

**Savings And Credit Cooperatives (Sacco's) Services' Terms and Members' Economic Development in Rwanda:
A Case Study of Zigama Sacco Ltd**

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ABSTRACT: *The purpose of the study was to find out the contribution of SACCO services' terms on members' economic development using ZIGAMA as a case study. The study was based on three specific objectives, that is, to examine the nature of services' terms at ZIGAMA, to assess the effect of savings services' terms on members' economic development at ZIGAMA and to analyze the effect of credit services' terms on members' economic development at ZIGAMA. To achieve these objectives, the study adopted a cross sectional, correlational and survey research designs. Data were collected through questionnaires, face to face interviews and observation methods. Data were analyzed by use of statistical methods, (descriptive statistics, Correlations and regressions analyses). The findings revealed that ZIGAMA attaches terms on its services which are annually reviewed by its board members. The services' terms however are not properly communicated to members. Further, results indicated that savings services' terms were moderately favorable to members and there was a strong positive and significant relationship between savings services' terms and members' economic development and also a significant influence of saving services terms on members' economic development. Results also indicated that credit services terms were also moderately favorable to members and there was a strong positive and significant relationship between credit service terms and members' economic development and also a significant influence of credit service terms on members' economic development. It was concluded that ZIGAMA had services terms in place but were not being communicated properly to members and their review was not involving all stakeholders. It was further concluded that SACCO's services terms significantly predict variations in members' economic development. Recommendations were that ZIGAMA should involve all stakeholders in the review of the service terms and the same terms should be properly communicated to all those concerned and should allow its members to withdraw their savings as needed and the minimum balance should be friendly to the members.*

KEYWORDS: Savings And Credit Cooperatives (Sacco's) Services,' Terms, Members', Economic Development, Zigama Sacco Ltd , Rwanda:

INTROUCTION

The study focused on Savings and Credit Cooperatives services' terms and members' economic development in Rwanda with ZIGAMA being the case study. This chapter presents the background to the study, Statement of the problem, purpose of the study, specific objectives, and research questions, significance of the study, conceptual framework and scope of the study and the definitions of key terms used in the study.

Background to the Study

The savings and credit cooperative history started way back in 1938. At independence, only three SACCOs were registered. The savings and credit cooperative business embraced today arose in Bangladesh in 1976 with the founding of the Grameen Bank. It became popular in the 1980's as a response of doubts and research in the state delivery of subsidized credit to poor farmers.

According to ledger Wood (1998), prior to the 1980's Government agencies were the predominant vehicles for providing productive credit to those with no previous access to credit facilities. In Rwanda the health of the financial sector had been impaired by the political and social factors Gatete (2000) and this indicates that the trouble of the 1970's and early 1980's produced a severe contraction of Rwanda's monetary economy, a decline in financial intermediaries and loss of financial depth.

In order to address the weaknesses in the economy and financial sector, the government of Uganda embarked upon an economic recovery program to put in place conditions to improve the incentive structure and business climate so as to promote saving mobilization and investment. Gatete (1999) indicates that the National Bank of Rwanda developed a policy on SACCOS in the country where by the majority of the poor were put in safe and sound way. Rwanda like any other Sub-Saharan country, the formal financial position is under developed, small and in financial super structure to mobilize financial resources for economic development. Given that SACCOS in Rwanda have more to lose in case of default lending should be made available with minimum risk. This is in the line with Vogel's (1996) observation that it is the lender not the borrower who causes or prevents high level of delinquency in credit programs. The Cooperative movement in Rwanda dates back to 1940 when the first farmers association was founded in response to the exploitative forces of middlemen the Asian traders and the colonial government, (Kyamulesire 1998).

According to Kabuga (1987) the colonial administration arranged that the natives were to specialize in the production of export crops while the Europeans and their Indian allies were to concentrate on the processing and marketing of cash crops. The Africans had been denied opportunity to process, market and export as aliens reaped most of the rewards. Co-operative savings and credit societies in Rwanda have gained a wide recognition for the role of improving financial services to the low income households and thus contributing to economic development. (Hulmes, 2000). It is an integral part of the country's financial system and should form an essential component of the financial system for increased savings mobilization, wider access to

financial services and increased investments(Gatete, 2004).According to Kabuga et al (1995), Savings is an intelligent use of the economic resources that a member possesses to provide for the needs that may present themselves in the future. Savings in a SACCO should be a systematic process by which the member forms a reserve. Savings serve as a basis to obtain credit in the society. By way of systematic savings a member demonstrates that he can pay his loan in a regular manner. This is one of the guarantees that a SACCO needs an order to be able to make a loan to a member.

