

**THE MILLENNIUM VILLAGES PROJECT AND THE CAPACITY BUILDING OF
COMMUNITY MICROFINANCE INSTITUTIONS.
“A CASE OF MAYANGE MILLENNIUM VILLAGES PROJECT IN BUGESERA
DISTRICT, EASTERN PROVINCE, RWANDA”.**

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ABSTRACT

The current research aims at unearthing effects of capacity building on community microfinance institutions (MFIs and ROSCAs), the case of Mayange Millennium Villages Project (MVP). MVP was initiated in 2005 by Professor Jeffrey Sachs, the advisor on MDGs to the UN Secretary General and the Director of Earth Institute at Columbia University. MVP uses a village concept that means 5,000 people living in the area. Mayange consist of cluster of 5 villages that has a total population of 25,000 people. This research is of great importance in terms of analyzing contributions of community based project such as MVP on the capacity building of community microfinance institutions. The research also highlights the importance of community based microfinance institutions in the whole agenda of addressing extreme poverty.

The target respondents are five (5) MVP leaders who are staffs involved in day to day activities related to MFIs and ROSCAs as well as forty (40) leaders of MFIs and ROSCAs operating in Mayange. The researcher used different reports, budgets, and other publications as secondary data. A questionnaire was administered to all leaders of MFIs & ROSCAs in Mayange and MVP staffs to collect primary data. This research focuses on the period between January 2006 and April 2013 which includes the period when MVP was launched and the period for data collection.

Data collected from the field were entered in SPSS and analyzed using frequencies and percentages. All 45 respondents completed and returned the questionnaires. The findings are as follows: Half of the respondents strongly agreed that MVP has mobilized Mayange community in regards to MFIs/ROSCAs activities. The community mobilization is done mostly through door to door campaigns and community meetings. The researcher found that MVP has supported Mayange MFIs/ROSCAs financially by providing seed money. The support has impacted the performance of MFIs/ROSCAs as demonstrated through existing loan products such as small businesses, agriculture, and health care. Pay back rates are above 85% and loans varied from Rwf 100,000 to Rwf 3,000,000.

The researcher recommends to the leaderships of Mayange MFIs/ROSCAs to work hand in hand with MVP and other stakeholders to address the issues of data keeping and members' mobilization. He recommends to MVP to expand its support program in areas of capacity building: financial management, MFI governance and data maintaining. The researcher also recommends to local government and MFIs associations at national level, to identify and search ways of facilitating MFIs/ROSCAs to register and follow the existing regulations.

The researcher recommends to Rwanda MFIs associations to approach rural MFIs/ROSCAs especially those in Mayange in order to know their plans and problems. This will help in addressing those problems and contribute to their capacity to deliver to members. It was also recommended to government (local and central) to update their lists of MFIs/ROSCAs and monitor how they performing.