone for development. Their study showed that there is a fundamental linkage between microfinance and development, in that the latter depends on the poor gaining access to, and control over,

their environments. Critical consciousness, individuals need to develop a deep understanding of the complex social, economic and political realities in their environments that negatively affect them. This involves examining their roles in these environments and seeking out potential ways to work around the structures blocking them. Establishing this type of consciousness allows people to share their experiences and connect with others in the same or similar situation.

attaining basic opportunities for relegated people, either directly by those people, or through the help of non-marginalized others who stake their access to these opportunities to develop community projects. It also comprises actively thwarting attempts to deny those opportunities. Authorization also contains encouraging and emerging skills for, self-sufficiency, with an emphasis on eliminating the future need for charity or welfare in the individuals of the group.

while the agent is considered to be a company executive. Although it might not seem like it, shareholders and company executives remain tightly connected. Each of their actions greatly disturbs the position of one another. Agency theory remains also often referred to as the "agency dilemma" or the "agency problem." When it originates to business and the concept of agency theory, several types of relationships remain closely intertwined and stand faced with some sort of disagreement (Carol, M. Kopp, 2021).

For example, an agency problem between managers and shareholders can develop when managers have different knowledge and perspectives than owners have. Managers may choose that the company's health involves retentive earnings rather than issuing great dividends. The owners, who don't have similar in-depth knowledge of the company's position, might think the managers have been unsuccessful and request an explanation.

decisions stand what generates disagreements and conflict between the two parties corresponding MFIs and community received financial services in Kicukiro District.

economically productive resources, which includes financial resources. Previously implemented programs did not produce good results due to the non-involvement of the people for which the programs were designed. They suggested that the government development

program should be restructured if not re-designed and should be centered on the basic needs approach.

Microfinance is the mean for income generation and the way for permanent reduction of development through the

Arbiana, Govori, (2013) studied actors affecting the growth and community development projects: experiences from Kosovo. Small and medium enterprises are becoming increasingly important for the creation and development of a modern, dynamic and knowledge-based economy. The SME sector is the backbone of the economy in countries with higher income, while it is less developed in countries with low incomes. These

Martha (2010) studied the role of microfinance in the socio-economic development of women in a community: a case study of Mpigi town council in Uganda. This study established the role of microfinance in the socio-economic development of women in a community. Mpigi Town Council in Uganda was the study area. Fifty respondents were interviewed and eight of these were employees of microfinance institutions and two worked as technical staff from Mpigi District Local Government. The study used both quantitative and qualitative methods. Questionnaires and interviews stood to be used to collect data. The findings of the study reveal that microfinance institutions operating in Mpigi Town Council provide services like training and skills

Sowmyan, *et al.*, (2011) studied the role of Microfinance institutions in the development of entrepreneurs. Microfinance is the delivery that provides access to various financial services such as credit, savings, micro insurance, remittances, leasing to low-income clients including consumers and the self-employed, who traditionally lack access to banking and related services.

According to Robinson (2008) Microfinance refers to the provision of a broad range of financial services such as; deposits, loans, payment services, money transfers, and insurance products to the poor and low-income households, for their microenterprises and small businesses, to enable them to raise their income levels and improve their living standards. Anan (2002) further elaborates this by describing the core principles of microfinance to include; access to appropriate financial services among the poor. Microfinancing is based on the

Oyelaran-Oyeyinka (2006) indicates that MFIs' weaknesses raise transaction costs, thereby constraining firms from taking the advantage of market opportunities, while market failures limit access to markets and innovation possibilities. He furthermore, argues that while SME's growth and development remains central to the economic health of African countries, they lack the

provision of health services, education, housing, sanitation water supply, and adequate nutrition. In many instances, micro-enterprises rather than formal employment create an informal economy that comprises as much as 75 percent of the national economy.

enterprises employ about 60% of private-sector workers, make a major contribution in the field of innovation, and support regional development and social cohesion. SMEs in most low-income countries give a significant contribution to GDP growth and the creation of new jobs. In Kosovo SMEs represent more than 99% of the total number of enterprises and their share in GDP amounts to more than 50% (CBK, 2011).

development, insured credit facilities and savings mobilization, banking facilities, supervision and monitoring of the clients, provision of agriculture inputs like seeds and chemicals, and physical items like animals (cows, goats, pigs, sheep, etc.). The services are particularly provided to women groups, salary earners, and individual women and men. The repayment of the credit facilities is usually through weekly and monthly installments. The size of the loan depends on the MFI but ranges from one hundred thousand to millions of shillings. The security usually required is group collateral in case of groups, salary in case of salary earners, and any other as deemed necessary for the individual by the MFI.