Financial cooperatives should make it possible for the poor to access reasonably priced credit and at terms and conditions that are favorable to them. Most of the low and medium income group who have no land titles/security to offer and in absence of SACCOs,it would be difficult for them to access credit and would perpetually remain poor. Cooperatives empower people to fully raise their productive potential. Objectively, MFIs including SACCOs should provide services with favorable terms namely interest rates on savings, interest rates on loans, loan period, repayment schedule and loan size among other financial services to the existing small enterprises which are not start ups so that they can grow and add value to their owners and employees, create a savings culture and improve the national economy in general.(Mutesasira 1999).Some MFIs have been successful in having small enterprises succeed especially in South America by Banco Sol and the Grameen Bank of Bangladesh where their programmes were able to improve the operations of Small enterprises in form of improved profitability, working capital and employment levels (Chander 1998).Other countries where MFIs have been successful include Chile, Peru,Brazil,Japan and Korea where credit programmes and their terms are deemed to have been effective in improving economic performance and development (Dimtri, 1996).A SACCO is a cooperative financial organization owned and operated by and for its members according to democratic principles for the purpose of encouraging savings and using pooled funds to extend loans to members at reasonable rates of interest and providing financial services to enable members improves their economic and social wellbeing.SACCOs are legal institutions registered under the Cooperative laws in Rwanda (Cooperative statute, 1996 and Cooperative Regulations 1996). SACCOs are owned by their members through payment of share capital and membership fees to the institutions.SACCOs are formed to fight poverty through improving the members' economic and social conditions by enabling them to access financial services and to fight exploitation of powerless individuals by the powerful individuals or institutions, by pooling their own resources to meet their needs.

ZIGAMA, one of the biggest SACCOs in Rwanda is a saving and credit cooperative society registered under the Cooperative Act. It is affiliated to Rwanda cooperative saving and credit union (UCSU) and Rwanda cooperative alliance (UCA). Accumulating wealth and uplifting income levels in the current global economic atmosphere is an innovative effort, one that calls for self sacrifice and determination. The institutional requirement to develop an appropriate medium through which the above can be achieved within RDF was met on September 22, 2005 with the establishment of ZIGAMA. This institution is composed of RDF personnel, their

families, Reserve forces and staff of Ministry of Defence. Officers and men of RDF were encouraged to form the society, save together for the future and use savings to access loans to improve on their individual welfare both socially and economically. The Savings and loan services come with terms and procedures which are aimed at ensuring efficiency and sustainability, for example in the case of credit services ,the terms involved are aimed at avoiding problems of nonperforming loans due to poor repayment.ZIGAMA started with savings of RWF 238millions in the year 2005 and has savings of RFW 23billion and RFW 75billion in accumulated loans as at 30th of March 2014.The institution has 17 branches countrywide.

Statement of the Problem.

ZIGAMA was formed as a result of the need to encourage soldiers to pool together funds (Savings) so that they can access loans (Credit) to engage in productive activities for development hence the motto “save for development”. Following the members’ continuous saving with their SACCO, they are able to access credit at low but competitive interest rates. With access to these financial savings and credit services, members can start new businesses or improve on the existing businesses and engage in any other productive activities as well as learning how to use money wisely and consequently improve on their economic development. However, economic development of members in ZIGAMA is still low as there is a general outcry on the savings terms and procedure and the size of the loans given to members. If members do not access adequate credit and continue to get small loans, among other obstacles, their goals of improving on their economic development may not be achieved. If economic development of these members is to be enhanced, factors behind it have to be identified. While there are many factors that can improve members’ economic development in ZIGAMA, its services’ terms may be playing a big role. The study therefore, sought to investigate the influence of savings and credit services’ terms on members’ economic development at ZIGAMA.

Objectives of the Study

General Objective

The study was to find out the contribution of SACCOs’ services’ terms to members’ economic development in Uganda using ZIGAMA as a case study.

Specific Objectives

- (i) To examine the nature of services’ terms at ZIGAMA.
- (ii) To assess the effect of savings services’ terms on members’ economic development at ZIGAMA.
- (iii) To analyze the effect of credit services’ terms on members’ economic development at ZIGAMA.

1.4 Research Questions

- (i) What is the nature of services’ terms at ZIGAMA ?
- (ii) What is the effect of savings services’ terms on members’ economic development at ZIGAMA ?

(iii) What is the effect of credit services’ terms on members’ economic development at ZIGAMA ?

Significance of the Study

The study was significant in the following ways:

- (i) Information generated on the study helped the researcher to understand the services’ terms used by ZIGAMA.
- (ii) The study helped the researcher and ZIGAMA management and members to understand how the ZIGAMA savings and credit services’ terms contribute to the members’ economic development.
- (iii) The study helped to widen the researcher’s knowledge on the subject and in particular credit and saving services’ terms of SACCOs.
- (iv) The study helped to serve as a basis for further research by institutions and other scholars, having contributed to its literature and methodology.
- (v) The study may help ZIGAMA to find the appropriate services’ terms that may improve on members’ economic development and at the same time ensuring organizational growth and profitability.

