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## THE CONTRIBUTION OF MICROFINANCE TO SUSTAINABLE DEVELOPMENT IN RWANDA

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### ABSTRACT

Rwanda's traditional financial sector is considered to be relatively shallow and undiversified. The World Bank affirms that respectively, from 2010 to 2014, the domestic saving ration has been 7.3%; 8.3%; 8.1%; 11.5% and 11.604%. The government of Rwanda considers financial sector development to be a high priority, seeking to expand access to credit and financial services, enhance savings mobilization, and mobilize long term capital for investment. The microfinance sector is however relatively young. It has been formalized with the creation of the first Banque Populaire in 1975. The Government initiated a reform in 1995. Rwanda has applied the economic liberalization program by privatizing the sector; encouraged market determined prices of financial services and enhanced market competition. The Government has set instructions and laws such as Instruction n° 11/1997 establishing the BNR; the banking law n° 08/99 enacted 1999, assigning the responsibility for MFI supervision to BNR; Instruction n° 06/2002 regulating microfinance activities for MFIs; Instruction n° 05/2003 issued specifically for SACCOs. In 2009, a new law n° 40/2008 establishing the organization of Microfinance activities was published. This law provides four categories of Microfinance Institutions: Informal Microfinance Institutions, Savings and Credit Cooperatives, Limited Corporations, Limited Company or Limited Liability Company. Using Qualitative and Quantitative Methods, considering Government's efforts, the present research was about the contribution of Microfinance Sector to the achievements of Millennium Development Goals (MDGs) towards Sustainable Development in Rwanda. The research found that Rwanda has experienced positive and rapid growth so that Rwanda comes in first in the category of starting a Business and second in Getting Credit. As financial sector strives to expand products and services to reach the underserved population, Rwanda is progressing positively and seems to be on the right track towards achieving its goals of becoming a middle-income country by 2020.

### KEYWORDS

microfinance, millennium development goals (MDGs), sustainable development, sustainability.

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## 1. INTRODUCTION

Yunus 1999 states: "They were poor because the financial institutions in the country did not help them widen their economic base". For more than 30 years microfinance has been portrayed as a key policy and program intervention for poverty reduction and 'bottom-up' local economic and social development. Microfinance is the provision of tiny loans to the poor to help them establish or expand an income-generating activity, and thereby escape from poverty. The microfinance movement began with the work of Dr Muhammad Yunus in Bangladesh in the late 1970s, spreading rapidly to other developing countries (Bateman, 2011). Poor people need and use a variety of financial services, including deposits, loans, and other services to seize business opportunities, improve their homes, deal with other large expenses, and cope with emergencies. However, the financial services usually available to the poor are limited in terms of cost, risk, and convenience. Certain types of credit, especially from moneylenders, are extremely expensive. Rotating savings and credit clubs are risky and usually don't allow much flexibility in amount or in the timing of deposits and loans. Deposit accounts require minimum amounts and may have inflexible withdrawal rules. Loans from formal institutions usually have collateral requirements that exclude most of the poor (Littlefield & Rosenberg, 2004). Microfinance institutions have demonstrated that it is possible to serve poor clients, operate in a financially sound manner, and reach scale. Microfinance institutions can also be an important part of a strategy to strengthen the banking system and promote financial development more broadly. In fact, by helping to increase the income and asset base of the poor, they may increase demand for bank loans; Microfinance institutions can also help develop and prove financial techniques for reaching the poor at lower cost and lower risk; mainstream banks may partner with microfinance institutions. (Barr, 2004). The key question is whether microfinance promotes sustainable development. The present research, taking Rwanda as a case study, focuses on the role of Microfinance to the achievements of Millennium Development Goals (MDGs) toward sustainable development.

