

**WARRANTAGE CREDIT AND GENERATION OF INCOME FOR THE POOR IN
BUGESERA / RWANDA
A CASE STUDY OF FSSP INTERVENTIONS IN NYAMATA**

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MDS/0006/12**

ABSTRACT

This research project is about the exploration of warrantage credit as a means to develop income-generating activities for the poor. It especially focuses on a case study of the FSSP interventions in Nyamata Sector / Bugesera District (Rwanda). Warrantage system was introduced in Bugesera to address the problem of poverty caused by limited access to business capital. However, despite enormous warrantage loan extended to farmers, little has been done to assess its utilization and effects on the capacity of the poor to generate income in order to pursue sustainable livelihood. More specifically, the research project explores first of all warrantage mechanisms in Bugesera District. Secondly, it attempts to examine how far the warrantage is developed in Nyamata. Thirdly, it assesses the status of income-generating activities in Nyamata. And lastly, it analyzes whether there is any relationship between warrantage and income-generating activities, given the research assumes that warrantage credit influences income generating-activities. The research used descriptive survey by collecting general information through administering a questionnaire to a sample of warrantage recipients in Nyamata. Qualitative and quantitative data were collected and finally, the correlation design was used to assess the degree of relationship that exists between warrantage and the development of off-farm IGAs. Additional qualitative and quantitative surveys were conducted for collecting data from various key informants. Findings were presented as a package of analyzed answers - discussions and interpretations - to the research questions. They showed that warranty credit mechanisms in Bugesera turn on FSSP, RIM, IKOZAMUBU, storing cooperatives, farmers and Bugesera local administration. In Nyamata, farmers were becoming more and more aware of the relevance for joining the warrantage system. There was a high level of collaboration, and awareness & skills among the actors. Stocks were preserved under good conditions. The loan was provided within the time limit. The loan repayment was one hundred percent. The warranty credit recipients invested in numerous off-farm IGAs. Findings expressed a positive correlation between the warrantage loan size and the development of off-farm IGAs regarding the creation of income-generating activities, making profits/income, the loan repayment, the reinvestment in off-farm IGAs, the contribution to providing HH basic needs, and the business perspective success. Therefore, in order to develop sustainable businesses, farmers need significant investment capital, but taking into account that the business capital does not work in isolation; a propitious the environment for intervening variables is required. This research inspired a set of recommendations in order to sustain, improve and anticipate threats such as assisting farmers through tangible actions to monitor any action that affects markets, and to lead and assist them to target external market also. Suggestions for some further studies include first, analyzing the relationship between the household wealth level and joining warranty credit, secondly exploration of the effects of warranty credit on the farmer's stimulation of saving & credit, thirdly, examining the link between warrantage related IGAs development and previous farmers' experience in

business, and lastly, assessing the impacts of the farmer's skill development on warrantage related IGAs development.