

UNIVERSITY OF RWANDA
College of Business and Economics
School of Business

**VISION 2020 UMURENGE PROGRAMME AND POVERTY REDUCTION IN
RWANDA.**

“A CASE STUDY OF NYARUBAKA SECTOR”

A Thesis

Submitted in partial fulfillment of the requirements for the award of
Master’s Degree in Business Administration

By

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DECLARATION

I, **Epimaque MPAYIMANA** declare that “**Vision 2020 Umurenge Programme and Poverty reduction in Rwanda. A case study of Nyarubaka Sector**” is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

Epimaque MPAYIMANA

Date

APPROVAL

This work was done under my close supervision at **UNIVERSITY OF RWANDA/ COLLEGE OF BUSINESS AND ECONOMICS** supervision. I therefore acknowledge its authenticity and approve it as worth for the award of the Master's degree of Business Administration.

Signed..... Date.....

Dr MUGENZI Martin

DEDICATION

To my late parents, brother and sister, uncles;

To my brother and sisters

To my wife and son

Acknowledgement

Sincere gratitude is hereby extended to the following people who never ceased in helping until this thesis is structured.

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Thank you all

Epimaque MPAYIMANA

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Abstract

The dissertation aims of the study is to assess the contribution of VUP activities on poverty reduction to mend deprived peoples living conditions, investigate how VUP pillars; public works, direct support, and financial services) have contributed in the process of poverty reduction to see whether the government has room to manoeuvre, to create its own development agenda.

There is the details of the research design that were adopted, population study, sampling procedures, data collection procedures, and the final data analysis techniques that will apply. It gives the framework within which data are collected and analysed. Data analysis methods used were descriptive statistics as a preliminary investigation procedure to gain an understanding of inherent significant socio-economic characteristics of the VUP beneficiaries and the leaders of the programme in Nyarubaka Sector. The mean, frequency, and percentage were conducted using STATA 13.1.

The analysis was revealed the difference for the budget that is statistically significant for P-value of 0.00572, and for direct support P-value is 0.00217, financial services it P-value is 0.0032 and public works end up with P-value of 0.0542. The overall VUP components have shown a significant probability between allocation and execution from 2009-2011.

VUP as a government approach has changed the trends of governance. For instance, it encourages moving from a top-down, autocratic approach associated with the past to developing local self-government structures which can facilitate collective action. With economic growth, the government would be able to invest in road infrastructure, which would create more employment opportunities and thus reduce poverty.

Keywords: VUP, direct support, financial services, public works, and poverty reduction

CHAPTER 1: INTRODUCTION OF THE STUDY

1.1 Background of the Study

Globally, the number of people in absolute poverty has been in decline for around 25 years, yet in Africa it is still increasing. The dare of poverty reduction in Africa is of a different order from that elsewhere and will involve different approaches (Collier, 2007). According to Brandt Commission (1980), hundreds of millions of people in the poorer countries are preoccupied solely with survival and elementary needs. For them work is frequently not available or, when it is, pay is low and conditions often barely tolerable. Thus, reducing poverty in rural areas, and hunger in both rural and urban areas, will depend heavily on the sustainable community development.

However, many people are currently questioning the concept of growth for numerous reasons a realization that more isn't always better, or an increasing respect for reducing outside dependencies and lowering levels of consumerism. The community development process takes charge of the conditions and factors that influence a community and changes the quality of life of its members.

Community development seeks to improve quality of life. Effective community development results in mutual benefit and shared responsibility among community members. Such development recognizes; the connection between social, cultural, environmental and economic matters, the diversity of interests within a community, its relationship to building capacity

Researchers in Rwanda recognize that poverty in Rwanda is closely related to a series of interconnected issues and in particular the history of war and genocide against Tutsi, land, environmental degradation and low resources. On a broader perspective, poverty as a problem goes beyond the lack of basic needs like food, clothing and shelter, to include lack or denial of social needs as well (Bugingo, 2001)

When one enters in the rural communities in Rwanda, from face value, it is evident that people who are very poor decrease referred to the recent EICV 4 released and the domino effect of the 2013/14 EICV indicate substantial progress in poverty reduction and upgrading in other socio-economic and demographic indicators in the last three years. The survey shows that poverty is

at 39.1% as of 2013/14, down from 44.9% as was reported in 2010/11. During the same period, extreme poverty dropped from 24.1% to 16.3% (NISR, 2015)..

In addition to facing staggering poverty statistics, Rwanda is characterized by a population traumatized by a campaign of genocide in 1994, which included not only mass killings, but also systematic rape and massive displacement. The population not only faces health problems caused by poverty, but also mental and physical ailments related to genocide trauma. Refugee and returnee movements, along with internal migration and a government-mandated resettlement programme, led to resettlement of a large percentage of the population in new communities. Many of the displaced did not have adequate shelter, and required re-housing.

Reviewing the Rwanda's poverty reduction strategy paper clearly shows that poverty in Rwanda is deeply rooted in the upheavals that have characterized the country ever since ethnic ideologies were entrenched in the early 1950s. Several agents are engaged in poverty reduction in Rwanda including the government, non-government organizations and the private sector as well. Nevertheless the challenges are left to the researchers to discover whether the contributions of different actors in poverty reduction are taking a good stride or not.

In general, development in Rwanda for eradicating poverty is guided under Vision 2020 a framework for Rwanda's development, presenting the key priorities and providing Rwandans with a guiding tool for the future as economic development and poverty reduction strategy (EDPRS) that seeks to address constraints towards achieving the Millennium Development Goals (MDGs) and the country's Vision 2020. It builds on achievements in human capital development and promotes three inter-dependent flagship development programmes: Sustainable Growth for Jobs and Exports; Vision 2020 Umurenge (VUP); and Governance.

The VUP is an innovative pro-poor growth programme which aims at eradicating extreme poverty by 2020. Its central principle is the release of productive capacities of the poor and extremely poor in order to lift them out of extreme poverty in a cost-effective and sustainable manner.

In this regard, the Vision 2020 Umurenge Programme has been implemented in Nyarubaka Sector of Kamonyi District to improve living conditions of the population and ensure fast and

harmonious development within the community. So the study focused on assessing the contribution of VUP activities on poverty reduction to mend lowly peoples living conditions and in order to know how those activities influence the revenue of family members and their social - economic behaviour.

1.2 Statement of the problem

Reducing poverty has been a great matter to Rwanda despite the fact after the situation happened in 1994 of the Genocide against Tutsi. The population downfallen leaving a great impact on the livelihood of the Rwandese living in the rural areas especially on the Southern part to be specific in Kamonyi district. Many infrastructure were destroyed and living the people in rural areas troubled and insecure with housing, food and shelter. However, to build successful local rural through VUP contribution for accelerated poverty reduction and development in economic growth, agricultural inputs resources on making agricultural growth performance must be available to policy makers.

The settlers of the Kamonyi district were practicing poor and or traditional ways of doing agriculture in their livelihood, where the majority of Kamonyi District live under poverty line even for a limited plots. Their capacity was very limited to boost their agricultural practice and production, they depend mainly on agriculture for surviving and remain in the most vulnerable and marginalized people in Rwanda.

Despite recent progress in poverty reduction and a rapidly growing economy, Rwanda is still facing many developmental challenges. Although, according to the EICV 4, it has made significant progress in terms of poverty reduction, in 2013/2014 almost every other rural household in Rwanda still lived on less than 173,526 RWF per adult per year at current prices, and about one in four rural households on less than 88,212 RWF. The most recent household living conditions survey (the EICV 4) also found that poverty rates vary enormously between provinces and from district to district.

Poverty in Rwanda still remains disproportionately a rural phenomenon with 22.1% poor in urban areas and 48.7% poor in rural areas according to the EICV 3. There are also large differences in access to health and other facilities between urban and rural areas.

EICV 3 shows that Kamonyi district ranks 16th of all districts with a high percentage of extreme-poor and poor population categories. This category represents 46.7% of the population in Kamonyi, making up about 154,110 persons. Just over half (53%) of the population in Kamonyi district is identified as non-poor, 22.8% as poor (excluding extreme-poor) and 33.9% as extreme-poor. While compared with other districts of Southern Province, Kamonyi district is ranked second by levels of non-poor after Huye district, which has 25% of extremely poor, 21% poor and 53.4% non-poor

The thesis will investigate how VUP pillars (VUP public works, VUP direct support, and VUP financial services) have contributed in the process of poverty reduction to see whether the government has room to manoeuvre, to create its own development agenda.

1.3 Objective of the study

The overall objective of the study is to assess the contribution of VUP activities on poverty reduction to mend deprived peoples living conditions.

The specific objectives were to

- i. Assess the effectiveness of VUP component contribution on poverty reduction in Nyarubaka Sector
- ii. Evaluate an economic impact of VUP component on income generation for beneficiaries in Nyarubaka Sector
- iii. Determine the potential capacity of the VUP approach to eradicate the poverty.

1.4 Research Questions

Does the contribution of VUP activities affect poverty reduction to mend lowly peoples living conditions in Rwanda, especially in Nyarubaka Sector?

In the light of the above, the key sub questions were as follows:

- i. How do the VUP activities relate the poverty reduction effectively?

- ii. What are the effects of VUP component on non-farming operations flow from income generation to the rural poverty reduction?
- iii. Does VUP component model enough to eradicate poverty effectively?

1.5 Hypotheses

The null hypothesis testing is formulated as follows:

Hypothesis 1: There is no significant relationship between Vision 2020 Umurenge Programme (VUP) activities and poverty reduction.

Hypothesis 2: There is an effective impact of VUP component on non-farming operations flow from income generation to the rural poverty reduction.

Hypothesis 3: There is no significant potential capacity of the VUP approach to eradicate the poverty.

1.6 Scope of the Study

The scope of the study refers to the boundaries of a study. It shows the parameters of a research where the researcher indicates the variables to be study in term of time, space and field. This study will reveal an intensive study of a single group/community/sector in Kamonyi District and at sector level, as a case study design. A case study research method is an empirical inquiry that investigates a contemporary phenomenon within its real-life context (Yin, 1984).

This study will focus on the strategic management and project management especially in the field of project monitoring and evaluation and project stakeholder communication with an application of descriptive statistics on rural poverty through VUP component activities in Rwanda. The study made analysis on assessing relationship between Vision 2020 Umurenge Programme (VUP) and poverty eradication' from 2009 to 2011.

1.7 Significance of the Study

The study will provide additional knowledge and insights to public works, direct support and financial services for the purpose of eradicating poverty in Rwanda. It will contribute additional skills on poverty reduction strategies and improve on the perception of communities on participatory development approaches; the challenges and consequences of not involving communities in planning and implementation of community projects.

The findings of the study would add to the existing literature for academic use and for practitioners in the area of community growth and rural development. It will provide insight into how to increase the level of community participation from rhetoric to action. It is expected that the study will be benefiting to the researcher at first, the government planners, the people of Kamonyi district, the country and other researchers in Business management by sorting out the theories into the practice, the researcher will be able to help people in society in applying different community development projects.

The authorities of the country will be ensured how much the community development projects through non-farm activities have reduced the poverty of the country and it will also help the country to measure the level of social economic development of its population.

1.8 Operational definitions of terms

Credit package: Credit is the trust which allows one party to provide resources to another party where that second party does not reimburse the first party immediately (thereby generating a debt), but instead arranges either to repay or return those resources (or other materials of equal value) at a later date. The resources provided may be financial (e.g. granting a loan), or they may consist of goods or services (e.g. consumer credit). Credit encompasses any form of deferred payment. Credit is extended by a creditor, also known as a lender, to a debtor, also known as a borrower (Sullivan & Sheffrin, 2003)

Credit packages is used in VUP to tackle extreme poverty as well as to foster entrepreneurship and off-farm employment opportunities; these packages are designed to make the best possible use of scarce public resources, involve the private financial sector, and provide people with incentives to improve their own productive capacities.