## 2. THE CONCEPT OF MICROFINANCE

### Definitions

Otero (1999) defines Microfinance as the provision of financial services to low-income poor and very poor self-employed people". These financial services according to Ledgerwood (1999) generally include savings and credit but can also include other financial services such as insurance and payment services. For Robinson 1998, the aim of microfinance institutions (MFIs) is to enable beneficiaries to raise their income levels and improve their living standards. A microfinance institution (MFI) according to Microfinance Information eXchange (MIX) is an organization that offers financial services to the very poor. Microcredit, a significant component of microfinance, is characterized by small loans with frequent repayments, usually monthly or bi-monthly, and short maturities that typically range between four months and two years. While microloan amounts and terms vary greatly by region, the average global microloan is approximately US\$1,026, with an average interest rate of 30% (Atikus, 2014).

### Characteristics of MFIs

Microfinance services are aimed at the poor clients, who do not have access to formal financial sources. Microfinance has its unique following characteristics: Mostly it is collateral free; MFIs go to clients rather than clients going to MFIs; Simplified savings and loan procedures; Small size of loans and savings; Repeat loans; Loan size increases in the repeated loans or subsequent cycles; Interest rate is usually in between money lenders and formal banks; Free use of loans (no restrictions on specified purpose); Repayment considers incomes from business as well as other sources; Loan and savings products within manageable numbers.

### Key Principles of MFIs

ADRA- Nepal, 2009 lists the following principles of MFIs: The poor needs a variety of financial services, not just loans; Microfinance is a powerful instrument against poverty; Microfinance means building financial systems that serve the poor; Financial sustainability is necessary to reach significant numbers of poor people; Microfinance is about building permanent local financial institutions; Microcredit is not always the answer; Interest rate ceilings can damage poor access to financial services; The government's role is as an enabler, not as a direct provider of financial services; Donor subsidies should complement, not compete with private sector capital; The lack of institutional and human capacity is key; The importance of financial and transparency.

### The goals for MFIs should be:

To improve the quality of life of the poor by providing access to financial and support services; To be a viable financial institution developing sustainable communities; To mobilize resources in order to provide financial and support services to the poor, particularly women, for viable productive income generation



enterprises enabling them to reduce their poverty; Learn and evaluate what helps people to move out of poverty faster; To create opportunities for self employment for the underprivileged; To train rural poor in simple skills and enable them to utilize the available resources and contribute to employment and income generation in rural areas.

### 3. HISTORICAL BACKGROUND OF MICROFINANCE SECTOR DEVELOPMENT IN RWANDA

The microfinance sector in Rwanda is a relatively new and a fast growing market. Despite the existence for decades of informal finance grassroots organizations such as the tontines, microfinance really started with the creation of the Union de Banques Populaires (UBPR) in 1975. Since then, the microfinance market has followed different phases in its evolution as described in the following by Kantengwa, 2009:

- 1965 : Probable date of appearance of the first ROSCA or IBIMINA;
- 1975 : Establishment of the first Banque Populaire (BP), the Banque Populaire of NKAMBA, on August 4, 1975;
- 1986 : Banques Populaires create a Union called Union of the Banques Populaires (UBPR);
- 1994 : all MFIS stopped their activities and lost their assets during the 1994 war and genocide;
- 1995: Launching of the financial sector reform. After 1995, the Government started reforms of the financial sector aiming at creating an efficient financial system. The principal objectives of these reforms include the reinforcement of the Central Bank (BNR) legal powers of coordination and supervision of the banking structure, the introduction of new financial instruments, the liberalization of interest rates and the opening of the banking structure to foreign banks. These reforms had a considerable impact on the development of the Rwanda's financial sector.
- 1996 : Reopening of the Banques Populaires;
- 1999: Promulgation of the banking law n° 08/99 dated June 18, 1999 assigning the responsibility for the MFIs' supervision to BNR;
- 2002 : Creation within the Rwanda Development Bank (BRD) of the Fund for Refinancing and Development of Microfinance (FOREDEM);
- 2002/2003: Adoption by BNR of two instructions regulating the activities of microfinance in general (Instruction n° 06/2002) and the instruction specific to COOPECS (Instruction n° 05/2003);
- 2004 : First microfinance conference evaluating the level of achievement of the objectives of year 2005, declared international year of microcredit;
- 2005: a "microfinance best practices sensitization tour" was organized around the country by the Secretary of State for Planning (in the Ministry of Finance) and the Governor of the National Bank of Rwanda explaining the risks of an illegal proliferation of Coopecs (Coopératives d'épargnes et crédits) and other MFIs. Were invited to these meetings all MFIs, local authorities at various levels; the National police force and all the other actors of the field. The main objectives of the tour were to present the orientations of the Government in the promotion of microfinance, to professionalize the microfinance sector, to explain the role of the supervisory authority based on the banking law n° 08/99 and to underline the importance of all microfinance actors' implication in the promotion of microfinance (local administrative authorities and the national police force);
- 2006: after the failure of MFI unable to honor withdrawal requests from its depositors, BNR noted that several MFIs had suspended deposits payment with the risk of the crisis extending to the entire microfinance sector. In June 2006, the Central Bank decided to close 9 major MFIs after the following diagnostic:
  - ✚ Management of these institutions was characterized by poor corporate governance
  - ✚ These MFI had important losses caused by poor internal organization and a mismanagement of their loan portfolio which caused significant difficulties in loan recovery;
  - ✚ Loss of confidence by the population in these institutions caused massive withdrawals of deposits accompanied by a complete halt of new deposits creating severe liquidity problems;
  - ✚ Some of these MFI could not meet the licensing conditions laid down by the National Bank of Rwanda. The liquidation of these MFI totalizing deposits in excess of 3 billion RWF was managed by BNR with the help of a ministerial and technical Commission. Liquidators were named by a court of law and the Government granted an amount of 1.5 billion RWF to repay 50% of the depositors' money. Commissions were also established at districts level in order to support the liquidators in their recovery efforts. End December 2008 80% of deposits has been repaid for an amount exceeding 1 billion RWF (BNR, 2009)
- 2006: Adoption by the Government, in September 2006, of the national microfinance policy and its strategy of application;
- 2007: Creation of an MFIs Association in Rwanda (AMIR) within the framework of this microfinance policy; and promulgation of the Cooperative Law n° 50/2007 dated 18/09/2007 in revision of the Cooperative Law n° 31/1988 dated 12/10/1988;
- 2008: Considering the specificity and the importance of the microfinance sector, a microfinance law was adopted by the Parliament and was gazetted in the Official Journal of the Republic of Rwanda in 2009. A new microfinance regulation has also been published during the same period.
- 2008: Transformation of the Banques Populaires and their Caisse Centrale into a commercial bank, called Banque Populaire du Rwanda SA (BPR, SA);
- The National Dialogue Meeting of December 2008 proposed an integration strategy of the rural population in the financial system: it is the strategy "To create at least a COOPEC on the level of each UMURENGE throughout the country".

In 2008, the number of licensed MFIs, "Banques Populaires du Rwanda" not included, were 97 at the end of December 2008. The majority of them have a legal status of Cooperative (83 out of 97) while 11 MFIs have a legal status of Limited company (SA) and 3 with a legal status of Limited liability company (BNR, 2009).

### 4. MAIN CATEGORIES OF MFIS

The new microfinance law and the new regulation recognize 4 MFIs categories based on its activity; the number of members and its annual turnover (MINECOFIN, 2013a):

#### ✓ Small Informal Microfinance Providers (IBIMINA)

The category I FMI consists of Traditional Rotating Saving Organizations which only operate on the basis of members contributions.

#### ✓ Small Single- Office Saving and Credit Cooperative Only

The category II FMI are constituted by Small SACCO that must be licensed by and report to the National Bank, but are subject to a simplified prudential framework. The level of deposit mobilization remains below a threshold set by the National Bank Regulations, currently Frw 20 Millions.

#### ✓ Formal savings and credit cooperatives and other microfinance institutions

The category III FMI are constituted by limited corporations and accept deposits from general public, or are operating as SACCO but exceed the threshold of currently FRW 20 Millions. This category must full scope of prudential and reporting requirements set by the microfinance law and the National Bank Regulations. Umwalimu SACCO is a good example of such institutions.

#### ✓ Credit only microfinance institutions

The Category IV FMI are Microfinance that do not accept deposits from the public. Category IV FMI may be incorporated as Public or Private Limited Companies (SA or SARL). As non deposit taking-institutions, they benefit from certain exemptions and adjustments in the prudential framework. RIM s.a is an example such institutions.

