

Impact of Ubudehe Credit Scheme Projects in Economic Development and Poverty Eradication in Rwanda

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ABSTRACT

The objective of this program was to revive and foster collective action at the community level. The results from the field revealed that a small number of populations were participating in productive activities but their participation increased when ubudehe credit scheme came into existence. When one person is helped to leave the poverty, that person helps others also to leave the poverty situation. When people were few for participating in production, many people were in extreme poverty but when they were helped to participate in production being a big number, many people improved their usual ways of living. The challenges in implementing ubudehe credit scheme project have been identified were insufficient funds; mindsets and belief systems; administrative bureaucracy and time taken to generate wider stakeholders. In fact the recommendation found are to: develop private sector to promote individual initiatives in Rwanda; explain to the people the government policies' for changing their mindset and encourage donors to support in technical activities. The findings of this study showed the positive returns and very significant relationship between Ubudehe credit scheme and Poverty eradication.

Keywords: Economic development, home grown initiatives and poverty eradication.

I. INTRODUCTION TO THE STUDY

The government of Rwanda initiated many policies for developing and reducing poverty in all country. Some of those policies are grouped in program called by home grown initiatives solution that was developed as means to fight poverty and accelerate socio-economic development. Among home grown initiatives solution there is Ubudehe credit scheme as culture of collective action of solidarity and mutual that helps the Government for eradication of extreme poverty at community and household levels. Ubudehe Credit scheme process in Rwanda is a single policy of fostering citizens' collective action in partnership with a government committed to decentralisation. This policy has its roots in the PRSP (poverty reduction strategy paper 2002-2006) and the PPA (participatory poverty assessment) [1].

It is a policy intended to increase the level of institutional problem-solving capacity at the local level by citizens and local government. It seeks to set into operation the principles of citizens' participation through local collective action. The word Ubudehe credit scheme was selected to present a quick mental image of people working in collective action; action to solve problems of local people, by local people, for local people; by support from local government, NGO's, local resource people and donors[2].

According to Frederick Golooba-Mutebi (2008:2) Ubudehe credit scheme initiative was intended to help address the many challenges faced by the country after the genocide of 1994 and its consequences. The concept of Ubudehe credit scheme is ample demonstration that collective action and popular participation are rooted in Rwandan culture and society. Although it is vulnerable to interpretations which link it to images of rural people engaged in outdated

actions, it is at the cutting edge of participatory action geared towards the elimination of poverty. Ubudehe credit scheme was designed to offer an opportunity to Local people to engage in their own development and empowerment through participatory planning. The project was to involve itself in participatory poverty assessment at the cellular level and devise participatory problem-solving at the level by citizens and local government. Ubudehe credit scheme project is closely related with the Rwandese traditional practice and cultural value of working together to solve problems. [3].

In this particular case, the central government through local government challenged local communities and household to initiate fundable projects by which to generate income for sustainable welfare and development. The fundable projects could be both at household and community level the projects ranged from forming village SACCOs (Mwalimu, Umurenge) funds of women and youth, etc. Agricultural, handicraft, and mining co-operatives emerged everywhere in the whole country [4].

II. RESEARCH OBJECTIVES

The general objective of this research is to assess impact of Ubudehe credit scheme project in economic development and poverty eradication in Rwanda and their specific objectives are to examine Ubudehe credit scheme project in fighting against poverty in Rwanda; to identify challenges in implementing ubudehe credit scheme program in Rwanda.

III. HOME GROWN INITIATIVES

Truth and reconciliation traditional courts (Gacaca) these jurisdictions have been pivotal to the justice reconstruction and restoration of accountability in post-genocide Rwanda;

Mediators (Abunzi) also re-emerged as a tool of informal settlements of disputes and smaller criminal offences and have become formalized in the jurisdiction;

One cow per poor Family (Girinka) is a widespread programme for rooting out extreme symptoms of poverty such as malnutrition or absence of dairy products through the delivery of cows to the poorest segments of the society;

Community Works (Umuganda) has been re-deemed as the ultimate state-building projects through the community engagement on small projects, which would benefit the whole community or individuals in need. The social constituent of Umuganda as a medium for unity and contribution to the advancement of the community is also widely recognized;

Performance contracts (Imihigo) has been recognized as a tool for management of public affairs implying competition and the self-commitment of an individual or a group of people, which is scrutinized by the public;

National Academy (Itorero) is a movable concept set to educate all Rwandans at all levels of the society towards patriotism and self-esteem. Promoting of cultural values and positive traditions for sustainable development are guiding principles of the leadership in today's Rwanda;

National Dialogue (Umushyikirano) brings annually all segments of the society for a broad conversation platform that would be used to discuss various national issues in order to measure the country's development progress and plan for the future;

National Leadership Retreat (Umwiherero) brings together leaders from the central to local government, to reflect on the achievements and challenges anticipated to have taken place over the past year as well as priorities in the future;

Community-based and participatory effort towards problem solving (Ubudehe) represents the group of home grown solutions to stir pro-poor economic development and aims at poverty eradication through community action and should stimulate pro-poor economic growth and decisively contribute to poverty reduction.

