



## **The contribution of saving group (Ibimina) on economy of Rwanda. Case study Nyamagabe District**

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### *Abstract*

**Objective:** *The main objective of this study was to assess the contribution of the Saving group (Ibimina ) to the economy of Rwanda. Case study of Nyamagabe.*

**Methods:** *Qualitative methods were deployed by using a systematic sampling method in selecting 96 respondents where the number of respondents to be selected from each group was set using probability proportional to size (PPS). And data analysis was done with help of SPSS.*

**Results:** *The findings revealed that informal saving group(Ibimina) contribute to the economy by increasing in saving, accessing microloans, increasing their income, being able to save and have access to credit, health, education, and housing, acquiring households assets, increasing investment opportunities in small businesses and farming to the Ibimina members.*

**Conclusions:** *Increase in training on financial management, leadership and Regular contribution among Ibimina members will lead the economy more advanced.*

**Recommendation:** *Saving group (Ibimina ) should work closely with banks so that they may benefit from loans for investment that will lead to long-term to break the chain of vicious cycle poverty of members as a result of boosting the economy of Rwanda.*

**Keywords:** *Saving group (Ibimina ), Economy,Rwanda,Nyamagabe District*

# 1. Introduction

## 1.1 Background

Saving group known as IBIMINA in Kinyarwanda plays an important role in sustaining growth and development of any country. Ibimina is actually formed based either on family ties, friendships or work relationships. This is an informal arrangement where each person contributes a certain amount of money. This amount is then given to one person in the group who uses it for her own individual purposes. After a period of time, the group meets again and the process is repeated with a different individual taking the role as the beneficiary

Richardson and Lennon (2001) reiterate that Ibimina provide security for people through the saving facilities provided, thus safeguarding the people's money from incessant appeals from family and friends

Aryeetey, Ernest, 2008 observed that the Ibimina help in mobilizing saving through the people's daily collection of deposits, which are in turn used as working capital to restock supplies which enable them to expand their output and earn a stream of profits. This provides significant source of income to individual household which reduces their level of poverty.

Ibimina in Rwanda are crucial to improving the standard of living and lives of communities This research will try to show how Saving groups(Ibimina) at grassroots level are a factor of a paramount importance to enable Rwandan communities for creation of income generating activities.

## 1.2 Statement of the problem

Although Rwandan communities faces with the problem of limited with access to finance due to low economic natural resources.

In Rwanda, Saving groups (Ibimina) operate on the basis of contributions by their members mainly from the same village. They request no legal existence approval of the central bank for their activities. Rural members Ibimina have equipped members with more knowledge and skills a result of interacting with fellow groupmates that represent a diversity of backgrounds. The evidence suggests that they are effective in delivering economic progress. These types of informal institutions seem to be more rewarding with immediate results; social, financial and economic (Anne and Brandon,2011)

Precise information on Ibimina at grassroots level in Rwanda is not available. By reviewing the literature, the researcher noticed that authors have made research on Ibimina elsewhere in Africa. For example, Margaret Irving (2005)has written on Informal Savings Groups in South Africa: Investing in Social Capital. Nevertheless, there is no much information on Ibimina in Rwanda and their impact on socio economic development

The present study aims to explain the role of saving groups (IBIMINA) as a factor for their socio economic empowerment in Rwanda. The results show the problems faced before joining informal group, identify motivations for participation; and establish the role of this collective action on socio and economic development.

### 1.3 Objectives of the study

#### 1.3 1 General objective

The main objective of the research was to assess the contribution of IBIMINA on economy of Rwanda

### 1.3.2 Specific objectives

- i. To analyze the role of saving groups (IBIMINA) in promoting their socio economic development in Rwanda
- ii. To highlight the challenges faced by members of saving group (IBIMINA)
- iii. To formulate recommendations so that Ibimina (IBIMINA) may be effective for the member households

### 1.3.3 Research questions

Any scientific study is an attempt to have society's problem solved. In order to achieve the above objectives, the research answered the following questions:

- i. What is role of saving groups (IBIMINA) in promoting their socio economic development in Rwanda
- ii. What are challenges faced by members of Ibimina (IBIMINA) ?

## 2. Literature review

Many Literature review from many scholars are available for this study

## 3. Methodology

### 3.1 Introduction

This chapter explains in details the methods that were used in this research. It comprises the research design, study population, sample and sampling procedure, instruments of data collection, and the procedures in data analysis.