#### ✓ Microfinance bank

In addition, the notion of microfinance bank has been introduced with a capitalization of 1.5 billions RWF with the authorization to emit checks, payments cards and access to the refinancing window of the Central Bank. Urwego Opportunity Bank (UOB) is an example of that category of MFIs.

### 5. GOVERNMENT INTERVENTIONS IN MICROFINANCE SECTOR

#### 5.1 LAWS, POLICIES AND STRATEGIES

The Government does not provide Microfinance Services, but it intervenes in Microfinance Sector through establishment of Laws, Policies and Strategies. The main official documents are: The banking law n° 08/99 dated June 18, 1999 assigning the responsibility for the MFIs' supervision to BNR; The law n° 55/2007 of

30/11/2007 governing the Central Bank of Rwanda, the law n° 40/2008 of 26/08/2008 establishing the organization of microfinance activities and its implementing Regulation n° 02/2009 of 27/05/2009; National Micro Finance Policy (MINECOFIN, 2009), the National Microfinance Policy Implementation Strategy (MINECOFIN, 2013b), and the recently validated National Savings Mobilization Strategy (MINECOFIN, 2013c).

#### 5.2 MINISTRY OF FINANCE AND ECONOMIC PLANNING (MINECOFIN)

MINECOFIN is responsible for promoting and developing the Microfinance Sector. Its mission is to develop policies and strategies aimed at promoting savings, developing credits and mobilizing resources for MFIs. It is also responsible for coordinating the successful implementation of policies and strategies. It has a unit in charge of the promotion and the development of the sector.

#### 5.3 NATIONAL BANK OF RWANDA (BNR)

The National Bank of Rwanda is mandated to regulate and supervise Microfinance Institutions (including Savings and Credit Cooperatives, SACCOs, and some Limited Companies that operate microfinance activities). The supervision is conducted through three main activities: Licensing of FMI; Off- site surveillance and On- site inspection of MFIs thus licensed. BNR has a unit in charge of supervision of MFIs.

The activity of supervising Microfinance Institutions by the National Bank of Rwanda is based on the law. Before the creation of the cited laws, two instructions were implemented: BNR Instruction No 06/2002 of 09 July 2002 on the regulation of Microfinance activities, which deals with FMIs other than Savings and Credits Unions; And BNR Instruction No 05/2003 of June 26, 2003 on the regulation of Savings and Credit Unions.

#### 5.4 RWANDA NATIONAL ASSOCIATION OF MICROFINANCE INSTITUTION IN RWANDA (AMIR)

Established in June 2007, it is legally recognized as professional association by the Ministry of labour and its statutes were published in the official gazette no 6 of 15th march 2008. AMIR is the only umbrella body for microfinance institutions in Rwanda that seeks to build a flourishing microfinance sector in Rwanda through different areas of Advocacy and Information, research and development, responsible finance, performance monitoring and capacity building. Currently, AMIR has 108 active members.

#### 5.5 INITIATION AND PROMOTION OF SACCO SECTOR (UMURENGE SACCO)

Administratively, Rwanda is divided into 4 Provinces plus Kigali City. Each Province is divided into Districts. Each District is divided into Sectors. Each Sector is divided into Cellules, which are divided into Villages (Imidugudu).

The ultimate objective of Rwanda's long term development plan is to transform the country into a middle-income country and an economic trade, communication and financial hub by the year 2020. Towards the achievement of this goal, the Government of Rwanda has recently adopted an Economic Development and Poverty Reduction Strategy (EDPRS), with Financial Sector Development as one of its key components. Indeed Rwanda's economic development agenda can't be achieved without a financial sector that is effective, in particular that is capable to expand access to credit and financial services, and to enhance saving mobilization and to mobilize long-term capital for investment. To address the issues the National Dialogue Meeting held in December 2008 recommended the creation of at least one SACCO at the level of each Administrative Sector (Umurenge) (MINECOFIN, 2009). Today, Rwanda covers 416 Imirenge SACCO equivalents to 416 administrative sectors.