Conceptual Framework

INDEPENDENT VARIABLES

DEPENDENT VARIABLE

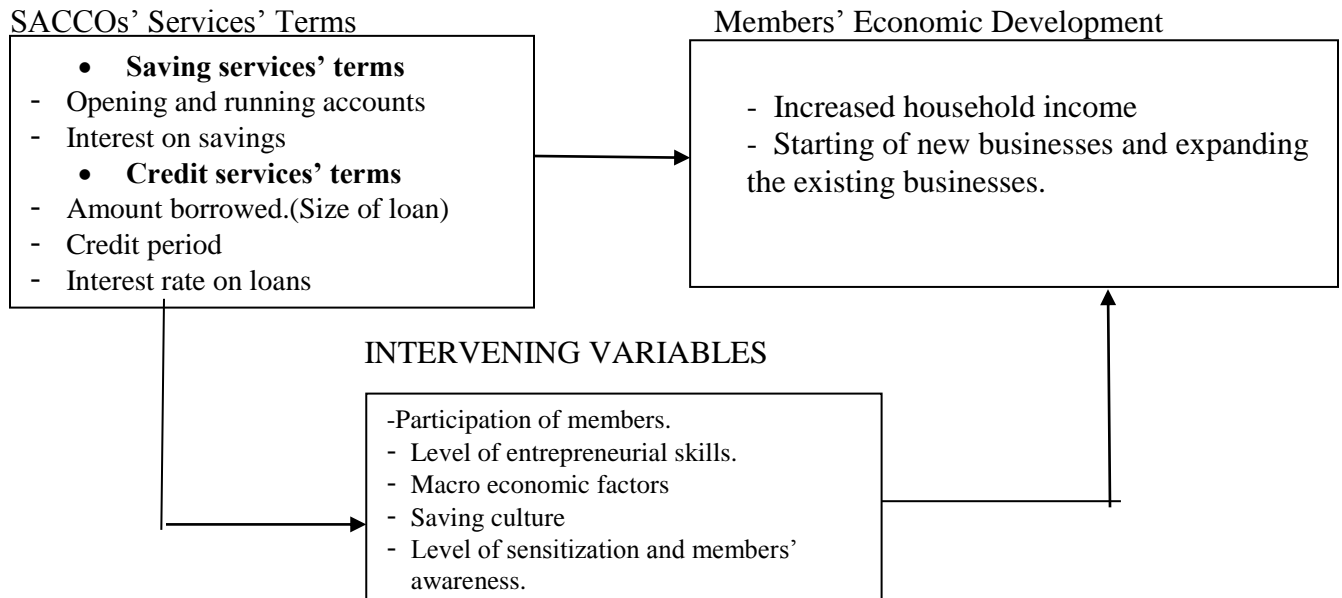


Figure 1.1 Conceptual framework relating Members’ Economic Development to SACCO’s Services’ Terms.

The model shows that the independent variables in the study are SACCOs' services' terms conceptualized as Savings services' terms and Credit services' terms. Saving service terms are further conceptualized in terms of opening and running accounts and interest on savings. Credit service terms are further operationalised as amount borrowed; credit period and loan interest rate. Improvement in SACCOs' services' terms is expected to improve members' economic development.

The dependent variable is members' economic development which is measured in terms of increase in household income, starting of new businesses and expansion of existing businesses. The model further shows that there are intervening variables which can have a counteracting effect on the dependent variable. For example despite improvements in SACCO services' terms, level of members participation, their entrepreneur skills and macro economic factors in the country, members savings culture, level of awareness of their duties, responsibilities, rights and obligations may all have a counteracting effect on their economic development. In the conceptual model, the important elements are the independent variables as they infringe on the dependent variable.

Scope of the Study

Subject Scope

The study focused on SACCO Savings and credit services' terms as independent variables and members' economic development as a dependent variable which was measured in terms of members' ability to start new businesses and expand existing ones, and increased income.

Geographical Scope:

The study was conducted in ZIGAMA branch at Musanze Rehabilitation Center, in Musanze district. This branch was chosen because it is one of the branches connected on the Wide Area Network which improves service delivery in the respective connected branches by enabling access accounts online and access to account information through point of sales devices at other branches. The geographical area was also convenient to the researcher in terms of accessibility.