Direct support: to improve access social services or to provide for landless households with no members qualifying for public works or credit packages; such unconditional supports seek to expand health and education coverage as well as to encourage the development of “appropriate” skills, handicraft, or social service activities (VUP Concept paper, 2007).

Governance: is an indeterminate term used in development literature to describe how public institutions conduct public affairs and manage public resources in order to guarantee the

realization of human rights (UNDP, 2000). Governance describes "the process of decision-making and the process by which decisions are implemented (or not implemented)". The term governance can apply to corporate, international, national, local governance or to the interactions between other sectors of society (Mahnaz & Mohammad, 2014).

Human capital: refers to the stock of competences, knowledge and personality attributes embodied in the ability to perform labour so as to produce economic value. It is the attributes gained by a worker through education and experience (Achyut, 2008). Many early economic theories refer to it simply as workforce, one of three factors of production, and consider it to be a fungible resource homogeneous and easily interchangeable. Other conceptions of this labour dispense with these assumptions (Simkovic, 2013).

Poverty reduction- Poverty alleviation-Poverty eradication: Poverty has historically been accepted as inevitable as non-industrialized economies produced very little while populations grew almost as fast making wealth scarce (Oseni, Ogunlade, Oyetunji, & Sanni, 2012) . Poverty reduction, or poverty alleviation, has been largely as a result of overall economic growth. Food shortages were common before modern agricultural technology and in places that lack them today, such as nitrogen fertilizers, pesticides and irrigation methods. The dawn of industrial revolution led to high economic growth, eliminating mass poverty in what is now considered the developed world. World GDP per person quintupled during the 20th century. In 1820, 75% of humanity lived on less than a dollar a day, while in 2001, only about 20% do. (Singh, 2012)

Poverty alleviation also involves improving the living conditions of people who are already poor. Aid, particularly in medical and scientific areas, is essential in providing better lives, such as the Green Revolution and the eradication of smallpox. Problems with today's development aid include the high proportion of tied aid, which mandates receiving nations to buy products, often more expensive, originating only from donor countries.

Public works: are planned using community-based participatory approaches (e.g. Ubudehe) and intend to build productive community assets. Since private land ownership is widespread in Rwanda, public works can take place on either public or private land (e.g. terracing).

However, the case must be made that the assets benefit the community at large. Indeed, when such benefits are clear, the community will have the incentive, or a vested interest, to conduct the maintenance of these community assets, thereby ensuring sustainability (VUP Concept paper, 2007).

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Poverty is one of the comprehensive problems that are bullying the life and properties of the nation especially in the developing countries including Rwanda. Poverty is described as the core cause of social harms in the civilization. Poverty is therefore an elusive word which is applicable to individuals as the situation demands and according to individuals' opinion (Adeyemi, 2012). Poverty as a situation where one or more persons fall short of the minimum level of economic welfare and lack the essential means of satisfying their fundamental needs.

2.2 Theoretical framework

2.2.1 Definitions and theory of Poverty

Poverty in its most general sense is the lack of necessities. Basic food, shelter, medical care, and safety are generally thought necessary based on shared values of human dignity. However, what is a necessity to one person is not uniformly a necessity to others. Needs may be relative to what is possible and are based on social definition and past experience (Sen, 1999). Valentine (1968) says that "the essence of poverty is inequality. In slightly different words, the basic meaning of poverty is relative deprivation." A social (relative) definition of poverty allows community flexibility in addressing pressing local concerns, while objective definitions allow tracking progress and comparing one area to another.

Most poverty scholars identify many problems with this definition related to concepts of family, cash income, treatment of taxes, special work related expenses, or regional differences in the cost of living (Blank 1997:10; Quigley, 2003).

Regardless of how we look at the "science" of poverty, or what O'Connor calls the "knowledge of poverty," it is essential to retain focus on the fact that the definition of poverty and the policies addressing it are all shaped by political biases and values:

It is this disparity of status and interest that make poverty research an inescapably political act: it is an exercise of power, in this case of an educated elite to categorize, stigmatize, but above all to neutralize the poor and disadvantaged through analysis that obscures the political nature of social and economic inequality (O'Connor 2001:12).

In this sense, political agendas are the overriding factors in poverty that not only influence the choice of theory of poverty but the very definition of poverty to be explained by each theory. Powerful interests manage how poverty is discussed and what is being done about it; unfortunately this paper can only identify the politicization of theories of poverty rather than separate it out for analysis.

1. Poverty Caused by Individual Deficiencies

This first theory of poverty is a large and multifaceted set of explanations that focus on the individual as responsible for their poverty situation. Typically, politically conservative theoreticians blame individuals in poverty for creating their own problems, and argue that with harder work and better choices the poor could have avoided (and now can remedy) their problems. Other variations of the individual theory of poverty ascribe poverty to lack of genetic qualities such as intelligence that are not so easily reversed.

This and similar arguments that cast the poor as a “moral hazard” also hold that “the problem of poverty continues to fester not because we are failing to do enough, but because we are doing too much that is counterproductive” (Gwartney and McCaleb 1985:15). Their economic model would solve poverty by assuring that the penalty of poverty was great enough that none would choose it (and welfare would be restricted to the truly disabled or otherwise unable to work).

A less widely critiqued version of the individualistic theory of poverty comes from American values of individualism the Horatio Alger myth that any individual can succeed by skills and hard work, and that motivation and persistence are all that are required to achieve success (Asen, 2002:29-34).

Anti-Poverty Programs from an Individual Theory of Poverty Perspective.

Community development practice, embedded in decades of welfare and social policy, frequently deals with programs aiming to remedy poverty based on individual deficiency theories. Explicitly or implicitly, individual deficiencies have been an easy policy approach not always carefully explored as they get implemented. The key initiatives today are to push poor into work as a primary goal, what Maskovsky calls the “workist consensus.” Indeed this move

is accompanied by an increasing emphasis on “self help” strategies for the poor to pull themselves from poverty, strategies encouraged by the elimination of other forms of assistance (Maskovsky, 2001:472-3). Earned income tax credits are one aspect of the strategy to assure that the poor work even at below living-wage jobs.

2. Poverty Caused by Cultural Belief Systems that Support Sub-Cultures of Poverty

The second theory of poverty roots its cause in the “Culture of Poverty”. This theory is sometimes linked with the individual theory of poverty or other theories to be introduced below, but it recently has become so widely discussed that its special features should not be minimized. This theory suggests that poverty is created by the transmission over generations of a set of beliefs, values, and skills that are socially generated but individually held. Individuals are not necessarily to blame because they are victims of their dysfunctional subculture or culture.

This theory of poverty based on perpetuation of cultural values has been fraught with controversy. No one disputes that poor people have subcultures or that the subcultures of the poor are distinctive and perhaps detrimental. The concern is over what causes and constitutes the subculture of poverty. Daniel Patrick Moynihan found the concept particularly applicable to his study of Black poverty in the early 1960s and linked Black poverty to the largely “dysfunctional” Black family found in central cities. Valentine (1968) criticizes E. Franklin Frazier, who with Daniel Patrick Moynihan (1965), portrayed the culture of the negro poor as an “immoral chaos brought about by the disintegration of the black folk culture under the impact of urbanization”.

Anti-Poverty programs from a Culture of Poverty Perspective.

From a community development perspective, if the theoretical reason for poverty lies in values and beliefs, transmitted and reinforced in subcultures of disadvantaged persons, then local anti-poverty efforts need to intervene to help change the culture. This is socialization as policy. This may work in three ways, based on Valentine’s (1968) suggestion of different models of cultural theories of poverty

1) If one thinks of the culture of the poor as a dysfunctional system of beliefs and knowledge, the approach will be to replace that culture with a more functional culture that supports rather than undermines productive work, investment, and social responsibility. Innovative prisoner release programs, for example, may try to relocate prisoners from the environment where they got in trouble and assure that they adopt new values appropriate for work. A number of experiments have tried with mixed results relocating poor from ghetto housing projects into suburbs with the hope that the new culture will help the family emerge from poverty (Goetz, 2003; Goering, Feins, and Richardson, 2003).

2) On the other hand, if one thinks of the culture of poverty as an opportunistic and non-productive subculture that is perpetuated over generations, then the focus will shift to youth to stop the recreation of the detrimental culture. Head Start, and many educational programs are according to Zigler and Styfco (1996) are successful at providing an alternative socialization for the next generation to reduce poverty, though the programs need more coherence and quality.

3) A third approach to the culture of poverty is to try to work within the culture to redefine culturally appropriate strategies to improve the group's wellbeing. For example, community developers can enhance and build upon cultural values with the subcultures of the poor which can become assets for economic development.

3. Poverty Caused by Economic, Political, and Social Distortions or Discrimination

Whereas the first "individualistic" theory of poverty is advocated by conservative thinkers and the second is a culturally liberal approach, the third to which we now turn is a progressive social theory. Theorists in this tradition look not to the individual as a source of poverty, but to the economic, political, and social system which causes people to have limited opportunities and resources with which to achieve income and well being. Research and theories in this tradition attempt to redress the problem noted by Rank, Yoon and Hirschl (2003).

Much of the literature on poverty now suggests that the economic system is structured in such a way that poor people fall behind regardless of how competent they may be. Partly the problem is the fact that minimum wages do not allow single mothers or their families to be economically self-sufficient (Jencks, 1996). The problem of the working poor is increasingly

seen as a wage problem linked to structural barriers preventing poor families from getting better jobs, complicated by limited numbers of jobs near workers and lack of growth in sectors supporting lower skilled jobs (Tobin, 1994).

Interestingly research is showing that the availability of jobs to low income people is about the same as it has been, but wages workers can expect from these jobs have fallen.

Anti-Poverty Programs from a Structure of Poverty Perspective.

If the problem of poverty is in the system rather than in the poor themselves, a community development response must be to change the system. This is easy to say but hard to do, which may explain why so many policy programs revert to trying to change individual behaviour.

2.2.2 Dimensions and reduction of Poverty

2.2.2.1 Poverty - low income and human development

The poor are not a homogenous group. Poor people have diverse needs and vulnerabilities according to their gender, disabilities, ethnic and racial backgrounds, household structures and places of residence. Nevertheless, they share two common characteristics that are creating poverty: low income and human development (Baharoglu & Kessides, 2004):

- Low income is associated with the lack of essential human development services e.g. health care, sanitation, safe drinking water, education, housing and security.
- Low human development is associated with deprived knowledge, participation, production potential and competence in organizing, demanding, bargaining and negotiating.

Poverty as a combination of five elements: income, health, education, security and empowerment (Sokha, 2005). This broad combination includes elements related to low income but also highlights the importance of human development, in this case empowerment, when tackling poverty.

2.2.2.2 Rural and urban poverty – different needs for poverty reduction

Rural and urban poor have different living environments, abilities and problems. Due to these differences, poverty reduction calls for actions designed especially to tackle the dilemmas in

question. There is a great need for specific policies and programs directed at reducing rural and urban poverty.

The critical problems of the rural poor are associated with access to agricultural land and natural resources (Engvall, Sjöberg, & Sjöholm, 2007). A majority of the rural poor depend heavily on local natural resources (e.g. fishing waters and forests).

These resources serve as subsistence income or as inputs in production, and offer a safety net in the years of poor harvests. Unfortunately, there is a common trend that the natural capital accessible to the poor is running out.

Access to land is also a critical issue for rural poverty reduction (World Bank, 2003) Access to land - own or rented - categorizes the rural poor into cultivators and non-cultivators.