Ubudehe credit scheme is one of Rwanda's best known Home Grown Initiative Solution because of its participatory development approach to poverty reduction [5].

According to LODA; the implementation of ubudehe credit scheme program, since 2001, categorized Rwandan citizens/households in six categories depending on the economic status of each individual or household, but in 2014 these categories are summarized into four categories only such as: the first category has the very poor who do not have a house or cannot be able to pay rent; have a poor diet; cannot get basic household tools and clothes. The second category includes those who have their own houses; can find the money for to rent a house; mostly get food and earn a wage from working with others. The third category includes those who have at least one person in the family working in the government or the private sector. The fourth category includes people who earn high incomes; people who own houses; people who can afford a luxurious lifestyle [6].

Ubudehe credit scheme categorisation data were processed and approved through the Local Government administrative layers, from village up to the District level. Afterwards the data were approved by the central level structures namely the Ubudehe National Technical Committee, Senior Management of MINALOC, and the Ubudehe National Steering Committee [7].

Table 1: Results at national level

Categories	Shares of households		
	Households	Population	(%)
Category 1	376,192	1,480,167	16.0
Category 2	703,461	3,077,816	29.8
Category 3	1,267,171	5,766,506	53.7
Category 4	11,664	58,069	0.5
Total	2,358,488	10,382,558	100

Source: RGB: the assessment of the impact of home grown initiatives, 2014

IV. RELATED CASE STUDIES

In evaluation of Bolsa Familia, social cash relocate programme in Brazil, the labour market contribution rate of participating adults was 2.6% higher than among those not benefiting from the programme. Despite concerns about negative impacts on productivity, support from Brazil indicated that cash transfers can actually augment labour force participation [8].

According to Adams and Kebede(2005), cash transfers boost families' investment in agriculture, and petty trading as well as spending on food, healthcare and education, and therefore, generate income and increase demand for goods in local markets.[9][10]

A study by Hyun Son (2005) assessed the impact of cash transfers on income poverty and school attendance in 15 Sub- Saharan African (SSA) countries through exploring different budget scenarios and targeting strategies. The data source is household surveys, and the study is limited to estimating short-term income effects on demand for primary education. The poverty simulation results indicate that a transfer of 0.5% of GDP to all school-age children has a very small impact: poverty incidence falls by only about 1%, the poverty gap by about 2%, and the severity of poverty by about 4% [11]. Targeting children in poor and/or rural household's results in much larger total poverty eradication as per capita transfers are higher than in universal programs. Cash transfers have been effective in reducing the overall incidence of illness in Malawi (illness reduced by 23% among participants compared to 12.5% among nonparticipants) [12].

V. RESEARCH METHODOLOGY

The study combines both the quantitative and qualitative approaches in data collection and analysis. The sample size must be representative as possible as of the whole population so that every aspect of categories and areas covered by Ubudehe credit scheme in selected District has been represented in the sample. They are 5 districts selected as follow 1 district per province and 1 district in Kigali city.

The sample has represented 1 staff from the district, 3 agronomists from the sector level and 12 beneficiaries have been interviewed in every selected district. Primary data were collected through field research using three tools, i.e. (i) questionnaires, (ii) focus groups discussions, and (iii) interviews, which were administered to a sample of 80 respondents. The population is composed by two strata (authorities and beneficiaries), so that the stratified sampling has been used in order to get a sample from each category. The Cluster sample is a sampling random of groups or clusters of elements. The researcher combined sampling random and cluster sampling for ubudehe credit scheme beneficiaries for getting a sample from each district, and each sex. The method of statistical analysis and SPSS will include collection of data and statistical measures will be applied. The researcher adopts statistical analysis such as frequency tables and percentage to analyze data. [13]

VI. RESEARCH FINDINGS

In order to achieve the proposed objectives, the researcher went to the ground and collected data which are presented and analysed in this part of the study. The contacted respondents were different and they came from different districts and sectors, they had different age, gender, education, etc. It is important to note that people who receive funds from ubudehe credit scheme do not pay back the principle and interest as it is the case for other credit. The receiver of the fund uses that fund to increase his productive capacity and participation in economic development and the receiver does what we call an act of gratitude (kwitura) to village administration which looks for another vulnerable person to receive fund.