### 3.2 Research design

Research design refers to the strategy specifying the approach to be used for gathering and analyzing data; it presents the procedures and techniques to be used for gathering information, the population to be studied and methods to be used in processing and analyzing data (Kothari, 2006).

### 3.3 Population, Sample and sampling techniques

#### 3.3.1 Population

According to Mugenda and Mugenda (2003), population comprises an entire group of individuals, events or objects having common observable characteristics. The participants include all members involved in Ibimina in Nyamagabe Sector. The researcher came to know the existing of Ibimina through local authorities

#### 3.3.2 Sample and Sampling Techniques

Sampling is the process of selecting a group of subjects for a study in such a way that the individuals represent the larger group from which they were selected (Gay, 1987).

To determine the sample the researcher refers to Amin (2005) who said that it is acceptable to sample from 0 to 20% of the population, although this range can change with the size of the population studied. Thus, the researcher decided to consider 10% of members involved in Ibimina.

Therefore, according to Amin's formula, the sample is  $\frac{960 \times 10}{100} = 96$  members of informal group. Sample distribution among identified Ibimina

#### 3.4 Selection of the sample

The research used a purposive sampling (Ibimina with people having income generating activities) and systematic sampling method in selecting 96 respondents where the number of respondent to be selected from each group was set using probability proportional to size (PPS).

**Table 3.1.: Selection of the sample**

SN	Group population	Sample size
1	46	5
2	60	6
3	45	5
4	47	5
5	50	5
6	60	6
7	50	5
8	40	4
9	50	5
10	49	5
11	48	5
12	40	4
13	50	5
14	38	4
15	50	5
16	40	4
17	62	6
18	48	5
19	40	4
20	47	5
Total	960	96

### 3.4 Instruments of Data Collection

The instruments were chosen for data collection depending on several factors and these included: the scope, the nature and the object of inquiry, availability of funds, time factor and the precision required as recommended by Kothari (1992). The following methods and instruments were used.

### 3.5 Self-Administered Questionnaire

One of the instruments which were used to obtain data for this study is the questionnaire, which will be formulated from the review of related literature using the independent and dependent variables.

### 3.6 Interviews

The interview was used because they give an opportunity for respondents to express themselves more clearly and to expound more on the topic. An interview schedule developed by the researcher was used to obtain more data to augment those of the questionnaires. The researcher conducted interview with key informants among them local authorities and leaders of members. Moreover, as the researcher needs data from illiterate members an interview was organized with them because they are unable to fill the questionnaire.

Before each interview, the researcher introduced herself to the participant and told them a little about the general nature of the research and how the interviews were going to be conducted.

## 4. Data results

### 4.1 Introduction

This chapter consists of the presentation and interpretation of the data collected during the fieldwork. The researcher analyzed the data from questionnaire, the interviews and the focus group discussion data and observation in order to understand what the respondents said regarding key research questions that is the role Ibimina for their socio economic empowerment. The results are structured according to the research questions that underpin this study.

### 4.2 Characteristics of respondents

The identification of respondents is of paramount importance in any study since it allows the researcher to examine the relationship between personal characteristics and answers from respondents. The socio-demographic characteristics measured in this research are age, sex, family size, occupation and level of education.

#### 4.2.2 Sex of respondents

The researcher wanted to get the views from female respondents as they are the ones who are concerned with this study.

**Table 4.1. : Sex of respondents**

Respondent Sex			
		Frequency	Percent
Valid	Male	0	0
	Female	96	100.0
	Total	96	100.0

**Source: Primary data, May 2021**

As the table indicates, all respondents were women, this is due to the fact that the objective of this study was to analyze the role of Ibimina on their socio economic empowerment.

#### 4.2.3 Age of the respondents

The age structure of the respondents was a necessary part of the research to determine whether the results of the findings are from mature persons who understand the situation under study. In fact, individual perceptions of phenomena are partly influenced by his/her age. This implies that people from different age groups may perceive the same phenomenon in different ways. The following table gives us a clear age structure of the respondents.