Its main objective is to provide permanent access to appropriate financial services including insurance, savings, and fund transfer. Microfinance develops more widely accepted and moves into the mainstream, the supply of services to the poor may also increase, improving the efficiency and outreach while lowering the costs.

premise that; the poor can repay loans, pay the real cost of loans, and generate savings, microfinance is an effective tool for poverty alleviation, microfinance institutions must aim to provide financial services to an increasing number of disadvantaged people, Microfinance can and should be undertaken on a sustainable basis and microfinance NGOs and programs must develop performance standards that will help define and govern the microfinance industry toward greater reach and sustainability

economies of scale advantage and the capabilities that are often internalized by large firms. The exposure of African industry to international competition from the late 1980s onward further revealed the structural fragility of the region's industrial system. The policy response to the internal resource scarcity of SMEs and competitive pressures had been for the public and private sectors to

attempt to develop institutions and services to promote products within the small firm.

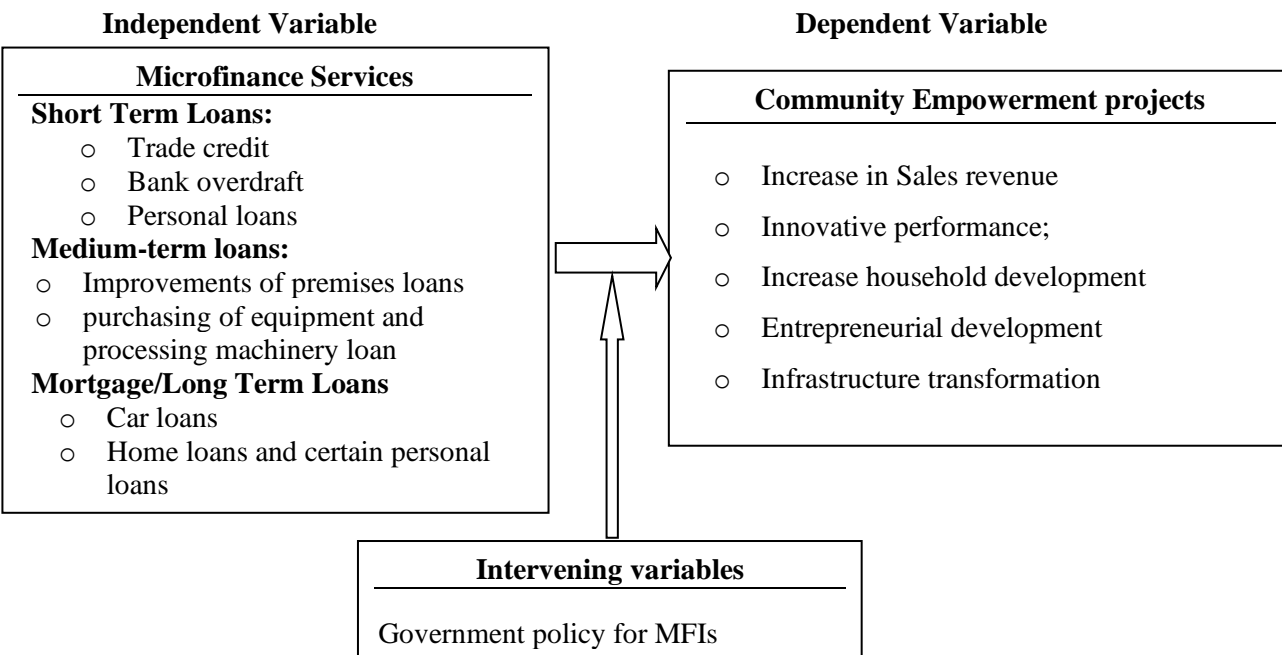
Gungen, (2011) described the features of microfinance based on the type of client, lending technology, loan portfolio, organizational ideology, and institutional structure. On the client type for microfinance, Gungen noted that clients are characterized by low income, employment in the informal sector, low wage bracket, lack of physical collateral, closely interlinked household/business activities. The lending technology for microfinance is that of Prompt approval and disbursement of microloans, lack of extensive loan records, collateral substitutes; group-based guarantees,

Hew (2007) notes that Micro-credit financing starts with the assumption that the poor are willing to pay high-interest rates to have access to finance. In general, the system uses social trust as collateral. Although there are different micro-credit financing models, the borrowers in the pioneering models are usually members of small groups. Loans are given to individuals, but an entire group is responsible for the repayment. Hence, the