Table 2: Projects financed by Ubudehe Program, 2001-2013

PHASE	PERIOD	Community projects	Amount	House hold projects	Amount	Total funding
Pilot phase	2001-2002	679	679,000,000	1,358	101,850,000	780,850,000
Phase I	2005-2006	8,462	4,231,000,000	8,462	423,100,000	4,654,100,000
Phase II	2007- todate	26,927	10,660,801,340	30,153	6,944,380,848	17,605,182,188
Total		36,068	15,570,801,340	39,973	7,469,330,848	23,040,132,188

Source: Rwanda local development support fund - RLDSF, 2013[14]

Table 3: Major causes of poverty in selected Districts

		Frequency	Valid Percent	Cumulative Percent
Valid	Lack of land	55	15.9	15.9
	Poor of soils	43	12.5	28.4
	Poor connection to ICT and electrification in rural area	38	11.0	39.4
	Ignorance	68	19.7	59.1
	Polygamy	10	2.9	62.0
	High population density	62	18.0	80.0
	Poor quality of infrastructures	26	7.5	87.5
	Inadequate water and waste management system	29	8.4	95.9
	Lack of off farm activities	14	4.1	100.0
	Total	345	100.0	

Table 4: Projects supported by Ubudehe program

		Frequency	Valid Percent	Cumulative Percent
Valid	Extension of energy	26	4.9	4.9
	Small business	58	11.0	15.9
	Livestock	66	12.5	28.4
	Water and sanitation	54	10.2	38.6
	Nursery school building	41	7.8	46.4
	Health post construction	36	6.8	53.2
	Agriculture	68	12.9	66.1
	Environmental protection	42	8.0	74.1
	Tontine	43	8.1	82.2
	Buy grinder mill	5	.9	83.1
	Collection of crop	22	4.2	87.3
	Health services (health mutual)	67	12.7	100.0
	Total	528	100.0	

Impact of Ubudehe support and other Government policies in poverty reduction

A 100% of our respondents think that the poverty has been reduced in selected districts as a result of Ubudehe supports and other Government policies like VUP , Girinka program , the funds of the youth and women , Umurenge SACCO, etc. The mentioned programs have reduced poverty in the following ways as shown in the following table.

Table 51: Ways that Ubudehe program and other government policies reduce poverty

		Frequency	Valid Percent	Cumulative Percent
Valid	Promote self-governance and citizen engagement	37	15.5	15.5
	Participatory communities	24	10.0	25.5
	Social cohesion	48	20.1	45.6
	Moving traditional approach	59	24.7	70.3
	Increase financial literacy in term of saving	71	29.7	100.0
	Total	239	100.0	

Because of Ubudehe program which supported many projects, all contacted respondents claim that there is a positive change in their districts or villages because of Ubudehe supports. The positive consequences to stakeholders as said by respondents are shown in the following table:

Table 6: Positive consequences from Ubudehe projects

		Frequency	Valid Percent	Cumulative Percent
Valid	Availability of simple infrastructure	62	24.7	24.7
	Construction of small selling points	49	19.5	44.2
	Getting a help for studies	18	7.2	51.4
	Increasing of agriculture and livestock productivity	69	27.5	78.9
	Availability of nursery schools	53	21.1	100.0
	Total	251	100.0	

Population participation in productive activities before and with ubudehe credit scheme

Before Ubudehe program, many Rwandan were busy doing the different activities in order to survive. However, a small number of populations were participating in productive activities but the participation increased when ubudehe came into existence as shown in the following tables:

Table 7: Population participation in productive activities before Ubudehe program

		Frequency	Valid Percent	Cumulative Percent
Valid	Tontine	9	5.6	5.6
	Cattle rearing/One cow per family	5	3.1	8.6
	Piggery	11	6.8	15.4
	Selling animal products	13	8.0	23.5
	Carpentry	2	1.2	24.7
	Selling bananas	18	11.1	35.8
	Sheep rearing	25	15.4	51.2

Poultry and rabbit	7	4.3	55.6
Goat rearing	16	9.9	65.4
Tomato growing	12	7.4	72.8
Handcraft activities	1	.6	73.5
Passion fruit growing	1	.6	74.1
Selling beans	19	11.7	85.8
Starting of Selling point	13	8.0	93.8
Selling age plants	10	6.2	100.0

