

**GROUP SAVING AND LOANS ASSOCIATIONS (GSLA) AND SOCIO-ECONOMIC
DEVELOPMENT IN RWANDA
A CASE STUDY OF FHI360/ROADS BENEFICIARIES IN GASABO AND KICUKIRO
DISTRICTS**

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ABSTRACT

Many banks and Micro Finance Institutions (MFIs) provide valuable services to the poor in the developing countries, but various researches indicated that most of the people who live in rural areas and in urban slums (and particularly the very poor) receive no services. Thus, there is still a very large gap between the needs of the poor for financial services and the ability of banks and MFIs to provide these services. However, it was important to search the new financial models that can be used to deliver sustainable financial services to the poor that cannot access the MFIs services. One of these models is Village Savings and Loan Association (VSLA) modeled by CARE in Niger in 1991. This model was also duplicated in various countries of Africa including Rwanda..Later in 2010, the FHI 360/ROADS duplicated the same model as VSLA called Group Savings and Loan Associations (GSLA) for helping its beneficiaries to access on financial services, to build their capacity and to reduce their vulnerability. A GSLA methodology allows for variable savings, unlimited savings withdrawal, and loans with variable terms and flexible repayment conditions. The objective of the study was to analyze the contribution of GSLA model on socio-economic development of FHI360/ROADS beneficiaries in Gasabo and Kicukiro districts. The specific objectives of this study were to assess the benefits of GSLA methodology on FHI 360/ROADS beneficiaries, to ascertain the volume of loans and saving that beneficiaries have been able to access through GSLA, to assess the effect of financial services provided by GSLA on socio-economic situation of FHI 360/ROADS beneficiaries and to determine the beneficiaries' perception and challenges with regard to GSLA. The primary data was collected from FHI360/ROADS's beneficiaries and the FHI 360 staff in charge of GSLA through questionnaire and direct interview. To achieve the desired objectives of the study, 166 persons received each a questionnaire and returned it with responses. A quantitative element like tables was used to give more meaning to data analysis and interpretation. The research covered the period of April 2010 to April 2012. The findings of this study demonstrated that the Group Saving and Loans Association (GSLA) have a positive effect on socio-economic development of its members because it helped them to increase their income and improve their living conditions. The results from this study will help the various stakeholders to know the benefit of GSLA in helping the poor people to have an access on financial services and to improve their living conditions. The research recommendations and suggestions will help the management of FHI 360/ROADS and its beneficiaries to improve the implementation of GSLA in order to avoid the challenges that this model is facing. The recommendation to the government of Rwanda, it is that it is better to set up the law that govern the regulation of GSLA model because the research demonstrated that this model is tool that can help the very poor who have not a capacity of joining the commercial banks

or other financial institutions. The outcome of this study will also provide important information to future scholars who will conduct a research on similar issues.