#### 5.4 Conceptual Framework

According to Botha, M., (2006), the role of the conceptual framework covers an instant of the investigation qualities upon which the study takes been

Figure 1: Conceptual Framework



Source: Researcher conceptualization, (2022)

## 6. MATERIALS AND METHODS

This study adopted descriptive and correlative approaches. This study adopts a descriptive approach

conditional access to further micro-credits, information-intensive character-based lending linked to cash flow analysis, and group-based borrower selection. The loan portfolio is highly volatile and is heavily dependent on portfolio management skills. Organizational ideology is remote and non-dependent on government with cost recovery objectives and profit maximization. The institutional structure for microfinance is decentralized with insufficient external control and regulation. The capital base is quasi-equity (mainly in form of soft loans and grants) (Anan, 2002).

borrower who does not fulfill his commitment to repay will lose his/her social capital. Micro-credit institutions report that their repayment rates are above the commercial repayment rates, sometimes as high as 97%. Today, there are millions of poor people around the world who turn to be entrepreneurs through the micro-credit sector.

shown. The conceptual framework of this study highlighted mainly the connection between MFIs and community empowerment projects.

effects of short terms loans of MFIs on the community development projects in Kicukiro District; the influence of long term loans of MFIs on the community development projects in Kicukiro District, and the influence of short terms loan in supporting the

### Study Population

During this study, the target population was the clients in the selected MFIs received loans to finance their projects at Kicukiro District. The target population was 752

### Sampling technique and Sample Size

A sample was a smaller set of standards designated from the population. This study practices 5% of margin errors and privacy level is 95%. The study applied the

$$\text{Where: } n = \frac{N}{1 + N(e)^2} \quad n = \text{Sample Size} \quad N = \text{Study Population}$$

$e = \text{Margin of error}$

$$n = \frac{752}{1 + [752 * (0.05)^2]} = 261$$

In respect of this study, the stratified and simple random sampling techniques were used to select 261 respondents from the total population to safeguard representatives in

### Data Collection Instruments

The source of data was primary and secondary data. Primary information is composed specially for the investigation at hand through the questionnaire method. It was needed to participate in the field of this research. In this study, the questionnaire was prepared in line with the research questions, objectives, and the topic of the research. It was using close-end inquiries. The participation rate was 100% of replying to questions. In the scheming survey, the researcher used five Likert

### Data Analysis Methods

The methods were used to analyze the data of this research are as follows: SPSS IBM 22.0 version was used as computer software for analysis. The descriptive statistic method was cast-off to describe the microfinance institutions' services and community development projects in Kicukiro District. The descriptive statistical method showed the frequency, percentages, and cumulative percentages. Correlation coefficient matrix; and multiple linear regression analysis were recognized to show the association

## 7. FINDINGS AND DISCUSSIONS

The study verified the relationship between microfinance services and community empowerment projects in selected microfinance institutions at Kicukiro district (Amasezerano Community Banking Ltd, and COPEDU Ltd). Data analysis was done quantitatively using

community projects in Rwanda. The study used a correlative approach to show the connection between microfinance institutions and community development projects in Kicukiro District.

people who received loans include 331 borrowers from Amasezerano Community Banking Ltd and 421 borrowers from COPEDU Ltd.

formulation of Taro Yamane (1982) to control the sample size of this study.

each selected MFIs (Amasezerano Community Banking Ltd (ACB); and COPEDU Ltd) in Kicukiro District.

scales to assess the appreciation of respondents on financial loans received from MFIs services and their effects on community development projects. Concerning secondary data, the researchers used the documentary technique. The researcher used annual reports from MFIs and community development projects especially ACB Plc and COPEDU Ltd. The researcher used annual reports MFIs services and community development projects in Kicukiro District.

between variables with the help of SPSS IMB 22.0 software. The models were X which is the independent variable indicated by microfinance services had three indicators including  $x_1 = \text{short term loans}$ ;  $x_2 = \text{medium-term loans}$ ;  $x_3 = \text{long term loans}$ ; with Y which is the dependent variable indicated by community empowerment projects in Kicukiro District, Rwanda. Based on these variables, the functions have been set as;  $Y = f(X), Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \varepsilon$ .

computer software of SPSS IBM 22.0 version. Analysis, interpretation, and presentation of findings were accordingly shown by research objectives such as examining influences of short terms loans offered by Amasezerano Community Banking Ltd, and COPEDU



Ltd on community development projects in Kicukiro District; finding out the relationship between medium terms loan and community development projects in Kicukiro District and analyzing the long term loans effects on community development projects in Kicukiro District.