**Table 4.2. : Age of the respondents**

Respondent Age			
		Frequency	Percent
Valid	18-35	23	24.0
	36-52	48	50.0
	Above 52	25	26.0
	Total	96	100.0

**Source: Primary data, May 2021**

The age of respondents varies between 18 and 52. People ranging in age group of 18-35 represent 24 % and those ranging in age group of 36-52 stands for 50%. Those with



age above 52 represent 26%. This shows that elders mainly composed the sample. Therefore, it is clear that the respondents did understand what they were talking about, hence filling in relevant answers.

#### 4.2.4 Education level of respondents

The level of Education is important aspect that influences the daily life of any human being. In fact, the level of education is an important variable in a research because people with different qualification or level of education can express different point of views on a phenomenon under study. For this reason, the study involved respondents with different level of education as highlighted by the following table. The level of education of people in Nyamagabe Sector is very low as revealed in the following table.

**Table 4.3. : Level of education of respondents**

Level of education		Frequency	Percent
Valid	Higher Institution	1	1.0
	Illiterate	17	17.7
	Primary	42	43.8
	Secondary	34	35.4
	Technician	2	2.1
	Total	96	100.0

*Source: Primary data, May 2021*

The table above shows the frequency of respondents based on their education level. In this research 17.7% of respondent cannot neither write nor read; 43.8% have the level of primary school; 35.4% have secondary school and 2.1% have attended vocational trainings. Interview with the local authorities especially in Nyamagabe District has confirmed the low level of education among the sector's population, mainly in rural areas of those sectors. The high number of illiterate people may be due to poverty of families that do not afford school fees and materials required for the education of their children.

#### 4.2.5 Occupation of respondents

Profession is one of the most significant variables in such a study. To know the profession of respondents was indispensable because it helped the researcher to measure the viability and the quality of information in relation to the occupation of respondents. In fact, the views of respondents on their socio economic conditions vary according to their profession.

**Table 4.4. : Occupation of Respondents**

Occupation of Respondent			
		Frequency	Percent
Valid	Civil Servant	3	3.1
	Farmer	91	94.8
	Students	2	2.1
	Total	96	100.0

*Source: Primary data, May 2021*

To the question of occupation of respondents, more of respondents reported that they are farmers and represented 94.8% of all respondents. This can be explained by the fact that it is the region where only people depending on agriculture and animal husbandry. Respondents who have employment in public administration represent 3.1%, while students represent 2.1%.

Nevertheless, as it is stated in previous chapters, all members who constitute the sample are those ones either who were running business or who have initiated income generating activities due to loans acquired from Ibimina. Thus, as it is shown in the above table, even those civil servants , students, farmers are running business that their combine with their occupations.

#### 4.2.6 Family size of the respondents' households

The family size has a paramount importance for this study because the more members a family has, the more serious the problem of educating children will be, especially in poor families. The size of the households influences the family welfare

**Table 4.5. : Family size of the households' respondents**

Family Size of the households' respondents			
		Frequency	Percent
Valid	2-5 Members	50	52.1
	6-9 Members	43	44.8
	Above 9 Members	3	3.1
	Total	96	100.0

*Source: Primary data, May 2021*

To the question is how many members does your family have", people gave numbers from less than 5 to more than 10 members. Families with members in class of 2-5 represent 52.1 % while families with members in class of 6-9 members are 44.8%, households with above 9 members represent 3.1%. These results show these families of beneficiaries 'counts a great number of family members in spite of family planning policy. This can be explained by several reasons among them ignorance, existence of extended families in African Countries in general and in Rwanda in particular where a couple with only three children can also have in charge other family members such as brothers and sisters, aunts, cousins, parents, etc.

#### 4.2.7 Marital status of the respondents

The marital status of the respondents had an important part in this study since that helped to know if the different categories of people in the study area have the same point of view about the phenomenon under study. The table below shows the marital status of the respondents.

**Table 4.6. : Marital status of the respondents**

Marital Status			
		Frequency	Percent
Valid	Married	64	66.7
	Single	11	11.5
	Widow	21	21.9
	Total	96	100.0

*Source: Primary data, May 2021*

It is clear that 66.7% of the respondents are married, 11.5% are single, while 21.9% are widows. All the categories of the population were considered in our research. Married people were more represented than other categories, but also respondents who are widowed have a high percentage, this may be due to the consequence of 1994 genocide.

