



Effects of Financial Inclusion Strategies on Socio-Economic Development: A Case of World Vision - Tunga Cluster, Village Savings and Loans Associations in Rutsiro District, Rwanda

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abstract

The general objective was to assess effect of village saving and loans association on socioeconomic development in Rutsiro District. The specific objectives were to determine effect of nature of saving in village and loan associations loan accessibility requirements and to evaluate effect of capacity development on socioeconomic development of Tunga. This research was significant to scholars, government, and the university and future researchers. The researcher used descriptive correlational design with a mixed approach to acquire relevant information analysis. This research targeted 4023 beneficiaries of world vision Rwanda project in Rutsiro District, the sample size was 364 beneficiaries. An instrument for gathering information was questionnaire, interview guide and desk review. Data was analyzed using statistical product and service solutions to generate descriptive statistics and inferential statistics. Results to the first objective revealed that 51.9% strongly disagreed the use of sight deposits, 57.1%, strongly agreed that the Term Deposits. Correlation analysis indicated a positive and significant correlation between saving plans and Immovable properties ($r=0.976$, $p\text{-value} = -0.002$). On the other side, there was a significant association between Saving Plans and Immovable properties ($r=0.216^{**}$, $p\text{-value}=0.001$) and saving Plans and project Immovable properties ($r=0.150^*$ $p=0.022$). Results to the second objective evidenced that that 37.0% agreed with individual lending, 41.2% accepted that community association is suitable for project success, 49.4% agreed that community association was suitable for project success. Correlation analysis felt that individual lending and income generating activities ($r=0.083^{**}$, $p\text{-value}=0.207$), Individual lending and Movable properties ($r=0.067$, $p\text{-value}=0.308$), and between Individual lending and Immovable properties ($r=0.078$, $p\text{-value} = 0.235$). To the third objective felt that whether customer management skills were applied and done at the cluster; results indicated 52.8%. Results if the entrepreneurship abilities were used as an effective strategy, 41.2% strongly accepted that the statement, 49.8% agreed with adopting complementarities in business and training. Insignificant positive correlations was found between customer management skills and income generating activities ($r=0.010$, $p\text{-value}=0.874$) provided that the $p\text{-value}$ was > 0.05 proposing that improvement in customer management skills did not affect Income generating activities, and vice versa. Contrary to complementarities in business and training and immovable properties which was not statistically significant ($r=0.058$, $p\text{-value} = 0.376$), because the $p\text{-value}$ was more than 0.05. Basing on concluding remarks, these recommendations are necessary for further improvement in terms of socioeconomic development by World Vision. This research to World vision would be integrated into ADP project and coordinated or monitored as other programs in the area. The study recommend to world vision, especially ADPs and Tunga Cluster in Rutsiro District, to ensure that financial inclusion managers have a person to whom they will report to the dairy life of beneficiaries of the project, who monitor the activities done by program beneficiaries stakeholders. World Vision would have a mechanism to emphasize on other important component for good success and socio-economic development of beneficiaries, which is amount of contact- more contact is better- between program stakeholders and beneficiaries. Further studies should consider conducting similar research in economic strategies adopted by financial institutions, and to study the role of NGOs institutions in economic development alleviation of poor people.

Keywords: *Tunga Cluster, Loans, Saving, Socio-economic development, Village Saving and Loans, Village savings and loans associations*

1.0 Introduction

A greatest impediment for socio-economic development in Rwanda is low saving ratio, lack of access to loan due to high interest rates, difficult proving loan and loan requirement for banking institutions complicated repayment procedures and lack of skills and training loaning loan abstention process in banking institutions (Bista & Basnet (2022). In fact, Rwanda has 10% saving ratio of the population owning a bank account, 11% of adults do not use any access to loan and credits. To address these challenges, policies and guidelines linked to savings and loan associations have been formulated to significantly contribute to socioeconomic and welfare, as indicated by MINECOFIN (2021). Moreover, non-governmental created and supported Village Saving and Loan Associations (VSLAs) for increasing wellbeing of persons (Ayodeji & Ajala, 2019). Therefore, previous researches attempted to assess effect of VSLAs on socioeconomic welfare. Therefore, those researches are for instance Alemu (2021). However, these studies did not significantly focused on informal micro-credit models such Village Saving and Loan Associations (VSLAs). In light with the above considerations, this research examined effects of financial inclusion strategies on socio-economic development in rostro District, Rwanda using a case of village saving and loans associations supported by world vision, Tunga cluster. This research assessed effects of financial inclusion strategies on socio-economic development in rostro District, Rwanda using a case of village saving and loans associations supported by world vision, Tunga cluster. Specifically, this paper was designed to :

- (i) Determines effect of common saving on socio-economic development of Tunga Cluster Beneficiaries, Rutsiro District, Rwanda.
- (ii) ascertain effect of loan accessibility on socio-economic development of Tunga Cluster Beneficiaries, Rutsiro District, Rwanda
- (iii) Examine the effect of capacity building on socio-economic development of Tunga Cluster Beneficiaries, Rutsiro District, Rwanda.

2.0 Review of Related Literature

2.1 Empirical Review

Previous studies were review in accordance with specific objectives. These objectives are to determine effect of common saving on socio-economic development, to ascertain effect of loan accessibility on socio-economic development and to examine the effect of capacity building on socio-economic development.