Questionnaires were distributed to 261 respondents, and one month was taken to gather data from respondents,

### 7.1 Correlation Coefficient Matrix

In statistics, correlation or dependence is any statistical relationship, whether causal or not, between two random variables or bivariate data. A correlation matrix is a table showing correlation coefficients between variables. Each cell in the table shows the correlation between two

and the participation rate become 100.0% to respond to the questions. the distribution of respondents by gender which indicated by the majority of 54.0% of respondents who were males participated in this study, while females were 46.0% respondents who used Amasezerano Community Banking Ltd, and COPEDU Ltd services by developing their projects in Kicukiro District, Rwanda

variables. A correlation matrix is used to summarize data, as input into a more advanced analysis, and as a diagnostic for advanced analyses. In this study, findings in table no1 present a correlation matrix between the variables under study.

**Table 1: Correlation Coefficient Matrix**

		Short Term Loans	Medium-term loan	Long term loan	Microfinance Services	Community Empowerment projects
<b>Short Term Loans</b>	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	87				
<b>Medium-term loan</b>	Pearson Correlation	.936**	1			
	Sig. (2-tailed)	.000				
	N	87	87			
<b>Long term loan</b>	Pearson Correlation	.774**	.811**	1		
	Sig. (2-tailed)	.000	.000			
	N	87	87	87		
<b>Microfinance Services</b>	Pearson Correlation	.968**	.978**	.884**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	87	87	87	87	
<b>Community Empowerment projects</b>	Pearson Correlation	.732**	.727**	.693**	.757**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	87	87	87	87	87

\*. Correlation is significant at the 0.01 level (2-tailed).

Findings in Table no1 present the results show that there is a strong correlation between short term loans received by beneficiaries of Amasezerano Community Banking Ltd, and COPEDU Ltd and community empowerment projects as Pearson correlation is .732\*\* with a p-value of 0.000 less than the standard significance level of 0.01. This indicates that, out of the considered other Amasezerano Community Banking Ltd and COPEDU Ltd services affecting community empowerment projects, only short-term loans received by beneficiaries have a significant effect of 73.2% on community empowerment projects in Kicukiro District, Rwanda. Findings also show that there is a strong correlation between Medium-term loans received from Amasezerano Community Banking Ltd, and COPEDU Ltd services and community empowerment projects in Kicukiro District, Rwanda as Pearson correlation is .727\*\* with a p-value of 0.000, which is less than the standard significance level of 0.01, and this indicates that, out of the considered Amasezerano Community Banking Ltd, and COPEDU Ltd services,

only Medium-term loan has a significant relationship of 72.7% on community empowerment projects in Kicukiro District, Rwanda. The results show also that there is a positive and very strong correlation between long-term loans and community empowerment projects in Kicukiro District, Rwanda as the Pearson correlation is .693\*\* with a p-value is 0.000, which is less than the standard significance level of 0.01. This indicates that out of the considered other services offered by Amasezerano Community Banking Ltd, and COPEDU Ltd affecting community empowerment projects, only long term loan has a significant relationship of 69.3% with community empowerment projects in Kicukiro District, Rwanda Findings confirmed that p-value of 0.000 is less than the standard significance level of 0.01 as it is an indicator of the existence of a positive and significant relationship between Microfinance Services and community empowerment projects in Kicukiro District, Rwanda since Pearson correlation value was .757\*\* which is categorized as a positive and strong correlation.

## 7.2 Linear Regression Analysis Test

Regression analysis test is a form of inferential statistics, and the p-values help to determine whether the relationships have observed in the sample existed in the larger population. This section shows the model summary

table, ANOVA, and coefficients data that test the relationship between Microfinance Services and community empowerment projects in Kicukiro District, Rwanda.

**Table 2: Model Summary**

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	<b>.760<sup>a</sup></b>	<b>.578</b>	<b>.562</b>	2.22723

a. Predictors: (Constant), *long term loan, short term loans, medium-term loan*

Findings in Table no2 present value of R. equals .760<sup>a</sup> which is a high correlation in this model, while the R-square of this study is .578 which means the percentage influencing community empowerment projects in Kicukiro District, Rwanda (as dependent variable) are explained by independent variable indicated by Microfinance Services represented by Long term loan,

Short Term Loans, Medium-term loan on the rate of 57.8%. This indicates that the model is positive and strong, as the independent variable highly explained the dependent variable (community empowerment projects in Kicukiro District, Rwanda). The adjusted R-square is used to compensate for additional variables in the model. In this case, the adjusted R-square is also 56.2%.