#### 4.3 The role of members informal group on their socio economic empowerment Reasons for belonging to Ibimina

The researcher wanted to know why members have joined Ibimina and their views are given in the following table:

**Table 4.7. : Reasons for joining Ibimina**

		Reason for joining Ibimina	
		Frequency	Percent
Valid	To find where to save money	7	7.3
	To keep money safe	8	8.3
	To meet and exchange with friends	19	19.8
	To ask loan	6	6.2
	To exchange ideas about business	4	4.2
	To increase income by taking loan	24	25.0
	To get money easily when they need it	28	29.2
	Total	96	100.0

Source: Primary data, May 2021

The different reasons for belonging to Ibimina as stated by respondents are: to find where to save money 7.3%, to meet and exchange with friends 19.8%, to keep money safe 8.3%, to increase their income 25%, to ask for loan 6.2%; to get money easily when they need it 29.2%.

#### 4.3 1.Socio-Economic Status of Respondents before and after joining members Ibimina

The researcher has analyzed the socio economic indicators of welfare that characterize members before and after joining informal group. The researcher observed the physical housing characteristics, the asset ownership, and access to education, household food security, access to health services, saving and access to credit.

### 4.3.2 Physical housing characteristics

The researcher wanted to know if respondents live in their own houses or if they rent. In addition, she had a look on the type of housing in which people live as well as examining whether people live in their own houses or rent.

**Table 4.8. : Housing material of construction**

	Material of construction Before		Material of construction After		
		Frequency	percent	Frequency	percent
Valid	Brick adobe	31	32.3	46	47.9
	Firebrick	0	0	34	35.4
	Trees	65	67.7	16	16.7
	Total	96	100.0	96	100.0

*Source: Primary data, May 2021*

As we are in rural areas, all respondents live in their own house. From the results above, it appears that the majority of housing is built in brick adobe (32.3%) and 67.7% in trees. No respondent reveal that he lives in houses of firebrick. Before joining the informal group, the respondents confirmed that a big number of these houses were in a very bad state, poorly equipped and very small.

After joining informal group, households are much more likely to have made improvements in the quality of their housing. Participation in informal group gives households the possibility to have access to an amount of money that may facilitate investments in housing quality. This implies that participation in Ibimina facilitates investments in the quality of housing. This result confirms the findings of Anyango et al. (2006), who find that informal group members are more likely to own and live in better constructed homes than the general population.

### 4.3.3 Household assets

During data collection, respondents were asked to cite the household assets they had before joining informal group and what they own after becoming members of informal group. Their views are in the following table:

**Table 3: Households assets own by respondents before and after joining Ibimina**

Households assets own by respondents before				Households assets own by respondents after	
		Frequency	Percent	Frequency	Percent
Valid	Domestic Animals	28	29.2	75	78.1
	Land	40	41.7	68	70.8
	Mattress	6	6.2	57	59.3
	Bicycle	0	0	6	6.2
	Mobile Phone	4	4.2	36	37.5
	Radio	18	18.8	67	69.7
	Total	96	100.0		

*Source: Primary data, May 2021*

According to the above table, in terms of asset ownership, members of Ibimina confirmed that they were able to buy household assets that they did not own when they were not in Ibimina. They have cited for example, mobile phone 81.2 %, mattress 59.3%, radio 37.5%, land 70.8%, domestic animals 78.1%. In terms of land acquisition, many respondents have increased to what they owned before. During the FGD with respondents, many have cited that the fact of focusing on land is that as they are in rural areas their main asset is land, this is the reason why they invest much in land even though they are doing other income generating activities.

### 4.3.4 Household income

In relation to income, the researcher wanted to have information from the beneficiaries if their income has increased since they entered Ibimina, if it allows them

to satisfy their basic needs mainly nutrition, housing, health and education. The situation of household income is highlighted in the following table:

**Table 4.10. : Monthly household income**

Monthly household income Before				Monthly household income After	
		Frequency	Percent	Frequency	Percent
Valid	Less than 5000 RWF	56	58.3	6	6.2
	Between 5000 and 10000 RWF	25	26.0	13	13.5
	Between 10000 and 15000 RWF	10	10.4	21	21.9
	Between 15000 and 20000 RWF	5	5.2	45	46.9
	More than 20000 RWF	0	0	11	11.5
	Total	96	100.0	96	100.0

*Source: Primary data, May 2021*

As it is stated in the above table, the household income in the study area was low before members join informal group. For the majority of respondents, it varies between less than 5,000 FRW (58.34%), between 5,000 and 10,000 FRW (26.04%), between 10,000 and 15,000RFRw 10.42%. Compared to the size of the majority of families we come to the conclusion that these families are vulnerable.