2.1.1 Common Saving Products and Socio-Economic Development

According to Abdullah, *et al.*, (2021), the majority of households with productive and non-productive assets were participants in VSL programs running in Zimbabwe. It will be very important to recognize that the limit of results emanate from interference and support to VSLAs. The researcher faced problems associated with personal tendencies to progressively disrespecting their status association with loan repayment of four years; the study's methodology relied to the recollections retained by participants over the four-year duration. According to Ankrah *et al.*,(2021) research on the role of Malawian VP, participation in project helped customers to improve socio-economic development, which reduced their level of poverty overall and especially for women, who make up the majority of these schemes' members. The study discovered that the expanding saving programs boosted the mean of saving proportions the poor custom witnessing biggest rise. Examining influence if financial accessibility on saving by persons with low revenue in Mexico, the research undertaken by Atiase et al (2019) investigated the rural friends association and foundation for integrated agricultural management in Thailand. Results demonstrated that the effect on financial resources, saving, sales, costs, education expenses are insufficient to neglect. Ayene (2020) conducted research on Bangladesh's rural credit program and women's empowerment. They assessed Bangladesh Rural Advanced Committee and Grameen Bank. They combined data from a sample survey with data from a case study to statistically account for variations in demographic factors in their study. They came to the conclusion that both programs significantly boost a client's likelihood of being empowered as a woman by 16 percent. Simply by residing in program villages, even non-participating women have a more than twofold increased chance of achieving empowerment.

2.1.2 Loan Accessibility and Socio-Economic Development

Ayodeji and Ajala (2019) in their study on Saving & Loan Insolvencies and the Costs of Financial Crisis revealed that the failure of savings and loans was regarded as the worst financial crisis, although determining the macro significance of direct government remediation costs is mostly unimportant. Losses from 2007–2009 were absolutely catastrophic and on par with those of the Great Depression. In comparison, the S&L failures had little impact. Macroeconomists and decision-makers should reserve the term crisis for financial disruptions that pose a significant risk to the actual economy and should keep working ex ante to identify systemically important financial institutions beforehand.

2.1.3 Capacity Development and socio-Economic Development.

Dinh (2019) found the existence of decline in poor socioeconomic and living conditions among customers in increasing education and academic outcomes for their children and increase housing conditions in his study, poverty through microfinance: effect of ASHI in Philippine. The scholar used ethnographic. It used two years to gathered information from 64 households including 24 opposite families and 40 borrowers. According to Doan (2020), there has been an improvement in food consumption in terms of both quantity and quality as well as an increase in income and the number of males aged 6 to 16 attending school. As reported by Gebre (2019), a substantial 54% of individuals residing in rural regions of Tanzania lack access to formal financial services. To address this pressing issue, the potential lies in the establishment and promotion of informal rural financial associations, such as Village Savings and Loan Associations (VSLAs), among various other methods for the provision of financial services. Surprisingly, a mere 2% of Tanzanian citizens utilize the financial services extended by Savings and Credit Cooperative Organizations (SACCOs). Consequently, in response to this scenario, microfinance institutions (MFIs) like the basis for international community assistance and promotion of rural initiative and development enterprises were bound to stimulate information sector to adequately dispense financial services and products in rural areas, not only in Tanzania but also across many countries. In contradistinction to findings of Kass-Hanna, Lyons, and Liu (2021), women exhibit a greater likelihood of deriving advantages from village savings and loans associations when compared to men. Nonetheless, their earnings persist at a notably modest level, mirroring their living standards. The examination was conducted utilizing primary data obtained from a women's group situated in Gbanti Chiefdom, employing a comprehensive analytical framework encompassing both descriptive and inferential methodologies.

2.2 Theoretical Framework

It is clear from the preceding that SACCO existed even in the dim past, VSLAs would participated in relevant models about savings and credit have emerged in recent years. Five theories were introduced to them in this study: the financial growth and social theories rational choice, prospect as well as sustainable; livelihood theories.

2.2.1 Financial Growth Theory

This research used, finance growth for access on the effect of inclusivity. The phrase for preserving the finance and personal is used here. A person did not adopt the goods and services, they are said to be financially excluded. According to the hypothesis, a major cause of ongoing economic inequality and slower growth is the lack of accessibility to loan. Therefore, having accessibility to security, simple, accessibility for credit was viewed and requirement in increasing development or closing revenue gaps or eliminating poor living conditions. As adopted, this model states that the accessibility to finance, financial service conditions, and service consumption effect and provide explanation and organization growth. VSLAs members were drawn to financial services due to the low interest rate, proximity to an access point, greater variety, and frequency of use.

2.2.2 Social Wealth Theory

The Social Wealth Theory, which Putnam (1993) established, is the theory that describes the corporate, association, behaviors and revenue that guide human cooperation and play a significant role to the customers welfare and development. It is from this theory that the Social Wealth Theory is derived (Basargekar, 2010). In light of this, social wealth model may be seen or instruments for promoting human wellbeing that has the potential to positively or negatively impact the environment and community through a group's collective behavior.