Cultivators have access to land as small landowners or tenants. These households depend largely on agriculture, fishing, forestry, and related small-scale industries and services (Khan, 2001). Most of them are dependent on water control infrastructure (e.g. flood control and irrigation) and the lack of these services creates a high production risk (World Bank, 2006a)

Non-cultivators are landless and often unskilled. These dwellers are perhaps the poorest among the rural poor. Since these households do not have land or capital, and they often suffer from low know-how, they depend greatly on migration and paid labour demand to sustain their income (Khan, 2001).

Since the rural poor are greatly dependent on land and natural capital, short- to medium term rural poverty reduction requires significant improvements in the productivity and profitability of small-scale farming (World Bank, 2006b) .This development depends heavily on the degree of collaboration between the government, donors, civil society and other key stakeholders to better support and empower small-scale farmers in terms of secure tenure and access to natural resources, effective water management and affordable credit (World Bank, 2006c)

2.2.2.3 Poverty reduction as an international development target

Poverty reduction has distinct linkages with environmental conservation, gender equality, decent work, better human rights, improved health and enhanced education (Abayawardana & Hussain, 2002; Quisumbing, Haddad, & Peña, 1995; UNPF, 2001) As a result of the strong linkages between poverty and other aspects of human development, poverty reduction is

declared as the main target in the development agendas worldwide (ILO, 2004; Phipps, 2003). Moreover, poverty reduction has a major role in the Millennium Development Goals (MDGs)

2.2.2.4 Poverty and Programmes Challenges

No attempt is made to establish the link between the increase in poverty and the programmes designed to address it. Such link could have easily been made by resorting to the information on the regional distribution of country implementing programmes (Egidijus, Rasa, Ieva, & Greta, 2014). According to the information, out of 25 “early intensive adjustment lending” countries, 16 were from Sub Saharian Africa, 7 were from Latin America, and the Caribbean, 1 from North America, and 1 from Asia. Thus, 24 out of 25 intensively adjusting countries belonged to the regions where “all poverty worsened” during the second half of 1980s. More important to note is that 64% of the intensively adjusting countries were from Sub Saharan Africa. Similarly, another set of 25 other adjustment lending countries included 16 from Sub Saharan Africa, 5 from Latin America and the Caribbean, 2 from Asia and 1 each from North Africa and Europe (Ubudehe in poverty reduction, 2004)

2.2.3 Measuring Poverty

Poverty reduction has turned out to become an international urgency, but still there is no consensus on how to measure poverty (UNESCO, 2003). According to the World Bank, there are three components to construct a poverty measure. Those are: 1) Define the relevant welfare measures; 2) Choose and estimate a poverty line; and 3) Choose and estimate a poverty indicator. When focusing on monetary dimensions of poverty, a welfare measure can be either based on income or consumption. Most specialists prefer consumption measures, since they refer more directly to a person’s well-being, while income is only a capacity to consume. Another aspect is that measuring income is complicated in societies with large informal sectors or self-contained farmers (World Bank, 2013)

A poverty line is a threshold access to goods and services below which persons are classified as poor. This line is the minimum level of economic participation that is acceptable in a certain time and place (Ray, 1998) and it can be both monetary, e.g. consumption or income based, or non-monetary, e.g. literacy based; both absolute, e.g. measuring costs of basic food needs, or relative, measuring income distribution. Different lines can be combined, and the levels can

vary between different countries (World Bank, 2013). As stated, this thesis uses an absolute poverty line, since a relative one is easily confused with inequality, which lies beyond the scope of this study. Even absolute poverty lines do however include some relative notions of what sets up basic needs or necessities (Ray, 1998). Lastly one chooses a poverty indicator which is compared with the poverty line to create the poverty measure's statistical function.

2.3 Conceptualization poverty and poverty reduction

Although poverty is often seen as material deprivation, it is more than this. Many circumstances and conditions can perpetuate poverty- war, climate change, degradation of the environment, lack of resources and more.

A 1999 World Bank study found that poor people describe poverty in a variety of ways: hunger; lack of shelter; being sick and not able to seek medical care; not being able to go to school; not knowing how to read; not being able to speak properly; not having a job; a fear of the future; living one day at a time; powerlessness; hopelessness; lack of a voice; and lack of representation and freedom. In many instances, poverty is experienced as a lack of access to, and an exclusion from meaningful participation in, the various systems that affect their daily lives.

This conceptual framework was developed from the literature and its major concept is poverty reduction. In this framework, there is Vision 2020 Umurenge Programme, with its three components such as Public Works, Direct Support and Credit Packages which aim to increase productive capacity of poor people by financial empowerment in order to permit the social change, wellbeing and economic growth (poverty reduction) for those poor people.

These components are:

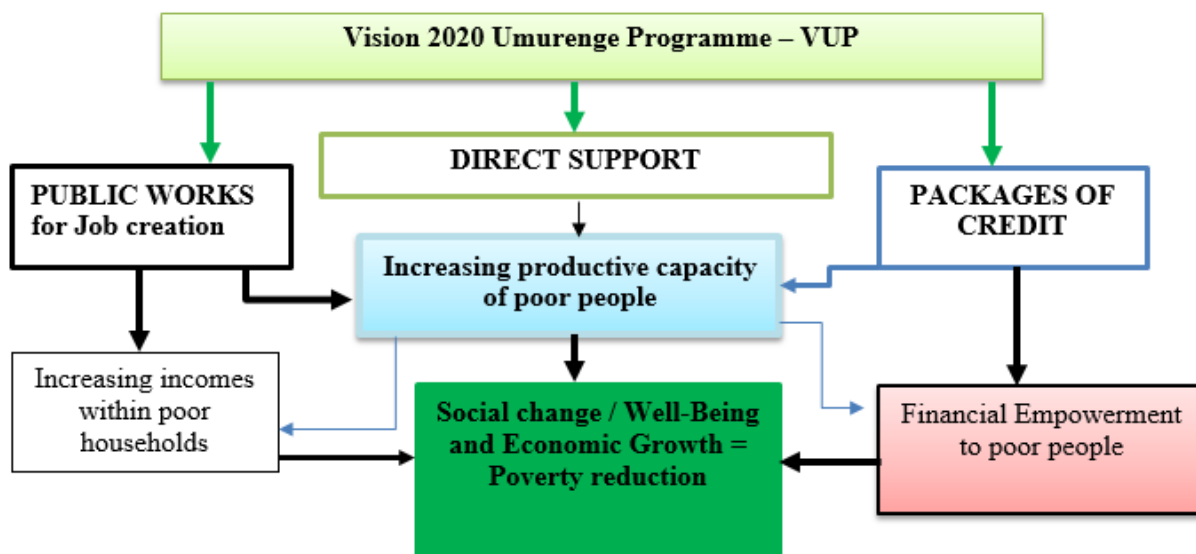
1. **Public Works** (PW, launched in May 2008) uses the HIMO (Haute Intensité de Main d'Oeuvre) approach to build productive community assets. Participants are selected according to Ubudehe socio-economic categories, but they must be able to work on project sites.
2. **Direct Support** (DS, launched in January 2009) provides cash transfers for the poorest households that have no members qualifying for Public Works. Participants receive a monthly

unconditional cash transfer. This unconditional support seeks to expand health and education coverage as well as to encourage skills development.

3. **Financial Services** (FS, launched in January 2010) are made available for those with savings and who are able to operate income-generating activities (IGA). Participants receive loans managed by financial institutions or through the Ubudehe community-managed loans approach.

VUP Component	Service provided	Target group
1. Direct Support	Cash transfer to the poorest households	Extremely poor (classified as Ubudehe 1 and 2) and unable to work
2. Public Works	Wages (cash for work) to members of poor households	Extremely poor (classified as Ubudehe 1 or 2), but are able to work
3. Financial Services	Facilitates the provision of financial services (savings, credit) and training for the poor	Covers various Ubudehe categories, but inclusion of lower Ubudehe categories is strongly encouraged

Figure 1: VUP conceptual frameworks



Through these components, VUP aims to see beneficiaries move from Ubudehe categories 1 and 2 to higher categories, demonstrating a decrease in poverty levels. The three program components are not necessarily mutually exclusive. For instance, public works can be

complemented with credit packages through FS.⁹ One of the purposes of FS is to allow participants to develop their own projects that will eventually be self-sustainable and enable them to graduate out of extreme poverty. Although participants could be engaged in FS and PW or DS, they are only able to be engaged in PW or DS, not both at the same time.

In practice, however, most participants are only engaged in one programme component at a time. In this study, all respondents indicated that they were beneficiaries of only one of the three components. Therefore, each component is analysed separately to allow for an understanding of the most effective programme component to the graduation of beneficiaries. In addition, VUP makes a distinction between a household and members of the household. Eligibility depends on household membership, rather than being the head of household. This is crucial in order to cater for women and youth, who represent important productive capacities but may not be heads of households.

The program components are implemented through a set of projects, which are designed and coordinated at Umurenge level and implemented at Umudugudu level. Both program components and projects are linked to technical specialists in sectors, who provide the strategic direction and priorities, as well as specific technical standards and policies.

2.4 VUP and poverty reduction strategies in Rwanda

2.4.1 Situation of Poverty in Rwanda

The proportion of households living on less than 1 US Dollar per day was 40% in the 1985 household budget expenditure survey, then rose to 53% in 1993 and to an estimated 70% since 1996. Peculiar to Rwanda is the genocide-related poverty. Vulnerability of some groups has increased since the genocide resulting in the emergence of the “new very poor” (those who lost their relatives in genocide or those who had relatives incarcerated because of their participation in genocide).

Poor households are now more likely to be female-headed and/or child-headed and are characterized by a lack of able-bodied labour. The proportion of the households considered “complete”-with able-bodied adults has fallen from 86% before the war of 1990-1994 to 16% after the war, with the remainder made up of female-headed households, widowers, child-

headed households and the elderly, disabled and marginalized people such as street youth and other disabled.

The Government of Rwanda considers that social protection provides income support to poor households or those at risk of falling into poverty, as well as interventions to help them overcome financial barriers to accessing public services such as health care and education, and also provide associated in-kind assistance essential in contribution to the achievement of its development goals. Its commitment to social protection was demonstrated under the first Economic Development and Poverty Reduction Strategy (EDPRS1), during which it set up the flagship social protection programme, the Vision 2020 Umurenge Programme (VUP). Under the current national development strategy, EDPRS2 for 2013-2018, social protection interventions contribute in particular to the priority area of, 'Enabling graduation from extreme poverty', under the theme of Rural Development (EICV4, 2015).

2.4.2 Poverty and governance in Rwanda

The Government of Rwanda recognizes that the country's institutions of governance exert primordial influence over the society's stability, prosperity and the wellbeing of its citizens. In turn, long term stability of governance is heavily dependent upon the belief of Rwandans in the justness and fairness of their governing institutions. This is why the Government is putting emphasis on strengthening governance as a precondition for poverty reduction and development.

However, the transition from emergency to sustainable development has not been a linear process.

Current social, economic and political problems that face Rwanda are in two intertwining forms. First the structural problems that dates back to several years and decades. Secondly, genocide related problems superimposed on pre-existing divisions. One of the problems that have been crosscutting and which continues to worsen people's lives in Rwanda is "poverty". Today, the issue is how to promote governance for poverty reduction to be able to achieve the objectives of vision 2020. The Government has engaged the necessary consultations and dialogue to find ways of addressing the issue of governance for poverty reduction.

2.4.3 Poverty reduction and program strategies

2.4.3.1 VISION 2020

The Vision 2020 is a reflection of our aspiration and determination as Rwandans, to construct a united, democratic and inclusive Rwandan identity, after so many years of authoritarian and exclusivist dispensation. The government of Rwanda aim, through this Vision, to transform our country into middle - income nation in which Rwandans are healthier, educated and generally more prosperous. The Rwanda the government seeks is one that is united and competitive both regionally and globally (Vision 2020, 2000).