After joining the informal group, participants were asked for their current monthly income; almost all of them confirmed the increasing in household income as it is shown in the above table.47% of members respondents earn between 15,000 and 20,000 RWF and 11% of respondents are able to earn more than 20,000 RWF.

#### 4.3.5 Existence of income generating activities

One of the major challenges facing many rural members is lack of economic empowerment.

The researcher wanted to have information if respondents have income generating activities now as they are members of informal group, their views are indicated in the following table:

**Table 4.11. : Respondents 'income generating activities**

Respondents income generating activities Before				Respondents income generating activities after	
		Frequency	Percent	Frequency	Percent
Valid	Small Business	3	3.1	43	44.8
	Sewing	6	6.2	8	8.3
	Agriculture	50	52.1	22	22.9
	Livestock	37	38.5	23	24.0
	Total	96	100.0	96	100.0

*Source: Primary data, May 2021*

It is observable that 44.8% have invested in income generating activities after joining the informal group while they were only 3.1% before being members of Ibimina. For members respondents, there is a major shift from 'field work only' to 'sales' which includes different domains such as small business, sewing, agriculture, livestock, etc. As it is stated in the above table, all 96 are involved in income generating activities; the reason behind this was that the researcher has targeted purposively those members involved in income generating activities besides their agriculture and farming activities that is the major occupation in all rural areas in Rwanda.

The focus group discussions revealed that saving groups have positively impacted the lives of members. They reported that through borrowing and saving they were able to improve their living situations and were able to start profitable small businesses. These included opening small shops and rearing animals like chickens, goats, and cows. They all reported that their incomes have been raised. With the Saving group, most of the beneficiaries had gone into petty trading such as cultivating and selling, fruits such as bananas, avocados, vegetables cabbages and tomatoes.



The created jobs contributed to increase income for rural members who were vulnerable before joining the Saving group. Ibimina therefore allow the members to create jobs by developing small income generating projects, which can significantly increase the income of poor and thus satisfy their basic needs and those of their families.

### 3.4.6 Startup capital before and after joining the Ibimina

In addition, those who are involved in income generating activities, they expressed the issue related to the startup capital where many of them did not have enough startup capital. In relation to the startup capital before and after becoming members of Ibimina, they give the following views as they are stated in the table below:

**Table 4.12. : Situation of startup capital**

Situation of startup capital Before				Situation of startup capital After	
		Frequency	Percent	Frequency	Percent
Valid	Less than 10000 RWF	29	30.2	0	0
	Between 10000 and 15000 RWF	30	31.2	3	3.1
	Between 15000 and 20000 RWF	22	22.9	13	13.5
	Between 20000 and 25000 RWF	11	11.5	32	33.3
	More than 25000 RWF	4	4.2	48	50.0
	Total	96	100.0	96	100.0

*Source: Primary data, May 2021*

As it is shown in the above table, the startup capital was low for members before they joined Ibimina, because a great part of respondents 84.4 % have invested less than 20,000 FRW; this is one of the reasons why the income was also low.

#### 4.3.7 Ibimina promotes farming and livestock activities

In rural areas, the main economic activity is agriculture and animal husbandry. The researcher wanted to have information if respondents have improved their agriculture and farming activities, their views are indicated in the following table:

**Table 4.13. : Improvement farming and livestock**

	Before joining Ibimina		After joining Ibimina		
		Frequency	Percent	Frequency	Percent
Valid	Acquisition of land	91	94.8%	96	100.0%
	Buy fertilizers	96	100.0%	96	100.0%
	Buy improved seeds	86	89.6%	96	100.0%
	Acquired domestic animals	96	100.0%	96	100.0%

*Source: Primary data, May 2021*

Not only the loans taken by members have been mainly used to establish small businesses, but also improve farming and livestock because 100% of members respondents to buy fertilizers, 89.5% of members buy improved seeds, 100% of members acquired domestic animals.

Animal waste, in form of cow dung and cow urine, is used as manure. It can be looked at as a source of compost manure for crop farming in the area. Thus, this has increased agriculture productivity.