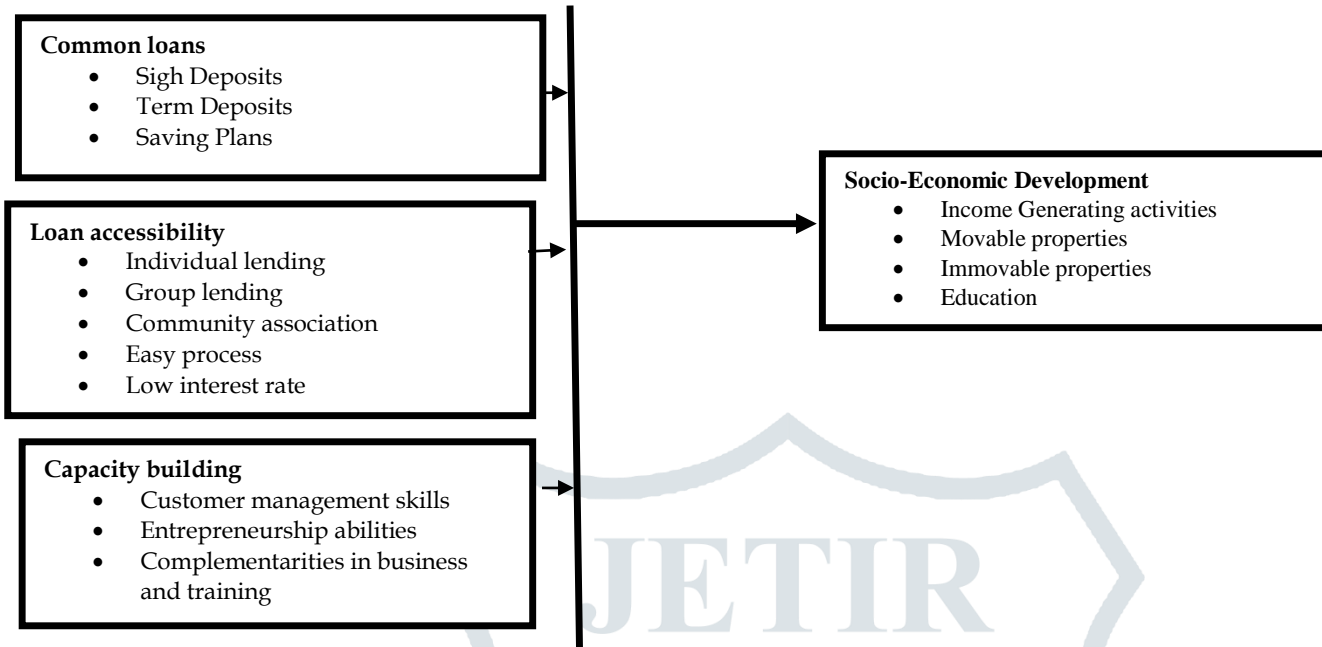
2.2.3 Theory of Management

Management theory, the project management process categories listed in the PMBOK (Attila, 2022) Guide are initiating, planning, executing, controlling, and closing processes. The researcher focused on the essential planning, executing, and controlling procedures. The concept that motivates the aforementioned procedures functions in a close-loop systems, where designing procedures produce a blueprint that then experiences accomplishment procedures and pertains to the deficiency in follow-up mechanisms and requisite support, compounded by inadequacies in documentation, limited experience, and a shortage of expertise, among other concerns.

2.3 Conceptual Framework

The conceptual model establishes the association between Village Saving and Loan Associations (VSLAs) borrowing and a contribution to socioeconomic development of members.

Financial inclusion strategies used by VSLAs



Source: Researcher (2023)

As reflected in Figure 2.1, a conceptual framework indicates the correlation between financial inclusion strategies used by Village and Loan saving associations (type of saving, loan requirements, capacity development) and socio-economic development of beneficiaries as dependent variable, which was measured using income generating activities, movable properties, immovable properties, and education. Types of saving products were measured using sikh deposits, term deposits, saving plans. Loan/Credit Requirements were measured using individual lending, group lending, community association, easy process, and low interest rate. Capacity Development/Training was assessed through client's financial management skills, entrepreneurship abilities, and complementary business training in an activity. The dependent variable for the present study was socio-economic development of household beneficiaries of WVR in Rutsiro District that was conceptualized using income generating activities, movable properties, immovable properties, and education. The relationship between financial inclusion strategies used by SLVAs and socio-economic development was moderated by moderating variables using national policies.

3.0 Research Methodology

This used descriptive correlation study as controlling basics to the whole research. Alvi (2016) asserts that a descriptive research design is to portray and give data on the thing that is pervasive in regards to a group of persons, objects and situation. In order to accomplish the goal of this investigation. The research will have the purpose to use a mixed approach for study diverse variables to portray experiences, purposes behind business ownership, the issues they face and their prosperity. Similarly, Asika (2010) denotes that in correlation researches association between two variables will be assessed. This research will use be conducted descriptively using financial inclusion strategies used by VSLAs supported by World Vision Rwanda to enhance socio-economic status of beneficiaries while correctional plan will help to establish the association between research construct.

3.1 Target Population

The target population encompasses individuals residing within a defined geographical area who share a specific characteristic of interest to the researcher. In this context, the population pertains to all individuals possessing a common attribute of interest. For the study's scope, the researcher selected VSLA members as the study population, specifically those situated in the Gihango and Mushubati sectors of Rutsiro District within the Tunga Cluster operated by World Vision Rwanda (WVR). The research mandate, outlined in the Terms of Reference, encompassed an examination of ultra-poor graduation project for families managed by female citizens in Western Province of Rwanda, specifically focusing on the Gihango and Mushubati Sectors within the Rutsiro District, operated under the Tunga Cluster. The project catered to 4,023 beneficiaries under the Ultra-Poor Graduation (UPG) initiative in the aforementioned sectors, as presented in the provided table below:

In designing sampling technique, the researcher note that for quantitative data, required a statistically valid approach, with 95% of CI and 0.05 as a degree of precision. Utilizing Sloven's formula allows the derivation of a representative subset from the while population, being sure with the expected degree of correctness as evidenced by Creswell (2013). Slovene's formula is applied to obtain a representative group, with regards to the degree of precision, the researcher considers 95% as a confidential interval as suggested by Jibril, and Nwanmou (2012), it implies that there is 95% chances that a representative group results for the accuracy in the entire population in a precision of 5%. The Slovene's formula is determined as follows:

$$n = \frac{N}{1 + Ne^2}$$

N=Number of target persons

n= Sample size

e=Marin error

Population of this research is 4023 beneficiaries. The researcher takes a margin error equal to 5%:

$$n = 4023 / (1 + 4023 * (0.05)^2)$$

$$n = 4023 / 4023 * 0.0025$$

$$n = 4023 / 11.0575$$

$$n = 363.8254783404$$

$$n = 364$$

The respondents in each group will be distributed equally in their respective sectors of Mushubati and Gihango. The researcher will use the list of beneficiary’s systematic sampling, for the 364 HHs in the VSLA groups, a two-way systematic sampling involving the selection of Head of HH from an ordered list of beneficiaries in both sectors Gihango and Mushubati. The sampling starts by selecting an 11 and 15 from the list of 1730 and 2293 respectively at random and then every systematic sampling interval (k^{th}) element in the frame is selected using the following formula. Therefore, the total sample size will be distributed across sectors using disproportionate sample distribution approach in order to ensure adequate representation of large and small sectors. The researcher gathered information using both primary and secondary source gave actual and relevant evidences concerning the research topic. Secondary data was adopted to view further scholars to the financial inclusion strategies used by saving and loan village associations’ contribution to socio economic development of beneficiaries in Rwanda. Data analysis was done using statistical and narrative writing techniques. In this regard, quantitative data was processed and analyzed using a computer based software known as statistical product and services solutions (SPSS). These produced research values were presented on Graphs, Chats, and tables and were statistically interpreted using word versions. The researcher produced descriptive statistics to obtain frequency, percentage, means and standard deviation for each variable and its constructs while inferential statistics were generated to obtain correlation and regression results which helped the researcher to establish a regression size effect between independent variables or constructs on dependent variables or metrics. In this regards, a regression equation was used as follows:

The regression equation: $Y = b_0 + b_1x_1 + b_2x_2 + b_3x_3 + e$

Therefore, e refers to the schematic term

b_0 refers to constant

b_1, b_2, b_3, b_4 will be regression coefficients

x_1 = Types of saving products

x_2 = Loan/credit requirements

x_3 = Capacity development/trainings

Y is Socio-economic development of beneficiaries of saving and loan associations. Qualitative analysis involves transcribing and translating the HH questionnaire from English to Kinyarwanda for allowing good interactions with respondents, most of which are not English speakers. The generated text files scrutinized to spot patterns, relationships using a thematic approach. All the related quotes were coded as aired by the project’s beneficiaries and reported on the most significant themes.

4.0 Presentation of Findings

This study analyses information collected according to research variables and study objectives. The study objectives were: to determine effect of common saving on socio-economic development of Tunga Cluster Beneficiaries, Rutsiro District, Rwanda; ascertain effect of loan accessibility on socio-economic development of Tunga Cluster Beneficiaries, Rutsiro District, Rwanda; and examine the effect of capacity building on socio-economic development of Tunga Cluster Beneficiaries, Rutsiro District, Rwanda). Results were given according to scale of 1 to 5.

Table 4. 1 Socio-Economic Development of Tunga Cluster Beneficiaries, Rutsiro District, Rwanda

Statement	SA %	D %	NS %	A %	SA %	Mean	Std
The loan requested generate the income as people wish and are able to pay the loan at a due date	11.6		8.6 ^{1.3}	29.6	48.9	3.9571	1.37648
buying movable properties after getting loan from those VSALAs	5.6		10.7 _{4.7}	35.2	43.8	4.008	1.19262
The loan requested help to acquire immovable properties	12.4		25.3 _{3.6}	17.2	39.5	3.4592	1.51695
The loan requested encourage to pay school fees and materials for children	7		6.020	16.8	3	3.9530	1.1910
Level of monthly income before joining VSLAs was not sufficient	13		10.729	24.2	5	3.6745	1.3991
Level of monthly income after joining VSLAs has been increased	13		10.710	8.4	5	3.4228	1.3838
Beneficiaries reimbursed the loan taken on the due date and is interest charged to loan requested	17		14.014	12.1	3	3.7718	1.4313

Visits by VSLAs staffs for advice about the loan taken has been done	7	6.020	16.8	3	3.9530	1.1910
Composite mean					3.8198	

Source: Primary Data (2023)

Findings in Table 4.1 evidenced that 48.9% at the mean response of 3.957 and std was 1.376 have a strong agreement on the statement that the loan requested generate the income as people wish and are able to pay the loan at a due date. However, any project may be successful whether it meets three objectives; time, distance, and efficiency. Further, 43.8% , the mean response of 4.008, std= 1.192 strongly agreed that the loan requested help to acquire immovable properties. Results indicated that 39.5%, the mean of 3.459 with a std of 1.516 strongly accepted with the loan requested help to acquire immovable properties. 16.8% of respondents with a mean of 3.9530 and standard deviation was 1.1910 with the loan requested encourage to pay school fees and materials for children. For the level of monthly income before joining VSLAs was not sufficient, findings show that 24.2% with mean responses was 3.6745 and standard was 1.3991. For the level of monthly income after joining VSLAs has been increased with a percentage for 53 and with response was 3.4228 and standard deviation was 1.3838 while beneficiaries reimbursed the loan taken on the due date and is interest charged to loan requested with a mean response of 3.7718 and standard deviation 1.4313, for Visits by VSLAs staffs for advice about the loan taken has been done at the mean response of 3.9530 and standard deviation was 1.1910.

4.1 Assessing Effect of Risk Identification on Success of Rutsiro District, Rwanda

The first objective analyzed effect of Common loans on success of Socio-Economic Development implemented by World Vision. The Common loans was measured through Sigh Deposits, Term Deposits, and Saving Plans. The research started by presenting findings on the risk analysis strategies in Rwanda.

