

MICROFINANCE FUNDING AND ECONOMIC GROWTH OF YOUTH IN KAMONYI DISTRICT
A CASE STUDY OF CLECAM EJOHEZA KAMONYI-GACURABWENGE SECTOR

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ABSTRACT

This piece of work entitled “Microfinance funding and economic growth of youth in Kamonyi District” intends to find out to what extent do the microfinance institutions contribute to the economic growth of youth in rural areas. Specific objectives include: To establish the contribution of micro finance funding to the economic growth of the Youth in Kamonyi District, to assess the challenges youth face in accessing and utilizing credits, and lastly, to identify the indicators of economic growth of youth microfinance beneficiaries in Kamonyi District. The literature stress that most young people in developing countries do not have access to the financial services and education that would help them to be productive, engaging citizens in their economies. However, youth is an excellent time to learn responsible habits and attitudes with regard to saving, borrowing, spending, using insurance, and investing. Appropriate financial services, tailored to the unique needs and capabilities of youth, can help young people to manage their finances better and potentially to start and expand microenterprises to support themselves and their families. The simple random sampling was used for selecting the young beneficiaries sample so that each element from the targeted respondents had the equal chance of being selected. To achieve the objectives of the study, questionnaires have been used to collect data. Questionnaires were distributed to 85 youth beneficiaries of CLECAM Ejoheza. The study with the findings allowed the researcher in acquiring knowledge in the field of microfinance with regard to the contribution of microfinance institutions on economic growth of youth. The research findings were also used by various stakeholders to avoid re-occurrence of past mistakes thus ensuring continuity and sustainability of economic growth in low developing countries. They also assist the credit officers of MFIs to advise the potential borrowers of how and where to invest in order to benefit from the loans and also reduce on the failure rate that creates bad debts to MFIs. From the findings, the study has conclusively confirmed that microfinance plays a very big role in the growth of youth’s businesses activities hence my objectives have been achieved. It has been recommended to CLECAM Ejoheza and MFIs in general that they could reduce the interest rates, increase on the amount given as loans to the clients, training to empower borrowers with knowledge on utilization of loan fund and assess repayment capabilities before loan provision. The government and other development partners have been recommended that, coordination amongst the various policy makers, line ministries, and regulators (for example Ministry of Education, Ministry of Youth, Ministry of Finance and Central Bank) is important to contribute to more effective and closely aligned policies and activities that support financial inclusion of youth.