#### 4.3.8 Improvement in Nutrition due to joining Ibimina

The researcher wanted to know from beneficiaries how often they have meal per day, before and after joining rural Ibimina, and their views are expressed in the following table:

**Table 4.14. : Nutrition before and after joining the informal group**

Nutrition Before joining Informal group				Nutrition After joining Informal group	
		Frequency	Percent	Frequency	Percent
Valid	Once	6	6.2	0	0
	Twice	68	70.8	20	20.8
	Three times	22	22.9	76	79.2
	Total	96	100.0	96	100.0

*Source: Primary data, May 2021*

According to the majority of respondents, the meal among respondents was very irregular before they enter Ibimina: 1 to 2 very often as it is stated in the above table, the majority of respondents (70.8%) ate twice a day, and only 22.9% took meals three times a day. Those who eat once, it is either at noon or in the evening. The fact of not being able to eat three times a day is an indicator of low household income. During the FGD with respondents, the researcher was informed that breakfast was rare in vulnerable families of Nyamagabe Sector, which may affect children’s performance at school. Not only the meal was irregular in most household, but the quality and the quantity of the available meal vary or was always the same as stated by the respondents during interview.

After the informal group, the majority of informal group members report a positive impact on their household’s diet due to their participation in Ibimina. Members believe that their household’s diet has improved since they became members of Ibimina. It has been noticed that those for whom the diet has not changed have many family members more than 5 members.

#### 4.3.9 Children education in area of intervention

Education is one of the most important sources of opportunity in any culture because it is associated with many of life’s chance: the kind of jobs people have, the amount of money they make, their level of political influence, and even their health.

Yet an estimate of 965 million people- a quarter of the world’s adult population cannot read and write: of these, about two thirds are members (Lips, 2000).

Education is widely acknowledged as an important means in development strategies to improve conditions and reduce poverty in Third World countries.

In order to be aware if all children from the families of respondents benefit from education, the questions asked by the researcher reveal the following information:

**Table 4.15. : Impact of Ibimina on education**

Problems faced in education Before				Problems faced in education after	
		Frequency	Percent	Frequency	Percent
Valid	Able to find easily school fees	48	50.0	79	82.2
	Able to find easily school material and uniforms	39	40.6	96	100
	Drop out of children	9	9.4	0	0
	Total	96	100.0		

*Source: Primary data, May 2021*

Lack of financial means appears to be the most important barrier to child education before joining Ibimina. During interview and FGD, the respondents gave the reasons that even though tuition fees are free at the primary level, additional fees for school construction and maintenance, school materials, uniform... and other costs must be paid by individual families and are regarded as a heavy burden on household budget of the poor.

#### 4.3.10 Health conditions of respondents

Healthcare in Rwanda is accessed mainly via healthcare insurance, which significantly reduces the amount people have to pay for services. The poorest people who cannot afford the insurance are vulnerable in this system and do not benefit from the same levels of care as those able to afford insurance. The access to health and medical

services has significantly improved since there are government 's subsidies to the adherence of the poor to health insurance services.

**Table 4.16. : Access to health insurance among respondents**

Existence of health insurance Before				Existence of health insurance after	
		Frequency	Percent	Frequency	Percent
Valid	Easy access to health insurance	31	32.3	89	92.7
	Not all members have health insurance	52	54.2	0	0
	No member in the household have health insurance	13	13.5	7	7.3
	Total	96	100.0	96	100.0

*Source: Primary data, May 2021*

According to results in the above table, 32.3% members from respondent's families had easy access to health insurance before entering the Saving group. During the interview and FGD, we have been informed that in a household where there are many family members, they preferred to pay for those who are vulnerable, especially children. Therefore, according to the respondents' views, before Ibimina, parents constitute the majority of people who do not have mutual health insurance in many households.

#### 4.3.11 Possibility of saving

The researcher wanted to know the situation of saving before and after joining the group and the respondents views are summarized in the table below.

**Table 4.17. : Saving before and after joining the Group**

			Situation of saving before	Situation of saving after
		Frequency	Percent	Percent
Valid	Were able to save	20	20.8	100.0
	Were not able to save	76	79.2	0
	Total	96	100.0	100.0

*Source: Primary data, May 2021*

Before joining informal group, members don't have knowledge or experience in saving and borrowing money for investing in businesses and other income generating activities. As it is mentioned in the above table, only 20.8% are able to save money from their income generating activities, the majority (79.2%) of respondents are unable to do so. Majority of the members who saved did so for the education of their children. Those who save confirmed it is a little money, and they work with Umurenge Sacco, which is a microfinance whose main goal is to improve the socio economic conditions of women. The results thus indicate that the capacity of saving is limited among poor women, the existence of informal savings groups indicate their strong propensity to save. Therefore, members groups enable members to grow their savings.