Table 4. 2 Common loans strategies used by used by VSLAs

Common loans strategies used by used by VSLAs	SD %	D %	NS %	A %	SA %	Mean	Sd
Being a member of any group	51.9	32.2	1.3	3.0	11.6	1.9013	1.3010
Many factors influenced me to be a member of VSLAs group	3.9	6.0	0.0	33.3	57.1	4.269	0.513
Since five years a beneficiaries started to save in VLSAs	6.0	10.0	4.3	34.3	45.1	4.0215	1.20504
VSLAs mobilized the use for saving culture	6.0	16.8	2.7	43.0	38.2	3.9530	1.1910
Outreach or house to house strategies used for mobilize member for saving	10.7	24.2	4.4	30.5	37.6	3.6745	1.3991
For sigh deposits, it does not require a minimum or maximum deposit?	10.7	8.4	4.0	34.2	26.8	3.4228	1.3838
The account does not earn interest, nor does the villager pay any administration fees.	14.0	12.1	2.3	33.9	40.6	3.7718	1.4313
Does VSLAs develop a savings plan and commit to pay a fixed amount regularly for 24 to 48 weeks>	6.0	16.8	2.7	43.0	38.2	3.9530	1.1910
Do you access fertilizer for your land through other financial institutions other than VSLAs	10.7	24.2	4.4	30.5	37.6	3.6745	1.3991
Composite mean						3.8198	

Source: Primary Data (2023)

Results demonstrated that 51.9%, response mean was 1.901 and std was 1.301 strongly disagreed the use of being a member of any group, 57.1%, response mean was 4.269, std 0.513 strongly agreed that the many factors influenced me to be a member of VSLAs group. On if since five years a beneficiaries started to save in VLSAs was adequately used, the study felt that 45.1%, the mean response was 4.021, std was 1.1.205. The researcher on the VSLAs mobilized the use for saving culture evidence that 43.0% and 38.2% with a mean response 3.9530 and standard deviation 1.1910. Moreover, 68.1% show an agreement with a mean of 3.6745 and standard deviation of 1.3991 towards the Outreach or house to house strategies used for mobilize member for saving. Therefore, for sigh deposits, it does not require a minimum or maximum deposit, results show that 61.0% of respondents with a mean of 3.4228 and standard deviation of 1.3838. In this vein, 33.9% and 40.6% with a mean response of 3.7718 and standard deviation of 1.4313 demonstrated to the account does not earn interest, nor does the villager pay any administration fees. Whether VSLAs developed a savings plan and commit to pay a fixed amount

regularly for 4 to 48 weeks, 81.23% with a mean response of 3.9530 and standard deviation of 1.1910 show agreement with the statement. Finally, 68.1% with a mean responses of 3.6745 and standard deviation of 1.3991 demonstrated a strong agreement for that statement.

Table 4.3 Correlation Analysis between Financial inclusion strategies used by VSLAs and Socio-Economic Development

		Sigh Deposits	Term Deposit	Saving Plans	Income generating activities	Movable properties	Immovable properties
Sigh Deposits	Pearson Correlation	1	.005	.062	.014	.067	-.082
	Sig.(2-tailed)		.934	.347	.826	.307	.214
	N	363	363	363	363	363	363
Term Deposits	Pearson Correlation	.005	1	-.048	-.002	.216**	.150*
	Sig.(2-tailed)	.934		.469	.976	.001	.022
	N	363	363	363	363	363	363
Saving Plans	Pearson Correlation	.062	-.048	1	.011	.153*	.028
	Sig.(2-tailed)	.347	.469		.868	.020	.675
	N	363	363	363	363	363	363
Income generating activities	Pearson Correlation	.014	-.002	.011	1	.003	-.011
	Sig.(2-tailed)	.826	.976	.868		.965	.865
	N	363	363	363	363	363	363
Movable properties	Pearson Correlation	.067	.216**	.153*	.003	1	.034
	Sig.(2-tailed)	.307	.001	.020	.965		.610
	N	363	363	363	363	363	363
Immovable properties	Pearson Correlation	-.082	.150*	.028	-.011	.034	1
	Sig.(2-tailed)	.214	.022	.675	.865	.610	
	N	363	363	363	363	363	363

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Primary Data (2023)

Correlation analysis in Table 4.3 indicated a positive insignificant correlation between Sigh deposits and project income generating activities ($r=0.014$), level of significance was 0.826) and it not positively associated with the since its level was high than 0.05 indicating that an increase in Term Deposits did not cause a change Income generating activities and vice versa. There was insignificant association between Term Deposits Movable properties ($r=0.067$, $p\text{-value}=0.307$) and risk Term Deposits an immovable properties ($r=0.082$, $p\text{-value}$ was 0.214). It demonstrated the lack of association between Saving Plans variables and success of ADP Karengi project implemented by World Vision. In this regards, all the $p\text{-value}$ were >0.05 indicating that a Saving Plans did not reflect an increase of Income generating activities. Moreover, results on Saving Plans demonstrated a negative and insignificant correlation between saving plans and Immovable properties ($r=0.976$, $p\text{-value}=-0.002$). The association was negatively not associated with since the level of significance was high than 0.05 showing that a change in Saving Plans did not impact Immovable properties and vice versa. On the other side, there was a significant association between Saving Plans and Immovable properties ($r=0.216^{**}$, $p\text{-value}=0.001$) and saving Plans and project Immovable properties ($r=0.150^*$, $p=0.022$). The findings indicated that Saving Plans is positively correlated Immovable properties because the level of significance was less than 0.05 demonstrating that a change in cheaper internet stimulate a change in Income generating activities, Movable properties and Immovable properties and vice versa.