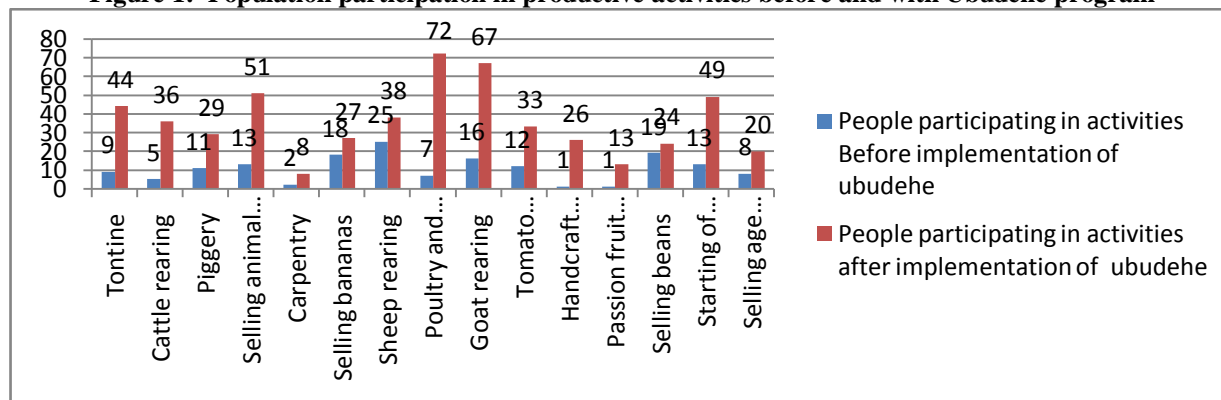
In the coming of Ubudehe credit scheme program, the same activities were being done with increased participation as shown in the following table:

Table 8: Population participation in productive activities with Ubudehe program

		Frequency	Valid Percent	Cumulative Percent
Valid	Tontine	44	8.2	8.2
	Cattle rearing/One cow per family	36	6.7	14.9
	Piggery	29	5.4	20.3
	Selling animal products	51	9.5	29.8
	Carpentry	8	1.5	31.3
	Selling bananas	27	5.0	36.3
	Sheep rearing	38	7.1	43.4
	Poultry and rabbit	72	13.4	56.8
	Goat rearing	67	12.5	69.3
	Tomato growing	33	6.1	75.4
	Handcraft activities	26	4.8	80.3
	Passion fruit growing	13	2.4	82.7
	Selling beans	24	4.5	87.2
	Starting of Selling point	49	9.1	96.3
	Selling age plants	20	3.7	100.0
	Total	537	100.0	

By considering these two tables above, it is clear that with Ubudehe program in selected districts, there has been an increase of people participation in different activities that generate income as shown in the following graph:

Figure 1: Population participation in productive activities before and with Ubudehe program



In the above figure, it is clear that before implementation of Ubudehe program, few people were participating in different income generating activities while after the implementation of that program, increased number of population is found to participate actively in different income activities. Before the implementation of this program, there are people who were not participating in production and consequently, they were poor. With Ubudehe program, people are many in participating to development of their country in general and to their own development in particular. When one person is helped to leave the poverty, that person helps others also to leave the poverty situation. When people were few in participating in production, many people were in extreme poverty but when they get a help and participate in production being in a big number, many people improved their usual ways of living.

VII. CHALLENGES IN IMPLEMENTING UBUDEHE PROGRAM

Monitoring and evaluation should be done in order to know whether what has been planned is what is being done and to see whether what is being done is contributing to the achievement of planned goals. However, the results from the field show that monitoring and evaluation is not known by many stakeholders as shown in the following table:

Table 9: Challenges faced as communities in handling the project resources

		Frequency	Valid Percent	Cumulative Percent
Valid	Mindsets and belief systems	18	24.3	24.3
	Insufficient funds	29	39.2	63.5
	Administrative bureaucracy and bottlenecks	15	20.3	83.8
	Time taken to generate wider stakeholder	12	16.2	100.0
	Total	74	100.0	

The other challenges of Ubudehe credit scheme can be divided into:

Categorisation:

Many people in Rwanda are unhappy because of the categories that are classified those for second and third categories. They need to be classified in lower category that they merit because of they have preferred to be classified into lower poverty levels as a way to receive support from social security programs such as education, health insurance and Girinka.