## 6. THE CURRENT STATE OF MICROFINANCE SECTOR

### 6.1 LIMITED COMPANY

BNR 2013 lists 12 Limited Companies acting in Rwanda as shown in the following table:

TABLE 1: LIMITED COMPANY IN RWANDA BY 2013

Province	Districts	Number of Limited Company
Kigali City	Nyarugenge	8
	Kicukiro	2
	Gasabo	1
S/T		11
South	Muhanga	1
TOTAL		12

### 6.2 SAVING AND CREDIT COOPERATIVES (SACCO) NAMED CREDIT UNIONS OR COOPECS)

The basic structure of the Sacco and credit unions is what differentiates them from banks; they are user-owned financial intermediaries, the dividends from these co-operatives are shared equally among members because they have got equal shares. Members typically have a "common bond" based on geographic area, community, employer, industry or other affiliation. Each member has equal voting rights regardless of their deposit amount or how many shares they own. Their principal products are savings and credit, however some offer money transfers, payment services and insurance. SACCOs sometimes join together to create second-tier associations for the purposes of building capacity, liquidity management and refinancing; these second-tier associations can play a useful role in monitoring.

The key elements of a SACCO are the credits and savings products. Unlike most micro-credit NGOs and institutions they provide a savings product which offers interest and a return on their deposits, which provides a new income stream for the individual and can either be reinvested or withdrawn for use. The following table lists all SACCOs acting in Rwanda except Imirenge SACCOs.

TABLE 2: SACCO IN RWANDA BY 2015

Province	Districts	Number of SACCO
Kigali City	Nyarugenge	2
	Kicukiro	3
	Gasabo	6
<b>S/T</b>		<b>11</b>
East	Bugesera	1
	Rwamagana	2
	Kayonza	0
	Ngoma	1
	Kirehe	0
	Nyagatare	0
Gatsibo	1	
<b>S/T</b>		<b>5</b>
West	Nyabihu	1
	Rubavu	8
	Ngororero	2
	Rutsiro	2
	Karongi	1
	Nyamasheke	2
Rusizi	6	
<b>S/T</b>		<b>22</b>
North	Rulindo	6
	Gakenke	2
	Burera	1
	Gicumbi	3
	Musanze	1
<b>S/T</b>		<b>13</b>
South	Kamonyi	1
	Muhanga	5
	Ruhango	2
	Nyanza	0
	Huye	1
	Gisagara	1
	Nyamagabe	2
Nyaruguru	0	
<b>S/T</b>		<b>12</b>
<b>TOTAL</b>		<b>63</b>

## 6.3 SACCO SECTOR (UMURENGE SACCO)

As described above, there are a number of 416 Imirenge SACCO equivalent to 416 administrative available in Rwanda as summarized by this table:

TABLE 3: IMIRENGE SACCO IN RWANDA BY 2015

Province	District	Number of Imirenge SACCO	Province	District	Number of Imirenge SACCO
Kigali City	Nyarugenge	10	North	Rulindo	17
	Gasabo	15		Gakenke	19
	Kicukiro	10		Burera	17
<b>S/T</b>		<b>35</b>		Gicumbi	21
				Musanze	15
East	Bugesera	15	<b>S/T</b>		<b>89</b>
	Rwamagana	14	South	Kamonyi	12
	Kayonza	12		Muhanga	12
	Ngoma	14		Ruhango	9
	Kirehe	12		Nyanza	10
	Nyagatare	14		Huye	14
Gatsibo	14	Gisagara		13	
<b>S/T</b>		<b>95</b>		Nyamagabe	17
West	Nyabihu	12	Nyaruguru	14	
	Rubavu	12	<b>S/T</b>		<b>101</b>
	Ngororero	13			
	Rutsiro	13			
	Karongi	13			
	Nyamasheke	15			
Rusizi	18				
<b>S/T</b>		<b>96</b>			
<b>TOTAL</b>		<b>416</b>			

## 6.4 MICROFINANCE BANKS

In Rwanda, there are 5 Microfinance Banks: AB Bank Rwanda (ABBR), Agaseke Bank Limited (ABL), Unguka Bank Limited (UBL), Urwego Opportunity Bank (UOB) and Zigama Credit and Saving Bank (ZCSB).