4.2 Effect of Loan Accessibility on Socio-Economic Development of Tunga Cluster Beneficiaries, Rutsiro District, Rwanda.

This study ascertained effect of loan accessibility on socio-economic development of Tunga Cluster Beneficiaries, Rutsiro District, Rwanda. The loan accessibility was analyzed using risk allocation, risk categorization and risk assessment.

Table 4. 4 Loan Accessibility Procedures used at Tunga Cluster Beneficiaries, Rutsiro District, Rwanda

Loan accessibility strategies	SD	D %	NS			Mean	Sd
	%		%	A %	SA %		
Loan requirements from VSLAs helped loading holidays	13.3	16.7	3.4	37.8	28.8	3.5193	1.402
Grouping in different groups help members to have access to loan	13.3	16.3	3.4	41.2	25.8	3.4979	1.377
The adoption of individual lending system helped members to have access to loan	6.9	10.3	0.0	3.0	49.4	4.0515	4.051
Group lending system help members to have access to loan	16.8	13.4	3.4	27.8	38.6	3.5805	1.51598
Community association commitment help to have access to loan	8.4	12.8	4.0	47.6	27.2	3.7248	1.22740
Easy process of loan provision help you to obtain micro credit on time	18.1	21.5	4.0	36.3	20.1	3.1879	1.44189
Low interest rate help people to have access to loan	10.1	13.1	1.3	34.6	40.9	3.8322	1.35290
Time given to to pay it back your loan is enough	16.8	13.4	3.4	27.8	38.6	3.5805	1.51598
Interest rate for loan enable you to pay it back	8.4	12.8	4.0	47.6	27.2	3.7248	1.22740
Composite Mean						3.7321	

Source: Primary Data (2023)

Findings indicated that 37.8 percent, a response mean of 3.519 with standard deviation of 1.402 agreed with the loan requirements from VSLAs helped loading holidays. Additionally, 41.2, mean response was 3.497 while the standard deviation was 1.377 accepted that Grouping in different groups help members to have access to loan, 49.4%, mean=4.051 and standard deviation equal to 0.051 agreed that The adoption of individual lending system helped members to have access to loan. The researcher evidenced 38.6% of responses of 3.5805 and standard deviation of 1.51598 strongly agreed that the group lending system help members to have access to loan, 47.6% of respondents with a mean response of 3.7248 and standard deviation of 1.22740 agreed that community association commitment help to have access to loan. Therefore, 36.3% of respondents with a mean of 3.1879 and standard of 1.44189 strong agree that easy process of loan provision help you to obtain micro credit on time. Moreover, 40.9% of respondents with a mean of 3.8322 and standard deviation of 1.35290 strongly agreed that low interest rate help people to have access to loan. In this vein, strongly 38.6% of respondents with the mean response of 3.5805 and standard deviation of 1.51598 Time given to pay it back your loan is enough. Finally, 47.6% of respondents, mean of 3.7248 and standard deviation of 1.22740 agreed that interest rate for loan enable you to pay it back.

Table 4. 5 Correlation between Loan accessibility and Socio-Economic Development of Tunga Cluster Beneficiaries, Rutsiro District, Rwanda

		Individual lending	Group lending	Community association	Income generating activities	Movable properties	Immovable properties
Individual lending	Pearson Correlation	1	-.025	.061	.083	.067	-.078
	Sig.(2-tailed)		.703	.354	.207	.308	.235
	N	363	363	363	363	363	363
Group lending	Pearson Correlation	.025	1	.065	.134*	.063	-.017
	Sig.(2-tailed)	.703		.321	.041	.339	.796
	N	363	363	363	363	363	363
Community association	Pearson Correlation	.061	.065	1	.069	.118	-.038
	Sig	.354	.321		.294	.071	.568
	N	363	363	363	363	363	363
Income generating activities	Pearson Correlation	.083	-.134*	.069	1	.003	-.011

	Sig.(2-tailed)	.207	.041	.294		.965	.865
	N	363	363	363	363	363	363
Movable properties	Pearson Correlation	.067	.063	.118	.003	1	.034
	Sig.(2-tailed)	.308	.339	.071	.965		.610
	N	363	363	363	363	363	363
Immovable properties	Pearson Correlation	.078	-.017	-.038	.011	.034	1
	Sig.(2-tailed)	.235	.796	.568	.865	.610	
	N	363	363	363	363	363	363

*Correlation is significant at the 0.5 level 0.05(2-tailed)

Source: Primary Data (2023)

The study indicated analysis employing SPSS version 25.0, the p-value was less between 0.5 and 0.01 standard for * and **. In this regard, Individual lending and Income generating activities ($r=0.083^{**}$, $p\text{-value}=0.207$), Individual lending and Movable properties ($r=0.067$, $p\text{-value}=0.308$), and between Individual lending and Immovable properties ($r=0.078$, $p\text{-value}=0.235$) are not associated and since the p-value was >0.05 proposing that a change in Individual lending did not impact Income generating activities, Movable properties and Immovable properties.

Results for the relationship between Group lending and Income generating activities ($r=0.134$, $p\text{-value}=0.041$) was negatively statistically significant. However, Group lending was not correlated with Movable properties ($r=0.063$, $p\text{-value}=0.339$), and between Group lending and Immovable properties negatively and statistically not significant ($r=-0.017$, $p\text{-value}=0.796$). Where the level of significance was >0.05 implying that Group lending did not Income generating activities, Movable properties and Immovable properties. Results for the correlation between the Community association and Immovable properties ($r=0.069$, $p\text{-value}=0.294$) was not associated the p-value was 0.05, an improving in Community association did not Movable properties. Community association and Immovable properties was statistically correlated ($r=0.038$, $p\text{-value}=0.568$), when p value is 0.05. Contrary, the research establish a negatively and significance association between community association and movable properties ($r=-0.118$, $p\text{-value}=0.071$).