To achieve this, the Vision 2020 identifies six interweave pillars, including governance and efficient State, skilled human capital, vibrant private sector, world -class physical infrastructure and modern agriculture and livestock, all geared towards national, regional and global markets. This Vision is a result of a national consultative process conducted between 1997 and 2000. These discussions and debates involved Rwandans from all walks of life, including leadership of all levels in the business community, government, academia and civil society (Vision 2020, 2000).

2.4.3.2 Rwanda economic development and poverty reduction strategy (EDPRS)

EDPRS is both a document and a process. As a document, the EDPRS sets out the country's objectives, priorities and major policies for the next five years (2008-2012). It provides a road map for government, development partners, the Private Sector and civil society and indicates where Rwanda wants to go, what it needs to do to get there, how it is going to do it, what the journey is going to cost and how it will be financed.

The strategy provided a medium term framework for achieving the country's long term development goals and aspirations as embodied in Rwanda Vision 2020 (Republic of Rwanda, 2000), the seven year Government of Rwanda programme, and the Millennium Development Goals (EDPRS, 2007). The EDPRS breaks with the past in two ways. Firstly, the strategy redefines the country's priorities.

Rwanda's first Poverty Reduction Strategy Paper (PRSP) covered the period 2002-2005. It was elaborated in a post-conflict environment where the primary emphasis was on managing a transitional period of rehabilitation and reconstruction.

Having made considerable progress during this transition, it is time to take stock and reassess the importance of different policy objectives. Secondly, this strategy document advocates a different way of doing things in Rwanda. In particular, it makes the case for consolidating and extending the decentralization of public spending when accompanied by robust accountability mechanisms. The EDPRS also recognized the key role of the Private Sector in accelerating growth in order to reduce poverty (EDPRS, 2007).

The priorities of the strategy are embodied in three flagship program: sustainable Growth for Jobs and Exports, “VISION 2020 UMURENGE” and governance. The EDPRS assigns the highest priority to accelerating growth to create employment and generate exports. It will achieve this through an ambitious, high quality public investment program aimed at reducing the operational costs of business. This big push will create strong incentives for the Private Sector to increase its investment rate in subsequent years. With two thirds of the population aged less than twenty-five years, particular emphasis was placed on creating jobs for young people.

“VISION 2020 UMURENGE” is a highly decentralised integrated rural development programme designed to accelerate extreme poverty reduction in Rwanda. It was currently being piloted in thirty of the poorest sectors (Imirenge) of the country, one sector per each district. Governance seeks to build on Rwanda’s reputation as a country with a low incidence of, and zero toleration for corruption and that has initiated innovative home-grown mechanisms for conflict resolution, unity and reconciliation. In the next five years, Rwanda plans to develop a regional comparative advantage in ‘soft infrastructure’, that is, those aspects of governance, such as well-defined property rights, efficient public administration, transparency and accountability in fiscal and regulatory matters (EDPRS, 2000).

2.4.4 Vision 2020 Umurenge Programme (VUP) in Rwanda

The Vision 2020 Umurenge Program (VUP) uses the existing decentralization system and leverages technical and financial assistance to accelerate the rate of poverty reduction in Rwanda. The aim is to eradicate extreme poverty by 2020. The initiative builds on past experiences which show that “isolated” interventions by sector ministries, donors or NGOs are not sufficient to lift people out of extreme poverty in a cost-effective and sustainable fashion.

The other extreme recourse to “integrated” development has also shown its limits in many circumstances.

One of the main limitations of both isolated and integrated approaches has been the failure to address two of the most important insights of economics: (i) “resources are scarce” and (ii) “people respond to incentives.” Because resources are scarce compared to people’s needs, choices must be made. When choices are made for people (e.g. centralized planning), there are risks of not satisfying these needs or distorting local incentives; this generally leads to wastes of resources. When choices are made by people (e.g. participatory mechanisms), these risks are alleviated but the incentives may not be compatible with the stated aim of eradicating extreme poverty.

In order to capture these insights, the VUP balances central guidelines for socio-economic transformation (i.e. economic growth, job creation and extreme poverty eradication) with local participatory mechanisms. This intends to make the best possible use of scarce resources while, at the same time, ensuring adequate local incentives for sustainable progress.

The VUP is organized around three components. The first component revives public works but planned using community-based participatory approaches (e.g. Ubudehe) to build community assets and create off-farm employment infrastructure. Examples include projects like watershed management, terracing, water harvesting, irrigation, feeder/access roads construction, building of classrooms, health facilities, training centres, business workshops, village settlements, etc. The second component innovates with credit packages to tackle extreme poverty as well as to foster entrepreneurship and off-farm employment opportunities; these packages are designed to make the best possible use of scarce public resources, involve the private financial sector, and provide people with incentives to improve their own productive capacities.

Examples include credits to diversify/specialize farming/livestock activities, develop off-farm skills, purchase/build household/business assets, etc. The third component includes direct supports to improve access to social services or to provide for landless households with no members qualifying for public works or credit packages; such unconditional supports seek to

expand health and education coverage as well as to encourage the development of “appropriate” skills, handicraft, or social service activities.

Targeting people’s productive capacities will have at least three additional benefits. First, it will allow creating off-farm employment opportunities, thereby facilitating the eventual transition to a modern knowledge-based society according to Rwanda Vision 2020. Second, it will allow accelerating the process of monetization and formalization of the economy, thereby ensuring long-term sustainability. Third, it will allow redirecting social protection to the neediest people who are landless and unable to work, thereby rationalizing and improving the effectiveness of social protection programs, along the social protection strategy.

The VUP features as a flagship program under the Economic Development and Poverty Reduction Strategy (EDPRS) covering the budget years 2008 to 2012. As such, the VUP seek to instigate changes in the efficiency of poverty reduction. This will require managing change in three related areas. First, assist local governments to coordinate the implementation of national sector ministries’ strategies. Second, install the notion of interconnectedness of services across sector ministries. Third, change attitudes through pro-active interventions of all sector ministries to accelerate the rate of poverty reduction in Rwanda.

Consistent with the assessment for achieving the Millennium Development Goals (MDGs) and the objectives of Rwanda Vision 2020, the VUP requires investments of \$72 per capita and per year. Starting with 30 Imirenge (out of 416 in the country), it initially targets a population of about 600,000 people ($= 30/416 \times 9$ million population). Thus, the VUP requires \$44 million or RwF 24 billion for the first year. It is expected that 50% will be required for public works (i.e. salaries and material), 30% for credit packages, and 20% for direct supports (GoR, 2007).

The appeal of such program components is that 90% of the money goes directly in the pockets of the poor. In addition, the money going to credit packages is revolving; indeed, it is expected that at least 80% of that money can be re-used for further loans by microfinance institutions. Success will be defined specifically in relation to both key achievements in the start-up pilot phase and the capacity of local governments to carry out the program components in a decentralized fashion. A conditional and gradual scaling up to other Imirenge within 3-5 years could be possible.

2.4.4.1 Vision 2020 Umurenge Program component in Rwanda

The VUP is organized around three components to implement the client-based solutions and put money straight into the pockets of hard working Rwandans who participate in the VUP:

1. **Public works** are envisioned using community-based participatory approaches (e.g. Ubudehe) and intend to build productive community assets. Since private land ownership is widespread in Rwanda, public works can take place on either public or private land (e.g. terracing). However, the case must be made that the assets benefit the community at large. Indeed, when such benefits are clear, the community will have the incentive, or a vested interest, to conduct the maintenance of these community assets, thereby ensuring sustainability.
2. **Credit packages** to tackle extreme poverty as well as to foster entrepreneurship and off-farm employment opportunities; these packages are designed to make the best possible use of scarce public resources, involve the private financial sector, and provide people with incentives to improve their own productive capacities.
3. **Direct supports** to improve access social services or to provide for landless households with no members qualifying for public works or credit packages; such unconditional supports seek to expand health and education coverage as well as to encourage the development of “appropriate” skills, handicraft, or social service activities.

These three program components are not necessarily mutually exclusive. For instance public works can be complemented with credit packages, etc. In addition, a distinction is made between a household and members of the household. This is crucial to cater for women and youth which represent important productive capacities but may not be heads of households.

Hence, eligibility to these programs intends to address the concerns of women and the youth populations. The program components will be implemented through a set of projects which will be design and coordinated at Umurenge level and implemented at Umudugudu level. Both program components and projects are linked to technical specialists in sector ministries which also provide the strategic direction and priorities as well as specific technical standards and policies.

The relationship between productive capacities brought by VUP for employing the poor peoples and poverty reduction depends on changes in employment opportunities and conditions. While enhanced productive capacities in labour-intensive sectors will lead to an increase in productive employment, there can also be tradeoffs.

2.4.4.2 VUP in the areas Studied

VUP was initiated in the studied Sectors in 2009. Some of my informants have been working since the start, while others have started to work more recently. It is common to work more intensively in periods, for example when the program's worksite is not too far away from home, and work less during other periods, such as during harvest time when work has to be done on the own plot.

VUP's most common type of Public Works is radical terraces making. That is also the only type of Public Work that our informants have participated in. Two of our informants belong to Ubudehe category 2 and have no household members able to work, and have therefore received VUP's Direct Support. We have not met anyone that has taken a micro credit or loan through the program, even though we asked around for it.

The working day starts at 7.30 am every morning, Monday to Friday, and finishes at 1 or 1.30 pm. Depending on where the terraces are to be made, it takes everything from 15 minutes to 1.5 hours for our informants to reach the work site. Before the work starts each worker shows his/her ID to the supervisor, who makes a list of everyone present. He also controls that there is only one representative from each household per working day. He then distributes individual tasks that have to be completed by the end of the day. Generally each worker is demanded to dig 21 square meters. This can differ if the soil is rich in stones, or if the terrace has to be made very deep.

The people involved in the Public Works are offered to work 5 days per week, but only two people we spoke to work every day. The others work 3-4 days per week, since they find the work very physically demanding. When the payment is late, which is common, people take a break from their terrace making to work elsewhere, to be able to buy food. During the field study, the Public Works had stopped due to the strong sunshine (that makes the soil hard to work), and to give the Umurenge/Sector time to plan the next fiscal year's VUP activities.

Villagers had therefore been without work for a month when we started the field study, and they were not sure of when or if the VUP work would start again.

2.5 Related studies and VUP's theory

2.5.1 Related studies on Poverty and VUP

The quantitative approach uses a monetary measure as the welfare measure, such as household incomes or consumption levels. Households are deemed to be poor if their incomes or consumption levels are below a specified threshold, i.e., the poverty line. Three methods are used to set the poverty line: the food energy intake method, the cost of basic needs method, or the \$1/day criterion often used for international comparisons (Tarp et al., 2002). Methodological differences within the quantitative approach are known to yield different poverty measures.

There are theoretical reasons why consumption is seen to be more accurate than income as the welfare measure. First, consumption tends to be less volatile than household incomes, and its use reduces the probability of misclassifying households as poor (or non-poor) (Gradin et al., 2004). Second, when using income as the welfare measure, the assumption is that a market exists for all goods, which is not the case in many developing countries. Third, there is no guarantee that households with income at or even above the poverty line would actually allocate their incomes so as to purchase the minimum basic needs bundle (Thorbecke, 2005). Fourth, income figures obtained through household surveys are more likely to be underreported than consumption expenditure (Alderman, 1992).

The qualitative approach uses a different welfare measure and poverty line. Here, the welfare measure can be asset endowment or the perceptions on whether consumptions of food, housing, and clothing were adequate for household needs (Pradhan and Ravallion, 2000). It can also be household's own perceptions about the current economic condition relative to a previous period (Walker et al., 2004). The welfare measure is relatively easier to obtain from simple surveys. However, setting the poverty line is quite challenging.

