

**SAVING AND CREDIT COOPERATIVES CONTRIBUTION ON DEVELOPMENT OF  
ITS MEMBERS IN RWANDA  
A CASE STUDY OF NZAHAHA UMURENGE SACCO IN RUSIZI DISTRICT,  
WESTERN PROVINCE (2010-2012)**

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**ABSTRACT**

Many adopt the use of savings and credit cooperatives as an easy way to develop and reduce the poverty especially in rural areas. This is done through financing the various activities done by their members. The Rwandan financial sector, as in most developing countries, has not traditionally served the lower end of the market very well. Credit financing remains concentrated in Kigali and to a limited number of sectors, particularly trade and manufacturing, agriculture, which is the largest economic sector. To address this issue analyzed as a major factor hindering economic development, a recent National Dialogue Meeting held in December 2008 recommended the creation of at least one SACCO at the level of each Administrative Sector (Umurenge) which is totaling of 416 sectors of country. The researcher was meant to study how the SACCO have contributed to economic development of their members through financing their various activities in order to improve their situation and poverty reduction in Rusizi District by analyzing Nzahaha SACCO operations with four objectives: to identify the activities financed by SACCO in RUSIZI district, to find out the development of the members due the activities financed by Nzahaha SACCO , to examine the importance of it and to determine the mechanisms used by SACCO to finance activities of their members and analyze the efficiency of credit policy of Sacco and analyze the constraints faced by Umurenge Sacco and examine how to improve them. There were different beneficiaries of this research. The researcher reviewed the literature of what different authors and researchers said about SACCOs and their critics about these cooperatives. In this thesis, the researcher employed a purposive sampling technique where by 3 staff from Nzahaha SACCO were selected, 6 members of board were also selected and 87 members of Nzahaha SACCO. The three categories of respondents were chose as they can provide appropriate answers to the questions contained in this study. The researcher used questionnaire to collect primary data from selected members and SACCO's staff. Second data were extracted from journals, books, different reports. Data were analyzed using SPSS (Statistical Package for Social Science) and findings showed that SACCOs have contributed to the development of its members. 90.8% of respondents confirmed that Nzahaha SACCO has significantly contributed to the improvement of their living conditions due to services provided by SACCO by facilitating them to obtain the medical insurance for their family, the school fees for their children, creation of employment and then increase of income. There were also some critical findings like the interest rate which has to be reduced, maximum amount and repayment period which need to be extended. Based on findings, conclusions and recommendations were formulated and can be used by Nzahaha SACCO and central bank, government to take relevant decisions accordingly and to formulate policies to improve the performance of SACCOs in Rwanda. , and areas that would be suggested for further study.