4.3 Effect of Capacity Building on Socio-Economic Development of Tunga Cluster beneficiaries, Rutsiro District, Rwanda

The third objective assessed effect of Capacity building on Socio-Economic Development of Tunga Cluster beneficiaries, Rutsiro District, Rwanda. The Capacity building was measured using Customer management skills, Entrepreneurship abilities and Complementarities in business and training.

Table 4. 6 Capacity Building Strategies adopted Tunga Cluster Beneficiaries, Rutsiro District, Rwanda

Capacity building Strategies	NS						Mean	Sd
	SD %	D %	%	A %	SD %	%		
Beneficiaries had gotten training related to business plan	1.3	8.2	5.2	32.6	52.8		4.2747	.974
Beneficiaries have obtained empowerment program on project management	8.6	12.0	2.6	35.6	41.2		3.884	1.298
VSLAs gave beneficiaries business skills for every aspect of persons venture	9.4	6.9	3.4	30.5	49.8		4.0429	4.042
Capacity of persons in term of effective utilization of loans is developing.	4.0	21.1	5.7	33.9352		3.7517		1.24941
Clients were trained on financial management skills	14.8	19.1	2.0	25.5	38.6		3.5403	1.51537
Beneficiaries had received training related to entrepreneurship abilities	6.7	20.1	4.7	36.9	31.5		3.6644	1.29027
Beneficiaries have benefited from complementary business training in an activity	4.7	24.5	3.7	36.6	30.5		3.6376	1.27242
Beneficiaries have received training clients' financial management skills	4.0	21.1	5.7	33.9	35.2		3.7517	1.24941
Beneficiaries have received training on peer pressure to defaulting members to repay loan	14.8	19.1	2.0	25.5	38.6		3.5403	1.51537
Composite mean							3.6957	

Source: Primary Data (2023)

Findings on the statement whether Beneficiaries had gotten training related to business plan; results indicated 52.8% of respondents, the mean was 4.274, while the standard deviation was 0.774. Results if the Beneficiaries have obtained empowerment program on project management were used as an effective strategy, 41.2 percent of participants with the mean of 3.888, the standard deviation was 1.298 strongly accepted that the statement. Finally, 49.8% mean of 4.042, standard deviation was 0.042 agreed with VSLAs gave beneficiaries

business skills for every aspect of persons venture. The researcher evidenced that 68.4% of respondent with a mean response of 3.6644 and standard deviation of 1.29027 accepted that the beneficiaries had received training related to entrepreneurship abilities, 67.1% of respondents with a mean responses of 3.6376 and standard deviation of 1.27242 show a strong agreement with the beneficiaries have benefited from complementary business training in an activity. Beneficiaries have received training clients' financial management skills. Moreover, 69.1% of respondents with a mean of 3.7517 and standard of 1.24941. Finally, the researcher demonstrated that 38.6% of respondents with a mean of 3.5403 and standard deviation of 1.51537 strongly agreed with the beneficiaries have received training on peer pressure to defaulting members to repay loan.

Table 4. 7 Correlation Analysis between Capacity Building and Socio-Economic Development of Tunga Cluster Beneficiaries, Rutsiro District, Rwanda

		Customer management skills	Entrepreneurship abilities	Complementarities in business and training	Income generating activities	Movable properties	Immovable properties
Customer management skills	Pearson Correlation	1	.055	.042	-.010	-.091	-.100
	Sig.(2-tailed)		.404	.523	.874	.166	.127
	N	363	363	363	363	363	363
Entrepreneurship abilities	Pearson Correlation	.055	1	-.015	-.020	.076	.028
	Sign (2-tailed)	.404		.818	.766	.249	.667
	N	363	363	363	363	363	363
Complementarities in business and training	Pearson Correlation	.042	-.015	1	-.052	-.118	.058
	Si.(2-tailed)	.523	.818		.426	.072	.376
	N	363	363	363	363	363	363
Income generating activities	Pearson Correlation	-.010	-.020	-.052	1	.003	-.011
	Sig.(2-tailed)	.874	.766	.426		.965	.865
	N	363	363	363	363	363	363
Movable properties	Pearson Correlation	-.091	.076	-.118	.003	1	.034
	Sig.(2-tailed)	.166	.249	.072	.965		.610
	N	363	363	363	363	363	363
Immovable properties	Pearson n	-.100	.028	.058	-.011	.034	1
	Sig. (2-tailed)	.127	.667	.376	.865	.610	
	N	363	363	363	363	363	363

Source: Primary Data (2023)

Insignificant positive correlations was found between customer management skills and income generating activities ($r=0.010$, p -value= 0.874) provided that the p -value was > 0.05 proposing that improvement in customer management skills did not affect Income generating activities, and vice versa. Therefore, customer management skills was not statistically significant with income generating activities immovable properties, ($r=0.020$, p -value= 0.766), customer management skills was not statistically pertinent with movable properties ($r=0.076$, p -value= 0.249) entrepreneurship abilities and immovable properties ($r=0.028$, p -value= 0.667). For complementarities in business and training, there was negative no significant correlation between complementarities in business and training and income generating activities ($r=0.052$, p -value= 0.426), complementarities in business and training between movable properties was statistically significant with project timeliness ($r=0.118$, p -value= 0.072). Contrary to complementarities in business and training and immovable properties which was not statistically significant ($r=0.058$, p -value = 0.376), because the p -value was more than 0.05 .