The main desirable features of a poverty line are its consistency and specificity. Consistency is related to making equal classifications for households with the same living standard, but a

household whose perception that the current economic condition has worsened can actually be better-off than someone with the opposite perception.

Meanwhile, specificity is associated with its applicability to the communities under consideration, and household heterogeneity can make it harder to make comparisons within a given community.

Finally, the multidimensional approach to poverty measurement emerges as a recognition that household welfare depends on both monetary and non-monetary variables (Bourguignon and Chakravarty, 2003). Although higher incomes or consumption levels will likely generate higher welfare in the quantitative approach, it may be the case that markets for some qualitative attributes do not exist, such as with some public goods, or that these markets are highly imperfect (Bourguignon and Chakravarty, 2003).

Therefore, the monetary approach as the sole welfare measure is often inappropriate. One popular example of a multidimensional welfare measure is the Human Development Index (HDI). The appealing feature of the HDI is its ability to summarize the standard of living, health indicators, and adult literacy in a single index.

An equally important element in poverty studies is how to analyse the determinants of poverty. In cases where the research focus is on a monetary measure, the determinants of poverty are usually modelled through an OLS regression, where the dependent variable is the total household income/consumption, after a logarithmic transformation, in order to ensure normality and to allow the coefficients to be interpreted as elasticities (see for example Walker et al., 2004; Datt and Jolliffe, 2005).

Independent variables usually include a set of demographic variables (e.g., age, gender, and education of household head), access to public services (e.g., the receipt of agricultural extension and membership to a farmers' association), access to financial services (e.g., credit), asset endowment (e.g., cropped area and livestock herd size), location dummies (e.g., agro-ecology or district dummies) and other variables. Some variables are included both in linear and quadratic forms to capture life cycle effects (e.g., age of household head) or diminishing returns (e.g., cropped area or livestock).

These are the economic growth, participation in nonfarm activities, and agricultural productivity growth. The choice of these three mechanisms was guided by the fact that poverty

is a multidimensional concept, and as such, its reduction requires a combination of different strategies. The analysis begins by exploring each of the three alternatives to reduce poverty.

The economic condition of smallholder farmers is then correlated with changes (or lack of it) in farming Cunguara et al. (2011a).

The analysis also looks at poverty traps, and provides a discussion of the implications of the neoliberal development policy imposed by the donors, while considering alternative policies that might raise agricultural productivity, reduce poverty, and improve food security. Historically, few issues have attracted the attention of economists as has the role of community development in development economics and poverty reduction, generating an enormous literature of both theoretical and empirical studies.

Much of this literature focuses on the process of structural transformation of economies, from the least developed in which economic activity is based largely on agriculture, to high-income countries where industry and services sectors dominate. Lewis (1955) was one of the first of many development economists attempting to explain the paradox. He viewed economic development as a process of relocating factors of production from an agricultural sector characterized by low productivity and the use of traditional technology to a modern industrial sector with higher productivity.

The selection of the right combination of strategies depends on an accurate understanding of the main factors associated with poverty. It is therefore essential to review each strand of the economic literature on poverty, and identify the complementarities between the underlying theories, in order to address the multidimensional features of poverty (Ravallion, 1996; Bourguignon and Chakravarty, 2003).

The role that economic growth can play in reducing poverty is summarized in the neoliberal development theory. The theory behind neoliberalism is that macroeconomic stability and greater efficiency in resource allocation will favour economic growth, which should reduce poverty and inequality (Portes, 1997). This leads to an almost exclusive focus on the role that market forces can play in poverty reduction, while the government is assumed to be more effective at reducing poverty by stressing investment in human capital and infrastructure (Hulme and Shepherd, 2003).

The portfolio theory comprises the links between farm and nonfarm investments (Reardon, 1994; Mathenge and Tschirley, 2007; Oseni and Winters, 2009). On the one hand, income gains from the use of improved technologies can be invested in nonfarm activities. On the other hand, nonfarm incomes can be used to purchase modern inputs, and therefore increase farm incomes through agricultural productivity growth. In addition, the diminishing or time-varying returns to labour or land can motivate household diversification into the nonfarm employment sector.

These differences in the motivations to diversify manifest in differences in nonfarm incomes at the regional, household, and individual levels. At the regional level, such differences stem from differences in agro-ecology and infrastructure such as roads (Walker et al., 2004).

The concept of linking poverty reduction to a combination of development strategies emanates from the fact that poverty is a multidimensional concept (Ravallion, 1996; Bourguignon and Chakravarty, 2003). As such, broad-based poverty reduction strategies require exploring the complementarities of various mechanisms that can potentially reduce poverty. Three such mechanisms are prominent in the economic literature, namely: economic growth, household diversification into nonfarm activities, and agricultural productivity growth.

2.5.2 Analysis of the existing VUP's theories

VUP's theories presents the programme's global goal: to contribute to reduced income poverty and inequality levels in Rwanda, as well as the programme's purpose: to accelerate the reduction of extreme poverty levels in targeted VUP sectors. As previously noted, the framework is based on the theory of change of VUP that uses programme components to support people living in extreme poverty in order for them to eventually graduate out of poverty, thus reducing the overall extreme poverty level in the country.

However, specific outcomes, or results for each programme and operational component could be elaborated to allow for evaluation at a level higher than outputs and to better consider the overall desired impact of each component and area of VUP. Further, the framework with 2009/2010 progress does not include performance data for some of the key outputs, in particular due to an unavailability of information not only at National level, even for the region level.

The output level of the VUP's theories framework is well formulated and the indicators developed provide adequate measurement for quantitative information. More qualitative information about programme delivery and effectiveness is needed and indicators should be reflect both annual and end-line targets. Further, a risk analysis and inclusion of key assumptions should be conducted in order to mitigate potential risks.

Although some of the outputs can be achieved, the VUP framework does not clearly link this with addressing the causes of poverty. In particular, problems such as mindset, capacity building and training, sensitization, participation and ownership, collaboration between actors and interface management are not explicitly expressed in the VUP framework. This can hamper sustainability of VUP's achievements.

There should be a consideration of the causes of poverty within VUP communities such as low capacity of beneficiaries, financial illiteracy and cultural hindrances (such as the perception that taking credit is a sign of economic weakness, or the economic exclusion of women, etc). Although this has been discussed elsewhere, some of these causes and challenges could be more explicitly elaborated in the logical framework.

The framework will also need to consider the sustainability of outcomes. In particular, how to make sure that the achievements will continue to manifest themselves over a long period of time without VUP. This could be considered VUP's exit strategy, which is lacking from the program altogether. Without a sustainable exit strategy, VUP achievements could be severely threatened.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

The purpose of this chapter is to identify the appropriate methodology that used for this study. This methodology demonstrate the entire process of this study, as well as an analysis of the various research methods employed during the conduct of the research. This section describes the practical procedures for carrying out the study. It gives the details of the research design that were adopted, population study, sampling procedures, data collection procedures, and the final data analysis techniques that applied. It gives the framework within which data are collected and analysed. The research design, target population, sampling, research instrument, data analysis, ethical consideration and validity of the study are contained in this chapter.

Research method is concerned with the process utilized in the collection and analysis of data for the research. Since data is the life wire of an empirical study, this chapter presents the structural framework, which deals with generation of data. They are discussed under the following:

- a) Research design;
- b) Sample size and sampling technique;
- c) Data collection; and
- d) Data analysis method.

3.2 Research design

This research design was the framework that guided me in the process of collecting, analysing and interpreting my observations. In actual fact, it revealed inferences concerning causal relations and defines the domain of generalisability. It was the research design that brought the fundamental questions – how would the study subject be brought into scope of the research? And more importantly how they (the study subjects) would be employed within the research setting. (Abdellah and Levine 1979).

3.3 Population and sampling techniques

3.3.1 Study Population

A population was defined as all members of any well-defined class of people, events, or objects about which the generalization was made (Ary et al., 2002). It is the entire set of relevant units of analysis, or data. The target population is the set of all units that comprise the items of interest in a scientific study, that is, the population about which the decision maker wants to be able to draw conclusions. A collection of interest items in research, the population represents a group that you wish to generalize your research to. Populations are often defined in terms of demography, geography, occupation, time, care requirements, diagnosis, or some combination of the above.

The sector under study was Nyarubaka in Kamonyi District where VUP was operational from 2008. The research targeted men and women between 15 and above aged, because from 15 years, it is when you are considered as you have majority in VUP framework programme. The research has been conducted in 29 Villages of Nyarubaka Sector. In collaboration with Joint Action for Development Forum and Sector Officials, a list of 1,036 beneficiaries have been drawn which is the total population to be considered in this research.

3.3.2 Sample size

A sample is defined as a part of a population, or a subset of units, which is provided by the same process or other usually by deliberate which the object of investigating the properties of the close relative population or set. It should be understandable that dealing with all numbers even of the little accessible population would still involve a tremendous amount of time and resources; researcher therefore selects a specified number or reachable population; each member or case in the sample is referred to a topic, sometimes respondent or interviewees (Mugenda, 1999).

The sample size of beneficiaries is 122 out of 1,036 poorest in the whole Sector so, it was 5 people in each Village among 29 which count Nyarubaka Sector, and the researcher has make sure that every aspect of categories is represented in the sample. The sample includes also one staff from the headquarters, one official at Sector level and 20 heads of Villages.

3.3.3 Sampling technique

For the population under study, the simple random sampling has been used. But for the beneficiaries' population, Simple Random Sampling with cluster sampling were combined in order to get a sample from such Village within the Sector.

At the same time, stratified sampling was used so that such category of people, (youth, adult or old people) are represented in the sample.

3.4 Data collection techniques and tool

Data collection was effected through two major sources – secondary and primary sources and were streamlined to meet the information requirements of this study.

A lot of tools have been used to collect data for this research such as primary data or secondary data. The research used documentation analysis, interviews, and questionnaire as well.

3.4.1. Documentary review

This research was conducted using documentary review, reports, memorandum of understanding (M.O.U) signed between Government and partners about the project, and others documents judged necessary to help us to understand how VUP works, and its framework.

3.4.2. Interview

An interview is a conversation between two or more people (the interviewer and the interviewee) where questions are asked by the interviewer to obtain information from the interviewee. This technique has been used on VUP staff to know how they work, what challenges they face in their work and how they do to face them. This technique has been used also for beneficiaries in order to know their reaction about VUP and how it helps them to fight poverty and on local leaders as well.

3.4.3 Questionnaire

Because the variables in use in this research are not easy to comprehend for beneficiaries, it was not easy for some of them to fill the questionnaire so that we used conversation techniques and make notes ourselves. For staff and local Leaders, they filled the questionnaires themselves.

3.5 Research Procedure and data processes

The data are organized in a meaningful manner in order to easily and comprehensively present it. This step involves the use of all statistical procedures of analysing raw data collected. These include editing, coding and tabulation. The researcher used both qualitative and quantities data analysis.

3.5.1 Editing

This is an inspection and collection if necessary of each questionnaire or observation from Churchill (1992). The researcher used this mainly in editing the questionnaire and related document. This method will be used mainly arranging the collected data, sorting out any mistakes and any unnecessary or irrelevant information detected in the study. In editing process, the researcher expects to put much emphasis on ensuring accuracy, completeness, uniform, legality and comprehensiveness in answering the questions.

3.5.2 Coding

Moser and Calton (1971) has it that the purpose of coding in surveys is to clarify the answers to questions into meaningful categories to bring out their essential patterns. After being edited, the data was coded where the numbers were assigned to each of the answers so that could easily be summarized and analyzed. Answers to questions were categorized basing on the characteristics of the respondents using STATA 13.1for data analysis.