## 7. MFIs TOWARD MILLENNIUM DEVELOPMENT GOALS (MDGs)

TABLE 4: THE CONTRIBUTION OF MFIS TO THE ACHIEVEMENT OF MDGs IN RWANDA

MDGs Goal	Contribution of MFIs to the achievements of MDGs in Rwanda
Poverty reduction	Rwanda is still very much a nation working towards recovery. In 2000, nearly two-thirds of the population was living below the national poverty line. Five years later, poverty rates remained at nearly 60 percent. However, Rwanda has experienced positive and rapid growth since then, with poverty rates having dropped to 45 percent and still decreasing. As development indicators have been improving in Rwanda, so has the expansion of access to financial services. Rwanda aims to become a middle-income country by 2020, targeting 80 percent access to finance by 2017. The total assets of the banking system in Rwanda have nearly doubled since 2007, reaching US\$924 million by the end of the first quarter in 2012. SACCOs are recognized as widely accessible and have been a fundamental part of the expansion of the provision of financial services to rural areas. SACCOs translate into rural financial inclusion, increase credit needed to support rural-based micro businesses and projects, and play a key role in the support of the agricultural industry. In fact, Umurenge SACCOs triggered increased credit extension to rural based agro-businesses to Rwf5.2 billion (US\$8.7 mil) by November 2011 from Rwf 818 million (US\$1.4 mil) in 2010 (Audrey Linthorst, 2012). The ease of doing business in Rwanda is a strong step in the right direction – it ranks third across sub-Saharan Africa in the Ease of Doing Business ranking published by the World Bank, second to only Mauritius and South Africa. Likewise, Rwanda comes in first in the category of starting a Business and second in Getting Credit (World Bank Group, 2014). The most common mechanism used by microfinance institutions to offer their services to clients is group-based lending. Borrowers form groups to mutually guarantee one another's loans. The interest charged on loans is always significantly lower than the rate charged by other credit sources for poor women, such as loan sharks and money lenders. Poor families with access to even modest increases in financial resources can better manage the health problems that occur. Money generated from a small business, for example, contributes to household income, which can improve the family's food security and support the children's education. A family with even small amounts of savings can use them to more quickly manage and recover from traumatic events, such as the death or illness of a wage earner.
Achieve universal primary education	Credit enters the household and might influence several of the factors that determine children's education, including the overall financial budget as well as the individual parent's budget, the time allocation, the individual parent's degree of participation in household decision making, and the perceptions regarding the importance of children's education. Microfinance programs generate sufficient income to sustain not only the financial services but also additional reproductive health education services offered by the same staff. In Rwanda, literacy rate for 15-24 year olds stood at 84 per cent in 2010/11 an increase from 57 per cent in 2000/6 (UNDP, 2015a). The proportion of children attending school has increased and by 2010/11 the net attendance rate at primary school was 92 per cent up from 63 per cent in 1990. There was a rapid increase in primary school attendance rates between 2000/1 and 2005/6 driven by the induction of free education but also by the development of Microfinance. Microfinance allows people affording credits and pay themselves schools not only primary and secondary but also university. The good example is Umwalimu SACCO (SACCO for Teachers) which allows teachers of primary schools affording university and they are promoted from primary to secondary schools.
Promote gender equality and empower women	Rwanda has made great strides in promoting gender equality driven by a strong commitment by the Government. Rwanda was equal second in the world on the 2009 Social Watch Gender Equity Index, with only Sweden having a higher score. Looking beyond 2015 the Government's 2020 Target is for women to make up 40 per cent of all those in decision making positions (UNDP, 2015b). In fact, improved access to health and education for women, allied with expanded opportunities for employment and access to microcredit, has expanded choice and empowered women. While gender disparities still exist, women have become increasingly powerful catalysts for development, demanding greater control over fertility and birth spacing, education for their daughters and access to services. The ability of women to control their own fertility is absolutely fundamental to women's empowerment and equality. Microfinance services empower women, enhance their roles as decision-makers within the family, and pave the way for behavior change. Microfinance has made Rwandese women strong business women.
Reduce child mortality	The infant mortality rate (IMR) stood at 85 prior to 1994, increased dramatically during and in the aftermath of the tragic events of 1994 and reached a peak of 107 in 2000. Since then it has fallen dramatically, to 85 by 2005 and 62 in 2008 and 50 in 2010. To hit the MDG Target it will have to fall to 28, which would mean accelerating the rate of decline significantly. The major cause of mortality amongst children is malaria, followed by anaemia, acute respiratory infection and diarrhoea – all of which are preventable through comprehensive and well-coordinated interventions including the distribution of mosquito nets, improved access to water and sanitation, improved cook stoves and simple health interventions such as rehydration salts (UNDP, 2015c). Families accessing microfinance have better health practices and better nutrition and are less sick than comparison families. Increased incomes lead to better and more food for the family, improved living conditions, and consumption of health services, including preventive health care.