5.0 Discussion of Findings

5.1 Common Saving Products and Socio-Economic Development

Results are similar with the research done by Abdullah, *et al.*, (2021), the majority of households with productive and non-productive assets were participants in VSL programs running in Zimbabwe. It will be very important to recognize that the limit of results emanate from interference and support to VSLAs. The researcher faced problems associated with personal tendencies to progressively disrespecting their status association with loan repayment of four years; the study's methodology relied to the recollections retained by participants over the four-year duration. This is relevant in comparison with a study of Ankrah *et al.*,(2021) research on the role of Malawian VP, participation in project helped customers to improve socio-economic development, which reduced their level of poverty overall and especially for women, who make up the majority of these schemes' members. It did not contradict; the research undertaken

by Atiase et al (2019) investigated the rural friends association and foundation for integrated agricultural management in Thailand. Results demonstrated that the effect on financial resources, saving, sales, costs, education expenses are insufficient to neglect.

5.2 Loan Accessibility and Socio-Economic Development

This study is relevant the work of Ayodeji and Ajala (2019) in their study on Saving & Loan Insolvencies and the Costs of Financial Crisis, revealed that the failure of savings and loans was regarded as the worst financial crisis, although determining the macro significance of direct government remediation costs is mostly unimportant. Losses from 2007–2009 were absolutely catastrophic and on par with those of the Great Depression. In comparison, the S&L failures had little impact. Macroeconomists and decision-makers should reserve the term crisis for financial disruptions that pose a significant risk to the actual economy and should keep working ex ante to identify systemically important financial institutions beforehand.

5.3 Capacity Development and socio-Economic Development.

This research concur with Dinh (2019) found the existence of decline in poor socioeconomic and living conditions among customers in increasing education and academic outcomes for their children and increase housing conditions in his study, poverty through microfinance: effect of ASHI in Philippine. The scholar used ethnographic. It used two years to gathered information from 64 households including 24 opposite families and 40 borrowers. It concurs with the work of Gebre (2019), a substantial 54% of individuals residing in rural regions of Tanzania lack access to formal financial services. To address this pressing issue, the potential lies in the establishment and promotion of informal rural financial associations, such as Village Savings and Loan Associations (VSLAs), among various other methods for the provision of financial services. Surprisingly, a mere 2% of Tanzanian citizens utilize the financial services extended by Savings and Credit Cooperative Organizations (SACCOs). Consequently, in response to this scenario, microfinance institutions (MFIs) like the basis for international community assistance and promotion of rural initiative and development enterprises were bound to stimulate information sector to adequately dispense financial services and products in rural areas, not only in Tanzania but also across many countries.

5.0 Conclusions and Recommendations

To the first objective, the researcher concluded that the common saving strategies adopted by WVR at Tunga Cluster Beneficiaries, Rutsiro District are the sight deposits, term deposits, and saving plans. The researcher concluded that the individual lending and income generating activities, movable properties and between individual lending and immovable properties are not associated and since the p-value was >0.05 proposing that a change in individual lending did not impact income generating activities, movable properties and immovable properties. Contrary, the research establish a negatively and significance association between community association and movable properties. To the second objective, the researcher concluded that loan accessibility strategies adopted for socio-economic development of Tunga Cluster Beneficiaries, Rutsiro District, Rwanda were risk allocation, risk categorization and risk assessment. Individual lending and Income generating activities ($r=0.083^{**}$, $p\text{-value}=0.207$), Individual lending and Movable properties ($r=0.067$, $p\text{-value}=0.308$), and between Individual lending and Immovable properties ($r=0.078$, $p\text{-value}=0.235$) are not associated and since the p-value was >0.05 proposing that a change in individual lending did not impact income generating activities, movable properties and immovable properties. To the third objective, the researcher concluded that capacity building strategies were adopted to improve socio-economic development of Tunga Cluster Beneficiaries, Rutsiro District, Rwanda. The Capacity building was measured using Customer management skills, Entrepreneurship abilities and Complementarities in business and training. Therefore, insignificant positive correlations was found between customer management skills and income generating activities ($r=0.010$, $p\text{-value}=0.874$) provided that the p-value was >0.05 proposing that improvement in customer management skills did not affect Income generating activities, and vice versa. For complementarities in business and training, there was negative no significant correlation between complementarities in business and training and income generating activities ($r=0.052$, $p\text{-value}=0.426$), complementarities in business and training between movable properties was statistically significant with project timeliness ($r=0.118$, $p\text{-value}=0.072$). Contrary to complementarities in business and training and immovable properties which was not statistically significant ($r=0.058$, $p\text{-value}=0.376$), because the p-value was more than 0.05.

Basing on concluding remarks, these suggestions/recommendations are necessary for further improvement in terms of socioeconomic development by World Vision. This research to World vision would be integrated into ADP project and coordinated or monitored as other programs in the area. Do not consider financial inclusion as a separate program which need own staff. World Vision Rwanda would make sure that what is promised to beneficiaries is done in good way with quality. The study recommend to world vision, especially ADPs and Tunga Cluster in Karongi District, to ensure that financial inclusion managers have a person to whom they will report to the dairy life of beneficiaries of the project, who monitor the activities done by program beneficiaries stakeholders. World Vision would have a mechanism to emphasize on other important component for good success and socio-economic development of beneficiaries, which is amount of contact- more contact is better- between program stakeholders and beneficiaries. Since the present research focused on studying financial inclusion strategies on socioeconomic development in Rutsiro district, Rwanda using a case of village saving and loans associations supported by world vision, Tunga cluster. Further studies should consider conducting similar research in economic strategies adopted by financial institutions, and to study the role of NGOs institutions in economic development alleviation of poor people. The role of capacity building schemes in promoting income generating activities in rural areas. The effect of NGOs funding on profitability of small households the effect of information technology on NGOs funding and the effect of income generating activities on the social, economic and political set up of Rwanda.

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