3.5.3 Tabulation

After editing and coding the data in table it had constructed according to the main themes in the questionnaire to summarize all the findings of the study.

3.6 Methods of data analysis

Data analysis methods used were descriptive statistics as a preliminary investigation procedure to gain an understanding of inherent significant socio-economic characteristics of the VUP beneficiaries and the leaders of the programme in Nyarubaka Sector.

One purpose of statistical analysis as stated by Dickinson (1977) is to reduce a mass of data into a more compact form that shows general trends and relationships between variables. He

maintained that the objective of statistical analysis is to provide a quantitative way of distilling the essential features from the data.

3.6.1 The descriptive analysis

Descriptive statistics data analysis methods used for quantitative data were mean, frequency, and percentage. The descriptive data analysis were conducted using STATA 13.1

3.6.2 The Chi-Square (χ^2)

Chi-square, as a method for testing hypotheses, measures the reliability and significance of data to see whether deviations of the actual observations (observed frequency) from the expected is significant so that it may lead to the acceptance or rejection of the null hypothesis. Chi-square may be defined as the sum of the ratio of difference between observed and expected values (Hoel 1974). Its use involves the determination of the observed (actual) and the expected frequencies, the deviation squared, and the summations of the deviations squared divided by the summations of the deviations squared divided by the summations of the expected frequencies thus:

$$\text{Chi-Square: } \chi^2 = \sum \frac{(O - E)^2}{E}$$

Where O = Observed value (frequency); and

E = Expected value (frequency)

Therefore Chi-Square test was used to evaluate whether or not the frequencies that have been empirically obtained differ significantly from those which would be expected under a certain set of theoretical assumptions.

3.6.3 Presentation of data and results

The data collected and collated in the course of the study, especially those inform of responses from questionnaires, were presented in Tables, using absolute figures and the comparative percentages capable of self-explanation and further analyses. The tables were structured in line with the particular items(s) or group of items relevant to the issue being tested or highlighted towards the proving or disproving of the hypotheses. Issues to further confirm findings, reinforce conclusions and assist in the recommendations were also tabulated from the questionnaires responded to accordingly.

3.7 Limitations and delimitations

The foregoing observations notwithstanding, this research learnt several lessons and encountered a number of challenges, the most important ones being that:

- i) During the gathering of primary data, participants kept indicating that they were “tired” of being asked questions about their needs and situation without any tangible help to address their problems.
- ii) Unfulfilled promises have the potential to discourage participation of communities in future research. Therefore the researcher had to exercise tact and kept reassuring participants of the purpose and usefulness of the study.
- iii) Furthermore, the above meant that there was also need for tact and wisdom to avoid raising expectations making any promises or commitments with regard to the delivery of anything.
- iv) The researcher had to fund the research from own resources which limited the size of the research sample as the researcher had to cater for research assistants’ subsistence allowances and transport costs.

3.8 Ethical consideration

The study took into account the fundamental principles of research ethics, guided by the following principles:

Informed consent exists to ensure that all research involving human subjects allows for voluntary participation by subjects who understand what participation entails. Informed consent means that people approached and asked to participate in a research study must: a) know what they are getting involved with before they commit; b) not be coerced or manipulated in any way to participate; and, c) must consent to participate in the research.

Privacy and confidentiality are very important components for research involving human and socio-economical subjects. People have a right to protect themselves, and information gathered during research participation could harm a person by violating their right to keep information about themselves private.

CHAPTER 4: DATA PRESENTATION, INTERPRETATION AND ANALYSIS

4.1 Introduction

This chapter presents, categorizes, interprets and analyses the data that was gathered using the questionnaire, interview, focus group discussions, documentary analysis and observation schedules.

Data obtained from the questionnaires were analysed first using STATA 13.1 and presented in the form of frequency tables and graphs. Some aspects of the data obtained from open-ended questionnaires were thematically analysed and supported by information obtained through the focussed group discussion. The recommendations by Aldridge and Levine (2001), were taken into account in the formulation of the emerging themes that are going to inform the discussion. The themes were formulated in order to categorize the data.

This chapter begins with, the findings from the questionnaire followed by a discussion of findings from interviews and documents analysis procedures and the overview of the existing situation of Kamonyi District.

4.2 Presentation of beneficiaries findings

To consider the sample size, there have make sure that all category of age of beneficiaries are represented in the sample such as youth, middle age, old people and all components. In our sample also, we have males and females, literates and none literates and those who are new in VUP (less than 6 months) and those who had spent more than one year as VUP beneficiaries.

This is evident from the fact that many of the most important problems have to be tackled by people working together. The people have designed systems and institutions in communities to solve problems and regulate their behaviour and access. The traditional practice of Ubudehe in Rwanda illustrates the strong historical understanding of this by Rwandan communities.

VUP as a government approach has changed the trends of governance. For instance, it encourages moving from a top-down, autocratic approach associated with the past to developing local self-government structures which can facilitate collective action. Therefore

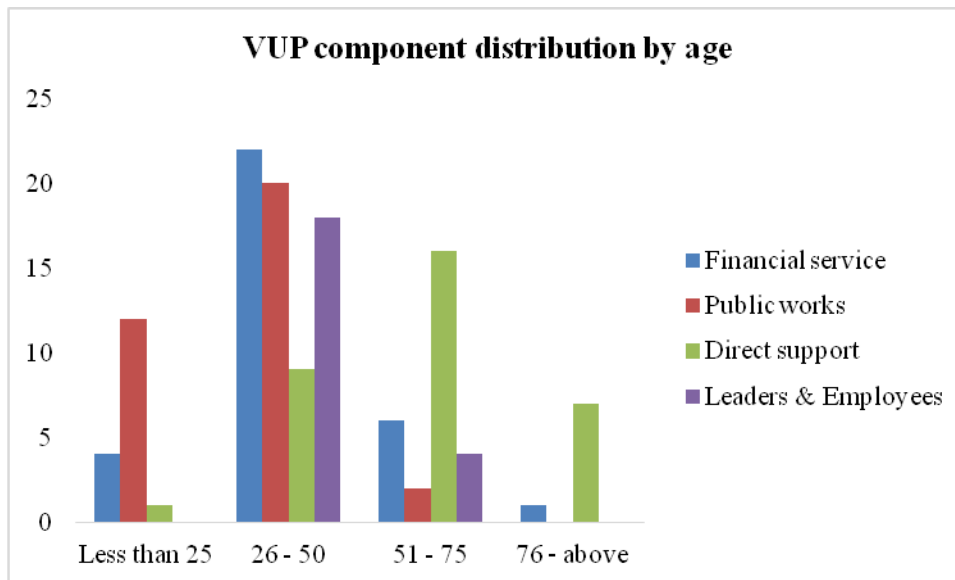
Poverty Reduction Strategy and Decentralization processes have been focused not only on individuals or the macro structure and processes, but on villages.

The complex and specific nature of how poverty plays out at household level, however, does not mean there are no solutions or that these solutions have to be complicated. What it does mean is that outsiders cannot design those solutions for people. Reducing poverty at its simplest is about change; social, economic and political change, and change is about people, individuals, who together form the relationships, systems and processes that need to be altered. It is about improving individuals' ability to access and control resources of all sorts whether financial, physical, natural, human or social.

4.2.1 Age of the respondents

It is of paramount importance to know the age of the respondents so that in designing questions the researcher may not offend anybody on the basis of the responses. More, using different ages is paramount because it produces balanced responses.

Figure 2: VUP component distribution by age



The age of the respondents is represented as follows: the overall sample of 122 people, 13.9% are under 25 years, 56.6% are between 26 years and 50 years, 23% are between 51 years and 75 years and only 6.6% have 76 years and above. Actives people in the sample are represented

by more than half of the whole number participated in Nyarubaka VUP workplace including local leaders, field supervisors and employees and in that work represent 81.8%.

4.2.2 Gender of the respondents

Many surveys proved that in Rwanda, female are more vulnerable than male, so in this analysis there is a need to determine the predictive contribution of VUP component to raise the number of women beneficiaries, in the table below showed 58% of women benefiting for VUP in Nyarubaka Sector and the rest percentage of 42 were the male, but in this table is not the case because we have local leaders in the sample, and many of them are male (86%), where the situation is as follow:

Table 1: Gender by component

	Financial service	Public works	Direct support	Leaders & Employees	Total
Female	16	19	23	3	61
Male	17	15	10	19	61
TOTAL	33	34	33	22	122

Source: Field research

Given that women are less likely to have access to formal and secure employment, it is likely that VUP in Nyarubaka Sectors raise the number of women for every component regarding to poverty levels and their ages, and who have no other active adult providing financial support, will experience greater levels of poverty.

Hypothesis

Ho: There is no relationship between VUP component and poverty reduction

H1: There is a relationship between VUP component and poverty reduction

O	E	O-E	(O-E)²	(O-E)²/E
16	$(33*61)/122=16.5$	0.5	0.25	0.015
17	$(33*61)/122=16.5$	0.5	0.25	0.015
19	$(34*61)/122=17$	2	4	0.235
15	$(34*61)/122=17$	2	4	0.235
23	$(33*61)/122=16.5$	6.5	42.5	2.575
10	$(33*61)/122=16.5$	6.5	42.5	2.575
3	$(22*61)/122=11$	8	64	0.727

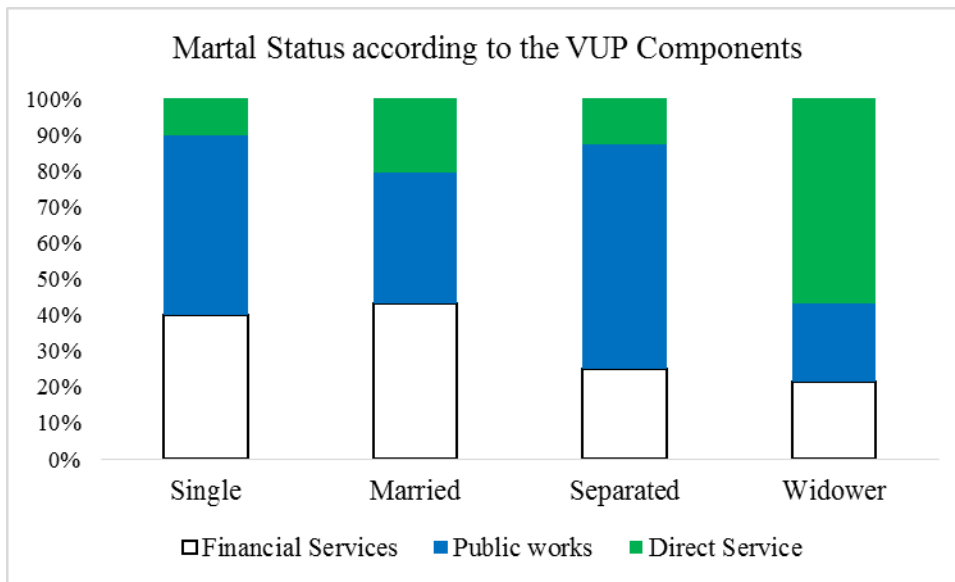
19	$(22*61)/122=11$	8	64	0.727
				$\chi^2 = 7.104$

The hypothesis indicates that the null hypothesis should be rejected and alternate accepted since chi-square calculated 7.104 are greater than the observed of 3.84. The reason for the few males was witnessed during Focus Group Discussion meetings when men never turned up and instead sent their wives. The participatory human development approach of Vision 2020 Umurenge Programme therefore, is at stake given the fact that most men do not turn up for meetings. The district of Kamonyi/ Nyarubaka Sector has established penalties in relation to absenteeism from group work/activity.