#### 4.3.12 Access to credit

One of the rural members informal group biggest successes is the fact of granting small loans to its members. Another factor examined was access to credit, the ability of any community to access credit is very important in defining their chances of improving their socio economic conditions. Thus, the researcher wanted to know the situation of access to loan for members of Ibimina before and after joining the Ibimina and their views are stated in the following tables:

**Table 4.18. : Members who benefit from loan**

		Access to credit Before		Access to credit After	
		Frequency	Percent	Frequency	Percent
Valid	Benefit from loan	4	4.2	96	100.0
	Do not have access to loan	92	95.8	0	0
	Total	96	100.0	96	100.0

*Source: Primary data, May 2021*

The study evaluated credit accessibility by group members before and after joining the groups. The findings showed that only 4.2% had acquired loans before joining the group while the majority at 95.8% had not. Many of those who benefited from loan, it was mainly from their neighbors, or from their friends.

#### 4.4.1. Informal group and social related issues

The researcher wanted to know if during the meeting in Ibimina they discuss on social related issues they are facing in their respective families and the respondents views are summarized in the table below:

**Table 4.19. : Socio benefit of informal group**

Social related issue discussed	Total	Accepted	
	Frequency	Frequency	Percent
Business related ideas	96	56	58.3%
Family conflict resolution	96	35	36.5%
Health Management	96	38	39.6%
Children education	96	48	50.0%
Balanced Diet	96	45	46.9%
Good and bad social events support	96	96	100.0%

*Source: Primary data, May 2021*

As it is indicated in the above table, most of the respondents benefited from business related ideas at 58.3%, family conflict resolution related issues at 36.5 %, health management 39.6% while 50% of respondents mentioned children education, balanced diet recorded 46.9%. Good and bad Social events support such as wedding ceremony and /or burial ceremony was cited by 100% of members respondents.

#### 4.2 Challenges faced by members in their groups

The contribution of members of informal group on the development of Rwanda is important as indicated previously but they are many challenges that hinder their development. In the below table, members of Ibimina highlighted the challenges they are still facing.

**Table 4.20 : Challenges still faced by members of Ibimina**

Challenges still faced	Total	Valid	
	Frequency	Frequency	Percent
Misallocation of credit	96	58	60.4%
Lack of leadership skills	96	96	100.0%
Lack of government support	96	96	100.0%
Lack of training in business related activities	96	96	100.0%
Lack of adequate technology in their activity	96	57	59.4%
Husbands behavior	96	48	50.0%
Members not paying regularly their contributions	96	67	69.8%
Drop out from the group	96	54	56.2%
Poor administration	96	38	39.6%
Officials elected in a manner that was not transparent	96	51	53.1%
Absence of regularly meeting	96	73	76.0%

*Source: Primary data, May 2021*

As stated in the above table, 60.4% stated the misallocation of funds as one the challenges members in Ibimina are facing. In fact the researcher wanted to know how members in Ibimina spent their financial resources. According to the data from the field, when they are granted loan, some of beneficiaries invest in small businesses; others buy households assets, others pay school fees for children; others invest in farming and agriculture activities.



## 5. Summary, conclusion, recommendations

**Objective:** The main objective of this study was to assess the contribution of Saving group (Ibimina ) on economy of Rwanda. Case study Nyamagabe

**Methods:** Qualitative methods were deployed by using systematic sampling method in selecting 96 respondents where the number of respondent to be selected from each group was set using probability proportional to size (PPS).

**Results:** The findings revealed that informal saving group(Ibimina) contribute to economy by increase in saving ,accessing microloans, to increase their income, able to save and have access to credit, health, education and housing, acquire households assets, increase invest opportunities in small businesses and farming to the Ibimina members.

**Conclusions:** Increase of training on financial management, leadership and Regular contribution among Ibimina members will lead economy more advanced.

**Recommendation:** Saving group (Ibimina ) should work in close with banks so that they may benefit loan for investment that will lead to long-term to break the chain of vicious cycle poverty of members as result of boosting economy of Rwanda.

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