Improve maternal health	There has been a significant decrease in the maternal mortality ratio, with Rwanda making good progress towards achieving the MDG Target of reducing the rate from 1,300 per 1000,000 live births in 1990 to 325 in 2015. The main reason for the improvement is an increasing number of women giving birth in a health-care facility attended by a qualified health care professional and the introduction of maternal death audit. Also there has been a dramatic increase in the uptake of modern contraception methods especially since 2005 when the rate was 10 per cent uptake by married women of child bearing age (UNDP, 2015d). The prospect of getting a loan can draw people to a program that offers them additional services. Certain features of group-based microfinance programs make them ideal for integration of reproductive health education: <ul style="list-style-type: none"> <li>- Group-based microfinance brings poor women together on a regular basis over periods of months and years to repay loans and deposit savings. These meetings are also opportunities to provide reproductive health education.</li> <li>- Increased income and assets due to microfinance should enable women clients to put what they learn from reproductive health education into practice, and to increase their consumption of primary health services and contraceptives.</li> </ul>
Combat HIV/AIDS, malaria & other diseases	The HIV/AIDS prevalence rate in Rwanda is lower than in many other sub-Saharan countries. Rwanda has seen a great achievement in mother-to-child transmission rate with a dramatic decline from an estimated 21.5 per cent rate in 2005 to 2.6 per cent in 2010 (UNDP, 2015e). MFIs play an instrumental role in bringing health services to their clients. Many MFIs have group-based delivery mechanisms where clients form groups that meet at regular intervals for loan administration. This group-based forum is an appropriate venue for health education services. Additional MFI program delivery systems include branch locations in poor areas, client relationships, and home site visits. These channels are also effectively in providing health services including an update to modern and appropriate equipment against diseases and malaria.
Ensure environmental sustainability	The main problems facing the environment in Rwanda are pressures from the growing population on the natural resources such as land, water, flora and fauna and other non-renewable resources. The livelihood and food security of a majority of the population indeed depend directly on the ecosystems and the goods and services derived from them, as does the health of the population. Key current actions: Measures to reduce the wood consumption (investment in renewable sources of energy, increasing the use of modern energy sources, especially in rural areas are encouraged); Communities are encouraged to practice Reforestation; Promote water conservation and storage measures; Promote sustainable farming practices and take anti-erosion measures (UNDP, 2015f). MFIs offer loans invested in that area and more MFIs are starting to adopt environmental objectives in addition to their financial and social goals. Five main types of strategies of intervention of MFIs to ensure environmental sustainability: (1) adopting environmental policies by starting integrating environmental concerns into the business's official mission, principles, and policies. The idea is to confirm institutional commitment and create a framework that is favorable for the implementation of environmental programs. (2) reducing the internal ecological footprint by financing projects related to environment conservation such as projects related to greening, Biogaz (3) managing portfolio environmental risks: It consists of screening and monitoring all loans according to environmental criteria. The objective here is to manage the environmental risks of clients' activities and avoid supporting harmful practices. (4) providing green microcredit; and (5) providing environmental nonfinancial services that can include environmental awareness-raising campaigns.
Develop a global partnership for development	Rwanda has set out its expectations for the management of aid in support of development goals incorporating elements of the Paris Declaration on Aid Effectiveness. The Government of Rwanda's preference is for aid to be provided as Direct Budget Support (BS) followed by Sector Budget Support (SBS). Development partners are expected to align aid with government priorities (UNDP, 2015g). Microfinance engage global partnership: In fact, on Government side, aid is necessary to build strong microfinance and to intervene in case of failure; When microfinance fails, the government intervenes to save the development of members. On the Microfinance side, the global partnership means that staff administration have to work together with outside microfinance in order to deliver quality services. Also members or beneficiaries of microfinance need visitation class and other types of collaboration with different microfinance operating in the same domain in order to improve the way of acting, developing new projects.