Project Implementation:

The major challenges of project implementation are with the community choosing a project and then completing the project. Communities sometimes have difficulty defining the problems affecting their development and struggle to know how best to prioritize the projects and select the most crucial project to execute. Challenges also occasionally arise when communities are essential to choose one household to act as a model for the village. This can be a point of contention because that household receives significant resources to carrying out its Ubudehe development plan.

VIII. GENERALIZATION OF THE RESULTS

The results from the field revealed helped us to confirm those hypotheses. Money has been made available to be used to finance different projects. The money used Ubudehe program to support the following projects are agriculture, people are helped to increase the agricultural production by using fertilizers, selected seeds, etc at low price; the program helped people to get health services through and consequently they get more time and produce more goods and services and they increase their income. People have been helped to get domestic animals which help them to find manure, money, food, etc, ubudehe helps people to improve their lives by helping people to have access to potable water and consequently were able to fight against some illnesses; nursery schools near their homes, children are sent to nursery schools, and consequently their parents gets more time to work hard. With ubudehe, people have been helped to become self employed by creating small businesses in which they see their income increasing. With ubudehe, people are employed in constructing roads, terraces, bridges, schools etc and they get money to survive and the rest has been invested in small businesses.

The results from the field revealed that a small number of populations were participating in productive activities but their participation increased when ubudehe credit scheme came into existence. When one person is helped to leave

the poverty, that person helps others also to leave the poverty situation. That is why Ubudehe credit scheme helped people to participate more in different productive activities. All contacted respondents claim that there has been a positive change in their ways of living. Before the implementation of this program, there are people who were not participating in production and consequently, they are poor. With ubudehe program, people are many in participating to development of their country in general but to their own development in particular. When people were few in participating in production, many people were in extreme poverty but when they were helped to participate in production being a big number, many people improved their usual ways of living.

However, some challenges in implementing ubudehe project have been identified. Insufficient funds is one of the challenges in implementing the ubudehe program and this can be explained by the fact that Rwanda as a country is with very limited natural resources and most of the time, its budget is low compared to the expected expenditure. Mindsets and belief systems is also a challenge in implementing the ubudehe program because people are not mobilized a lot before in order to be taught about the importance of different programs and their contributions for a success of those programs. Also administrative bureaucracy and bottlenecks is an obstacle in implementing the ubudehe program. This may be due to the fact that all concerned staffs do not fulfill their duties and responsibilities satisfactory and consequently, some deadlines are not respected.

IX. CONCLUSION AND RECOMMENDATIONS

Through the home grown initiatives, Ubudehe credit scheme was implemented. The implementation of ubudehe Credit scheme was aimed to improve the living conditions of households, especially the poor. The categorization exercise was conducted respectively in 2005-2006; 2007- 2008, 2010, 2012 and 2014. The results have been widely used by different government programs as a basis for selecting their beneficiaries. These programs include the Mutual Health Insurance, the Student Financing Agency for Rwanda (SFAR) education sponsorships, VUP direct support, Girinka program, etc. the results also show that Ubudehe credit scheme at community level as well as house hold level reduces the poverty by its support in many projects such as: small and large livestock, agriculture, water sanitation, tontine, small trade, roads creation and rehabilitation, electricity connection, nursery school construction, purchasing grind machine, etc.

RECOMMENDATIONS

Ubudehe credit scheme presented a set of advantages to community development. It helped to find parts of solutions to problems which are still present. Those problems are still present and severe in Rwanda. The way is still long and several actions must be taken at different levels in order to increase the effectiveness of this approach. So, the following recommendations are made:

The private sector should be promoted in Rwanda because it can help more people to participate in productive activities and improve their ways of living as it helps to give more jobs to many people. In addition, with promotion of the private sector in Rwanda, the government of Rwanda can get more taxes to finance its budget and consequently become able to finance the planned projects;

Donors should provide financial supports as well as technical supports to the Government because it has been revealed that the ubudehe credit scheme is challenged by insufficient fund while the obtained little money is used to uplift the human livelihood in Rwanda;

Mindset and belief in people as well as in decision makers should be developed and enhanced. People should be educated a lot in order to increase their level of understanding so that they do actions after they understand well the reasons instead of doing them by force as they may result to non effectiveness.

What the Government of Rwanda is doing, should be done by local people by first of all understanding the needs of helping their neighbours to improve their lives and by putting the financial means together. With this, every individual person can provide little money which can be put together and be used to help poor neighbours to improve their lives.

Citizens should avoid conservatism and implement Government policies because conservatism cannot lead to the development. In addition, the purpose of different Government programs is to enhance the lives of Rwandan citizens. Citizens should keep on observing and learning from positive changes realized by those who avoided conservatism and adopted Government programs.

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