4.2.3 Marital status of the respondents

In principle, every household that lives in a VUP sector is eligible for assistance from the programme if it is in ubudehe categories 1 or 2, unless if it has been excluded for noncompliance. If no-one in the household is able to work, the household is eligible for Direct Support; if at least one member can work, the household is eligible to participate in Public Works (NISR, 2015). For keeping poor people on the agenda; identifying them and being able to target appropriate interventions regarding to their marital status.

Figure 3: Marital status for VUP beneficiaries

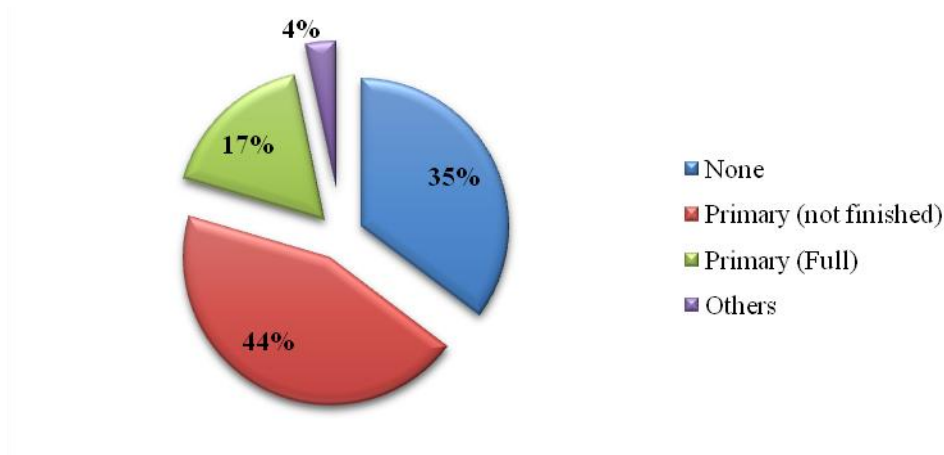


By normal standards, residents who have lived in Nyarubaka Sector for the period of VUP establishment are mostly married peoples for 19%, 16% and nine % are participated in financial services, public works and direct services respectively.% and mainly widowers appeared for 21% experienced the direct services. Only two and five percent have lived separate with their partner participate for both financial services and public works respectively, with four, five and one percent were single for financial services, public works and direct services respectively. Therefore, VUP was a source of funding for different household not only shift from quintiles but also, to feed their household and families.

4.2.4 Level of educational of the beneficiaries

In many cases, extremely poor have no access to education, when they arrive to inter in class, they didn't pursuit beyond the primary school, there is no exception of law in our sample, and the situation is like this: 35.25% don't have any kind of education, 44.26% didn't finish their primary school, 17.21% have finished the primary school, and only 3.28% went beyond primary school.

Figure 4: Level of educational among beneficiaries



The sample is represented by 35.2% of illiterate, 44.3% of those who didn't finish primary school, 17.2% of beneficiaries who finish primary school only and 3.3% who goes beyond the primary school.

This is an indication that poverty has a negative relationship with education. Comparing the data from the 2008 VUP baseline with the current data, 17.9% of VUP beneficiaries had achieved primary education and 2.7% had achieved more than primary but less than secondary level of education.

The percentage of beneficiaries going beyond primary (others) level has increased since the 2008 baseline study. The slight increase in those with beyond primary (others) level may be related to the selection of sectors based on poverty criteria- in 2008 the poorest sectors within districts were selected, and sectors with the next level of poverty were selected in following years. However, most participants are over the age of 35, suggesting that their access to primary education as children would not have been impacted by participation in VUP.

4.2.5 Time spend as a VUP beneficiary, Leader or VUP employee

Most of sample population has past more than one year as VUP beneficiaries, Leaders, or employees, which is about 50%, only 19.67% didn't pass the gape of one years because the remaining number (30.33%) represents the number of respondent who didn't respond to the question.

Table 2: Time spent as a beneficiary or Leader

	Less than one year	One year and more	Not responded	Total
Beneficiaries	26	50	24	100
Employees & Leaders	7	11	4	22
Total	33	61	28	122

Source: Field research.

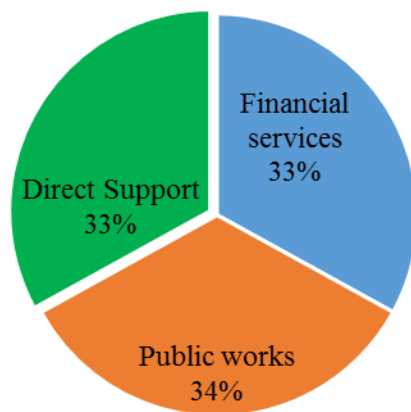
This sample is constituted by (61) 50% of those who have passed one year and more as a VUP beneficiary or Leader, (33) 27% of those who have one year and less, and (28)23% of those who didn't respond to the question.

The table 2 revealed that 26% of VUP beneficiaries has experiencing less than one year means that they replaced such numbers who has benefited to VUP, whos has graduated or leaved the intevention for several reasons and VUP has no formal way to classify households on its database as having 'exited' from the programme. Some households consider themselves as no longer being on the programme as soon as they finish a period of public works; other households in the same situation perceive themselves to be still enrolled, but simply waiting for the next occasion to participate or for finding a job or moving to a higher ubudehe category is small.

4.2.6 VUP component and beneficiaries

The sample has beneficiaries which benefit from all components within VUP where, 27.05% are in Financial Services, 27.87% are in Public Works, and 27.05% in Direct Support, while the remaining 18.03% represents no beneficiaries in the sample called “others” in graph.

Figure 5: VUP components and their distributions among beneficiaries



The sample is distributed among VUP components as follows: 33% in Financial Services, 34% in Public Works and 33% in Direct Support.

Figure 4 shows that VUP components were equal distributed between 2009-2011 moving averages, which represent long-term cycles of poverty to reduce the poverty among them. Even though VUP is the main component of the social protection strategy in Rwanda, MINALOC also runs two other social assistance schemes - the Genocide Survivors Support and Assistance Fund (FARG), and the Rwanda Demobilization and Reintegration Commission (RDRC) that provide beneficiaries with cash transfers and support in accessing education and health services. In addition, MIGEPROF and the global fund support orphans and vulnerable children. These programmes are included in the assistance schemes described above.

4.2.7 Graduation situation within 3 years (2009 – 2011)

When we talk about graduation of beneficiaries, we are talking about the shift of beneficiaries from one category of poor to another. So in our sample, all beneficiaries have graduated as shown below.

1. Category of UBUDEHE beneficiaries in 2009

In this sample, 27.9% of people were Destitute in 2009, 50% were Poorest, 4.1% were Poorer and 18% were unclassified because they are Leaders or employees.

2. Category of UBUDEHE in 2010

Table 3: Category of poor in 2010

Period	Destitute	Poorest	Poorer	Others	TOTAL
2009	34	61	5	22	122
2010	0	52	48	22	122
2011	0	32	63	27	122
2009-2011	34	145	116	71	

Source: Field research

As we can see, in 2009, we had 34% of beneficiaries which were called “Destitute” but in 2010 we have no “Destitute” in our sample. The poorest were 61% in 2009 but in 2010 there are 52%, even if there are 34% who shifted from Destitute to Poorest, the rate remained low because many who were in that category were shifted to another level of Poorer which was 5% in 2009 but in 2010 it was pushed to 48%. It should be noted that because there is no other category to shift to, the category ‘others’ does not change, it remains 22 people because there are Local Leaders, employee in headquarters or in VUP Sector.

Overall, VUP’s graduation rate is evidence of positive outcomes on poverty alleviation. Furthermore, the presence of cross-cutting issues and outcomes is clearly evident. However, examining VUP at a more granular level indicates some serious shortfalls in outputs. The most drastic of these shortfalls lies in the Financial Services component. VUP has spurred significant poverty reduction in Nyarubaka sector but hard in extreme poverty matched the average, it lagged in the growth of its Middle Income population

4.2.8 Improvement in Assets for Beneficiaries

The beneficiaries who were categorized as destitute have graduated to the next level of ‘poorest because they have acquired some assets. Data collected present the situation like this:

Table 4: Assets improvement

No	Assets acquired	Percentages
1	Saving on account	100
1	Payment of “Mutuel de santé”	89
2	Meals number increase	81
3	School fees payment	63
4	Animal husbandly	47
4	Family house renovation	36
5	New House building	24
6	Land purchase	15
8	Others (small business, purchase of bicycle to carry merchandise, etc.)	21

Source: Field research

Providing access to finance to the poor has been proposed as a tool for economic development and poverty reduction. The poverty reduction approach that many policy makers have been following has failed to generate finance for the poor on a sustainable basis. We suggest that a mixed approach which combines the poverty reduction with financial systems approach (i.e. recognises a balance between social and financial goals) may be appropriate.

Saving is encouraged but is voluntary, so it is considered a private matter and VUP does not formally monitor it. However beneficiary testimonies indicate that many are saving in their accounts. Use of savings has included purchasing assets, investing in income generating activities, paying school fees and health insurance, and as a buffer against payment delays or periods of unemployment.

4.2.9 Challenges in VUP implementation

Vision 2020 Umurenge Programme was a new program for all stakeholders, it is why it has met challenges and we are going to discuss about it from different points of view. The VUP is now the most credible tool for needs identification and prioritization of those needs which would lead relevant and coherent programmes. It also runs social mapping exercise, hence it has helped in producing baseline data that policy makers and implementers base on in designing local development strategies and allocation of funds.

4.2.9.1 Challenges on VUP employees point of view

As VUP employees was among our sample, it was very important to receive their perception about challenges faced by VUP in its implementation.

Table 5: Challenges by employees

Nr	Challenges	Rate of respondent (Percentages)
1	Insufficient resources	50
2	Electricity access	50

Source: Field research

4.2.9.2 Challenges for Local Leaders' point of view

According to Local Leaders, there are some challenges faced by VUP in its implementation and all of them have leased two major challenges as shown in table below.

Table 6: Challenges for Leaders

Nr	Challenges	Rate of respondent (Percentages)
1	Insufficient resources	100 %
2	Insufficient staff	100 %

Source: Field research

The major other challenges of poverty include: Laziness, climatic conditions changes; Ignorance level in the district; Landholding size insufficient to support; Livelihood and Infertile; and, Lack of fertilizers / manures; Lack of income generating opportunities; Problem of access to education; Lack of potable water; Lack of roads; Illness/sickly/Epidemic and Prevalence of diseases for reducing poverty in Nyarubaka.

Financial Services launched most recently in January 2010 has three sub-components: access to credit, beneficiary training (e.g. financial literacy), and a challenge fund (matching grant facility whereby local people raise a portion of the capital costs and VUP matches this with grant funds). Cutting across all these sub-components is linking beneficiaries to the financial system and providing them with access to savings facilities. Bank accounts were opened for all participants when the VUP was launched.

4.3 Nyarubaka Sector Budget for VUP

The VUP benefit from many donors in its budget, and it is in this regards we are going to represent the provisional budget of Nyarubaka VUP Sector and its budget execution as well.

4.3.1. Nyarubaka Sector Provisional Budget

The table below represent the provisional budget allocated to Nyarubaka Sector by component during the three years. As Financial Services started later than other components, it is why there is no provisional budget allocated to that component in 2009. Normally the budget was increased year by year but for the Financial Service component there is no increase in allocation the followed year because the amount given the previous years was revolving within the Sector, so it is an additional fund.