**Table 3: ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	562.895	3	187.632	<b>37.825</b>	<b>.000<sup>b</sup></b>
	Residual	411.726	83	4.961		
	Total	974.621	86			

a. Dependent Variable: *Community Empowerment projects*

b. Predictors: (Constant), *Long term loan, Short Term Loans, Medium-term loan*

Findings in ANOVA Table no3 showed a level of the fit mode of 37.825 is positive with a p-value of 0.000<sup>b</sup> which is less than 0.01, set as the standard significance level. This means that the null hypotheses stated that there is no significant relationship between short terms loans and community development projects in selected MFIs of Kicukiro District; there is no significant relationship between medium terms loans and community development projects in selected MFIs of Kicukiro District; and there is no significant relationship between long-term loans on community development projects in selected MFIs of Kicukiro District were all rejected because in the findings showed that short term loans, medium-term loan, long term loan have affected significant and positively the community empowerment projects of beneficiaries from selected MFIs in Kicukiro District; and for that reason, the study has retained

alternative hypotheses stating there is significant and positive relationship between short terms loans and community development projects in selected MFIs at Kicukiro District; there is significant and positive relationship between medium terms loans and community development projects in selected MFIs of Kicukiro District; and there is significant and positive relationship between long term loan and community development projects in selected MFIs of Kicukiro District.

According to findings; this study confirmed that independent variables indicated by microfinance services represented by long term loans, short term loans, medium-term loans affect positively and significantly the community empowerment projects of beneficiaries from selected MFIs in Kicukiro District, Rwanda.

**Table 4: Regression Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.846	.815		1.038	.002
1 Short Term Loans	.220	.116	.388	1.905	.000
Medium term loan	.072	.121	.132	.596	.003
Long term loan	.258	.111	.285	2.331	.002

a. Dependent Variable: *Community Empowerment projects*

The models were X which is the independent variable indicated by Microfinance Services had three indicators including x1= short term loans; x2= medium-term loans; x3= long term loan; with Y which is the dependent Y= f(X),  $Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \epsilon$ .

$$Y = 0.846 + 0.220x_1 + 0.072x_2 + 0.258x_3 + 0.815$$

The linear regression equation shows that community empowerment projects in Kicukiro District will always depend on a constant factor of 0.846 regardless of the presence of other services of Amasezerano Community Banking Ltd, and COPEDU Ltd. The other variables explain that; every unit change in x1= Short Term Loans;

variable indicated by community empowerment projects in Kicukiro District, Rwanda. Based on these variables, the functions have been set as;

x2= Medium-term loan; x3= Long term loan will significantly change community empowerment projects in Kicukiro District by 0.220; 0.072; 0.258; with a standard error of 0.815 in the model.

## 8. CONCLUSION AND RECOMMENDATIONS

Findings in the ANOVA Table show level of the fit mode of 37.825 which is positive with a p-value of 0.000b which is less than 0.01, set as the standard significance level. They concluded that independent variables indicated by

Microfinance Services represented by long term loans, short term loans, medium-term loans influence positively and significantly community empowerment projects in Kicukiro District, Rwanda.

### Recommendations for The study

The following recommendations should be taken into consideration as useful to Amasezerano Community Banking Ltd, and COPEDU Ltd and their small enterprise beneficiaries. To Amasezerano Community Banking Ltd and COPEDU Plc. To satisfy all beneficiaries, Amasezerano Community Banking Ltd, and COPEDU Ltd should continue to look the way to create training for their members especially on management capabilities and well use of loans received from those MFIs to reduce non-performing loans rate. Some owners of small businesses are complaining about the high-interest rate to loans

received from MFIs followed by a short maturity date as one of the challenges faced to grow their small businesses. We are advising Amasezerano Community Banking Ltd, and COPEDU Ltd to survey their beneficiaries and discuss the way of equilibrating loans delivered and interest rates charged from loans because most of the borrowers said that the interest rate on loans is still high. They should also look at the way to take businesses as a grantee of loans delivered to those who said that they have an issue of lacking collateral to get enough loans to finance their businesses.

### To Small Enterprises Beneficiaries

During this study, businesses owners confirmed that they faced an issue of lacking innovative techniques and skills to manage the day commands. As for advice, these owners of small businesses who feel like they are not able to effectively manage daily commands, should hire managers of their businesses on their behalf, and thereafter, slowly they would copy skills from those qualified managers for future good management. We also encourage all business makers to use these opportunity financial services from MFIs for increasing their business growth as well as for making their activities more productive.

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