## FINDINGS

With Wrenn (2007), the research found that Microfinance plays four key roles in development in Rwanda: It helps poor households meet basic needs and protects against risks; It is associated with improvements in household economic welfare; It helps to empower women by supporting women's economic participation and so promotes gender equity; It equips the client people with knowledge related to environmental climate change, promote gender equality, they are engaged in children and adult education and they create national and international relationship.

Credit play a role in financing the provision of basic needs, especially in the areas of low-cost housing, water supply, sanitation and health services; gains in improved income, food security, educational and nutritional status. Income-poverty reduction is a function of two factors: the rate of growth and the distribution of income (Morduch, 2002). Microfinance providers are keenly aware of the health needs. Health education is by far the most common health service offered by microfinance providers: health and well being, such as family planning, preventive services, care of childhood illnesses and management of acute health problems (Leatherman, 2011). The beneficiaries of MFI loans are best trained on Climate change, natural resource depletion, and pollution problems and how they impact on the execution of the loans (Hammill, Matthew & McCarter, 2008). In Rwanda MFIs aware, for instance, their clients to use modern technical fishing modes, using BIOGAZ, Combat soil erosion, greening. In Rwanda, MFIs contribute to children's education by providing home equipments including electricity, and capacity of affording school fees.

## CONCLUSION

A billion people live on less than a dollar a day. The United Nations aspires to halve this number by 2015 led by its Millennium Development Goals. Poverty is a multidimensional problem requiring a comprehensive approach. Microfinance is now established as an important poverty alleviation tool, although most MFIs exclusively focus on income generation for poor people. This is only a partial solution. MFIs need to target other 'basic needs' of the poor, including health and education. Though this adds challenges for MFIs, particularly for financial sustainability, MFIs cannot ignore clients' health concerns. There are multiple strategies to connect health interventions to financial services. Institutions must choose options based upon their specific characteristics like size, population served, and socio-economic and political context. There are increasing examples of successful credit and health programs. Freedom from Hunger, with its Credit with Education model, has best documented this area, the health impacts provided, and the continued financial success of partner MFIs. Microfinance client economic and physical well-being is vital towards a better tomorrow. In Rwanda, MFIs contribute indubitably to the achievements of MDGs toward sustainable development. The study appreciates the efforts done and suggests an improvement for MFIs to fulfill all basic needs of poor people.

## RECOMMENDATIONS

To provide a more comprehensive poverty solution, for MFIs to better achieve poverty alleviation, they need to recognize clients' non-financial needs and facilitate satisfaction of such needs. Poor people will not break out of the circle of poverty without significant health and education improvements. For MFIs sustainability and performance: Loan default and customer attrition are major problems confronting MFIs, directly impacting their operations and even survival. By addressing clients' health needs, MFIs can reduce loan defaults and increase income. In fact, illness and related expenditures are the leading cause for micro-business failures and loan default.

## SUGGESTION FOR FURTHER STUDY

Taking Rwanda as a case study, the present research analyzed the impact of MFIs to sustainable development. Indicators concerned by the research were eight MDGs. The study found that low-income countries included Rwanda, need microfinance to achieve the sustainable development. The present research focused on positive key actions taken by MFIs leading to the achievement of MDGs. Despite MFIs contribute to the achievement of MDGs, there are some weaknesses and failures on which further studies would focus and then it will be possible to establish strengths and also weaknesses on MFIs in Rwanda.

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In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

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