

**MICROFINANCE SERVICE AND THE GROWTH OF SMALL AND MEDIA
ENTREPRISES IN RWANDA
A CASE STUDY OF COOPEDU KICUKIRO**

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ABSTRACT

The study sought to investigate the role of microfinance in enhancing the small & medium enterprises (SMEs) within the business in Rwanda. The objective was to show the role of microfinance to enhance the small business in Rwanda. Other specific objectives were to assess the nature of SMEs before 1997 and after 1997 the year of establishment of coopedu s.a; to analyze the impact of services offered by coopedu s.a in enhancing the SMEs; to analyze the relationship between services offered by coopedu and the growth of SMEs; furthermore, the project focused on ways in which these microfinance institutions contribute to the increase of the small business in Rwanda and as results the economic growth increases. It has been seen that microfinance enables the SMEs to grow fast and to sustain in their businesses and contribute to the livelihood of the owners. As methodology, on the perspective of objectives, the researcher has chosen to go through analytical, historical, statistical and comparative research by using survey as method of accessing the data. The researcher used a simple random sampling in order to get the sample representing all population. Secondary and primary data were collected to achieve the stated objectives. Questionnaire was the technique used to obtain primary data, while secondary data was obtained through existing literature about the study. To achieve the desired objectives of the study, 31 persons received each a questionnaire and have all responded to the questions. A quantitative element like tables, graphs was used to give more meaning to data analysis and interpretation. Research data showed that microfinance institutions play a crucial role in the enhancement of SMEs where it creates more off farm jobs through loans offered and they transform the lives of the owners and in general contributes to the growth of the country.

Literature was reviewed to enable the researcher to explicitly understand microfinance and SMEs; and to understand the theoretical links between microfinance and SMEs. The findings of this study will be used by the concerned stakeholders for effective management and enhancement of the small and medium enterprises. SME development requires a crosscutting strategy that touches upon many areas (e.g. ability of governments to implement sound macroeconomic policies, capability of stakeholders to develop conducive microeconomic business environments, inter alia, through simplified legal and regulatory frameworks, good governance, abundant and accessible finance, supportive education, sufficiently healthy and flexibly skilled labor as well as capable public and private institutions, and the ability of SMEs to implement competitive operating practices and business strategies). The findings showed a positive and significant relationship between services offered by coopedu and the growth of SMEs as the Pearson coefficient obtained is 0.940, which showed a significant correlation at 0.01 level (2-tailed).