Table 7: VUP Nyarubaka Sector Provisional Budget

Component	2009	2009- 2010	2010-2011	Totals
Direct Support	43, 000, 000	7, 218, 000	21, 280, 800	71,498,800
Financial Services	0	71,020,936	42 ,334, 276	113,355,212
Public Works	43 ,000, 000	142, 250, 490	105 ,722 ,028	290,972,518
Total	86, 000, 000	220,489,426	169,337,104	475, 826,530

Source: Data Base VUP Headquarters.

For the VUP were asked to provide the main sources for providing the budget on the relative importance of various sources and to the overall households supported through different components. Economic access to eradicate poverty depends on household income as well as on different supports or availability of employment, which have almost multiplied in nominal terms of the support from 2009-2010.

4.3.2. Nyarubaka Sector Budget Execution

The budget execution follow the principal revealed in previous table where Financial Services has zero as budget execution in 2009 for the reason given before. One of the objectives of the VUP programme is to increase the access of poor households to financial services by extending the coverage of financial services to poor and remote areas and helping poor households to join

the formal financial system. Achievement of this objective cuts across all VUP components, since DS and PW payments are made through the banking system.

Table 8: Budget Execution

Component	2009	2009- 2010	2010-2011	Totals
Direct Support	31 ,542, 000	7 ,334, 315	21,061,200	59,937,515
Financial Services	0	71,020,936	45, 400 ,000	116, 420 ,936
Public Works	31, 542, 000	147,877,000	92,354,450	271,773,450
Total	63,084,000	226,232,251	158,815,650	448,131,901

Source: Data Base VUP Headquarters.

4.3.3 Comparative study of Provisional Budget and Budget Execution evolution in three years

Here below is the compared provisional budget and budget execution. When we compare both, we found out that there are some gaps between component by component and it is so every year, which seems that the budget was not executed as planned. For example in 2009 the budget execution represented 73.4%, in 2009-2010, the budget execution represented 102.6%, in 2010 – 2011, the budget execution represented 93.79%, and the overall budget execution is 94.18%.

The VUP budget has grown as the number of operational sectors and components being implemented have increased. Significant improvements have been realized in budget disbursement. Budget execution has also increased regularly since 2009, suggesting improvement in the effective financial management of available funds for VUP.

Analyzing the number of beneficiaries and comparing with the budget executed per component which variate mainly for public works component depend on the field work availability.

Table 9: Budget Comparison

Component	2009		2009- 2010		2010-2011	
	Allocation	Execution	Allocation	Execution	Allocation	Execution
Direct	43,000,000	31,542,000	7,218,000	7,334,315	21,280,800	21,061,200
Support						
Financial	0	0	71,020,936	71,020,936	42,334,276	45,400,000
Services						
Public	43, 000, 000	31, 542, 000	142,250,490	147,877,000	105,722,028	92,354,450
Works						
Total	86, 000, 000	63,084,000	220,489,426	226,232,251	169,337,104	158,815,650

Source: Data Base VUP Headquarters.

T test was revealed the difference for the budget that is statistically significant for P-value of 0.00572, and for direct support P-value is 0.00217, financial services it P-value is 0.0032 and public works end up with P-value of 0.0542. The overall VUP components have shown a significant probability of 5% between allocation and execution from 2009-2011.

4.4 Impact of VUP action on beneficiaries

VUP target the poorest people which have nothing to survive and in this research, we found out that VUP has a considerably impact on beneficiaries as we are going to show in following paragraphs.

A good number of beneficiaries had acquired a lot of assets such as houses, plots, animal husbandry. All VUP beneficiary households have accounts with financial institutions, and the need for bank/SACCO/MFI access in VUP sectors has accelerated the establishment and strengthening of financial institutions in them. There are a number of advantages to bank rather than cash payments, including minimisation of fiduciary risk. Important also for VUP are that it helps beneficiary households to become familiar with the banking processes and dealing with financial institutions, it facilitates their ability to save, and both are expected to assist them when accessing microcredit either through financial institutions directly.

4.4.1 VUP Outputs and Impacts by component

1. Public Works

In 2009, Public works was the operational component, and had more than 50% beneficiary households on different projects. VUP employed a great number to work on environmental protection projects were the most numerous (mainly anti-erosive ditches and radical terraces), ranging from 58% of projects in 2009 to 72% in 2009/11. The second most common type is road reconstruction. Project types have diversified over time – new projects implemented in 2009/10 were construction of school classrooms, markets, water infrastructure, improved furnaces, bridges and crop cultivation.

The PW projects which the HIMO approach can be used for are certain agricultural and environmental protection projects such as anti-erosive ditches, terraces, tree planting, digging irrigation dams. These are not only labour intensive projects, but are also government priorities. An advantage of the community procurement approach used for VUP is that a larger proportion of the PW funds are retained by the community and procurement and costs are minimised.

The status of PW implementation shows that 43 percent of the households have obtained 1 to 25 days of employment under the scheme. About one third of the households have obtained 26-50 days of employment. About one tenth of households have obtained 51 to 75 days of employment.

2. Direct Support

During the January-June 2009 mini-budget year, transfers were made of 43, 000, 000 Rwf to the beneficiaries regarding to the sample size. This was decreased to 7, 218, 000 Rwf during the 2009/10 financial year, which also increased to 21, 280, 800 Rwf for the financial year 2010/11, but is not surprising because of the type of extremely poor and vulnerable households that DS targets. Extremely poor households in Rwanda with no labor capacity include those with adults who are old, disabled, chronically sick or still in school, or have no adults at all (child-headed households).

3. Financial Services

In January 2010 the Financial Services component was launched and VUP, sector and cell level administrative staff were trained in Ubudehe Credit Scheme/FS design and procedures. The first loans were disbursed in March 2010. The type and size of loans given out in fiscal year 2009/10 where Nyarubaka Sector gained 71,020,936 Rwf. The largest proportion of loans given were individual loans (69%) followed by group loans (30%) and finally cooperative loans (1%). The average loan amount taken by a beneficiary was RwF 77, 480.

The most common types of income generating projects financed to date are farming, livestock and agricultural wholesale/trade. Other types of projects include non-agricultural trade, handicraft, tailoring and petty-trade.

Increasing the access of poor households to financial services is one of VUP's main objectives. Achievement of this objective cuts across all VUP components, since DS and PW payments are delivered through the financial system. Beneficiaries of DS and PW sometimes overlapped with FS. VUP loans compose approximately 1.5% of all loans in Rwanda.

FS programmes are provided mainly to groups rather than individuals, and recipients must present projects to a committee for review, and have a SACCO account. Each sector has an amount of funds to disburse for FS, and sends out a call for proposals. Because the amount given to groups is higher than that for individuals, some form groups to access the higher amount and then fold following the receipt of funds. Initially, the requirement to repay the loan was not very clear to recipients. Many beneficiaries treated the loans as grants.

A key challenge in this respect is that VUP staff are also responsible for monitoring loan repayment. Given the wide range of duties of VUP staff, this impacts the efficiency of monitoring. Local authorities, like the SACCOs, do not always feel a sense of ownership towards the VUP FS funding, given its external nature. As a result, they are not sufficiently committed to ensuring its recovery. This, combined with a lack of knowledge (or willingness) among beneficiaries regarding the requirement to repay the loans adds further pressure to the problem of repayment.

CHAPTER 5: SUMMARY, CONCLUSION AND DISCUSSION

5.1 Summary

At household level, according to VUP guidance, direct services should only be provided to households from ubudehe categories 1 and 2 with no working-able member; public works are intended for households from categories 1 and 2 with at least one working-able member; and all ubudehe categories can access financial services. The guidelines seem to be roughly followed in the implementation: according to household level reports of assistance, the coverage of VUP direct support and public works is highest for the households from lowest ubudehe classes while financial services, loans and social security are also accessible to ‘the resourceful poor and above categories’ (ubudehe category 5).

According to the respondents, VUP has set right from the national level target and respondents identified the following; they said that VUP approach intends to establish a profit making project at the village level that will fight against poverty at community level.

The evidence from respondents in the DS component that DS transfers are used to purchase food, clothing, animals and to pay for school fees is very positive. This is exactly the kind of support that DS should be providing in order to ensure graduation out of poverty, including through providing improved housing, nutrition and access to education.

Beyond the financial component of VUP, the social changes represent an important, often overlooked impact. By targeting women, VUP directly contributes to the promotion of gender equality, reversing harmful mindsets. Promoting women’s economic empowerment through the three components translates into a positive example set for communities. Furthermore, the use of community mechanisms throughout the process promotes solidarity, a key component for social protection. The social impacts of VUP, given their importance, cannot be ignored.

Financial support in the form of microcredit should not be part of the mandate of the VUP. On the one hand, VUP does not warrant the financial institution to provide credit and, secondly, there are other support mechanisms that are better suited to support these efforts (SACCOs Umurenge, Microfinance Institutions, etc.). Where there would be a role for the VUP is in technical support to the efforts of the poor to promote access to finance for the poorest.

5.2 Conclusion

As conclusion, this chapter shows that program of Vision 2020 has actively contributed to the social economic development of its beneficiaries for the purpose of poverty reduction. The

program of VUP has played a vital role in financial transformation, improving standard of living, and easing access to health care through various projects implemented with targeted to eradicate the poverty for the poorest sectors. Government of Rwanda, has played an enormous effort not only to help poor peoples on financial issues but also boost their mind for shifting the agriculture jobs with non-farming jobs. As it was indicated, the big number of respondents all respondents have supported the positive change in their socio-economic development situation after implementation of the program of Ubudehe. This shows a vital role played by the program of Ubudehe in socio-economic development of its beneficiaries in helping them to cover the basic needs such as health insurance, school attendance, improving their income, savings, standard of living.

The program of Vision 2020 has changed significantly the condition of living of Kamonyi district where some inhabitants were hardly paying basic needs such as; medical insurance and materials for children school attendance in basic education and they have arrived at covering some basic needs through income generated by Ubudehe projects and this brought me to confirm the second hypothesis that the program of Ubudehe have a positive impact to the economic development of the inhabitants of Kamonyi districts.

With economic growth, the government would be able to invest in road infrastructure, which would create more employment opportunities and thus reduce poverty. These intervention would also had the potential to foster working productivity growth because better-quality of employees would be more voluntarily offered, while at the same time marketing infrastructure would be improved.

Furthermore, poverty reduction strategies analysis in Rwanda demands clear knowledge of household and individual characteristics, among the most important of which are the demographic ones, such as household size, age structure, dependency ratio, gender of head; the economic, such as employment status, hours worked, property owned; and, the social, such as health and nutritional status, education, shelter.

5.3 Recommendation

Economic growth is a necessary but not sufficient instrument to generate a broad based poverty reduction in Rwanda. Donors and the Government may need to stress not only the social areas (Millennium Development Goals 2-6), but also pay more attention to agriculture and creation of nonfarm employment opportunities (Millennium Development Goal 1). This is related to agricultural growth and income diversification, which in turn requires recognition that the government should play a proactive role in improving the market infrastructure.

The vision 2020 programme is now the most credible tool for needs identification and prioritization of those needs which would lead relevant and coherent programmes. Hence, it has helped in producing baseline data that policy makers and implementers base on in designing local development strategies and allocation of funds. To the communities, when one talks of VUP, they think of funding of their initiatives. It has worked as a mechanism to fund directly the communities' initiatives and to help the poor in our communities to put a foot on the first ladder in the progress out of poverty.

While expansion of the Vision 2020 Umurenge Programme (VUP) will focus on the poorest sectors in districts, given the widespread nature of rural poverty and the budgetary implications of relying on cash transfers, sustained graduation from poverty will be achieved through ensuring stronger linkages to complementary public programmes and private sector job opportunities to ensure that households are able to strengthen their livelihoods. Investment in facilitating income-generating activities on and off-farm will be crucial to providing these opportunities. Additionally, financial access and education can provide people with the knowledge and skills needed to graduate.

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