Time Scope

The study covered a period between 2000-2015. This period was chosen because it is when ZIGAMA introduced the new software (Wide Area Network) which involves use of Identity cards and Auto Teller Machines for member identification and transactions in specified rural urban Banks, Auto Teller Machines in Rwanda. In 2011, new loan accounts were also introduced such as the prestige loan account and new products such as Motorcycles, plots of land and solar systems were introduced as incentives to encourage people to save more. The period was also long enough to access the effect of SACCOs services' terms on economic development of members.

Definition of Key Terms

Savings and Credit Cooperatives (SACCOs)

SACCOs are cooperative financial organizations owned and operated by and for its members according to democratic principles for the purpose of encouraging savings and using pooled funds to extend loans to members at reasonable rates of interest and providing financial services to enable members improve their economic and social wellbeing.

Saving services' terms

These are rules and regulations that govern the financial institutions when dealing with savings aspect in the institution.

Credit services' terms

These are specified regulations that govern the financial institutions when dealing with loans to different perspectives.

Economic Development

According to Michael. P. Todaro (2000) economic development is an increase in living standards, improvement in self esteem needs and freedom from oppression as well as a greater choice. Economic development is further said to include adoption of new technologies, agricultural improvement and general improvement in living standards.

LITERATURE REVIEW

Introduction

This chapter presents a review of related literature on the nature of terms that SACCOs use in giving savings and credit services, the effect of saving and credit services' terms to members' economic development. This part brings literature available on the subject of savings and credit services' terms that have been articulated by researchers and other scholars, which the researcher used as a basis to examine the current practice by SACCOs in Rwanda so as to get the aspects that have been fully or not utilized at all.

Savings and Credit Cooperatives (SACCOs)

A savings and credit cooperative is a cooperative financial organization owned and operated by and for its members, according to democratic principles, for the purpose of encouraging savings, using pooled funds to extend loans to members at reasonable rates of interest and providing retail financial services to enable members improve their economic and social well-being.

Saving and credit cooperatives are recognized by law and the cooperative society's regulations. Some countries in Europe simply call them Credit Unions, others popular or people's banks or Cajas. The poor lack access to safe, formal deposit services institutions that mobilize deposits like banks, Micro Finance Institutions and savings banks are often too far away, or the time and procedures needed to complete transactions are too onerous. These organizations also may impose minimum transaction sizes and require deposits to retain a minimum balance, both of

which can exclude the poor. Operating hours may not be convenient for the poor depositors, nor are they welcome as clients.

SACCOs take aggressive measures to smooth mobilization and improvement on savings. Despite stringent conditions and restrictions imposed on them by the legal framework. There is literature from different scholars and other researchers to try evaluating the strategies. Loans at market rates of interest are the central services provided by the village banking methods. Loans are offered to low income micro entrepreneurs because at the cost of their poverty is lack of opportunity, not lack of desire to work. While many poor families have ideas for fostering their own employment by creating small businesses; few can access capital they need to begin. By virtue of being poor; they are cut off from this type of support because of lack of collateral or credit ratings. Through a small loan could stimulate productivity enabling the micro entrepreneur to build assets and purchase inventory at the best prices.

By investing and repaying the loan and increasing his or her business as a result, the borrower instead deeps an additional reward and self-esteem through self-help. Loans are renewable resources, which can impact on entire communities. A loan is borrowed, invested and repaid after which it can be used to stimulate yet another fledging business as these loans circulate throughout low income communities until their effect is multiplied many times. Therefore the communities develop as a result of having their business expand through fruitful investment opportunities being sourced by loans.

Savings Services' Terms

Saving is not an end in itself. Rather it is a pre-requisite to investing. It is very vital for a SACCO to understand the needs and interests, priorities of existing and potential clients. This serves well in time after knowing the benefits of saving mobilization (Saving and Credit Workshop, Musanze, 2003). This will enable them to give the best services to their clients. This assertion is supported by a number of other researchers like Dr. Alfred Hanning (1993) Pg 5 in his paper entitled, "Mobilizing Savings", he states that Micro finance needs to offer wide range of saving product that are directed to a particular client. This enables customers to have a choice between immediately accessible, liquidity products or semi-liquid accounts or time deposits with higher interest rates.

According to the Grameen Bank model, there is emphasis on savings as a prerequisite to access loans where clients should access the savings at any time. However, these savings always act as security and clients cannot access it at anytime they wish to do so. If the savings requirement is too high then members who cannot meet the stated amounts are automatically pushed out of the credit program.

Savings/Deposit services deposits and related services earning competitive rates of interests and minimizing financial risks on such savings. In savings and credit cooperative members are

encouraged to save regularly in society even if the savings are small in amount. This leads each member to accumulate savings for the expected and unexpected demand.

The deposits may be withdrawn according to the terms and conditions under which the accounts were contracted and classified.

Liquid accounts demand deposits. These are deposits that allow funds to be deposited and withdrawn any time. Usually there is no interest rate paid and they require substantial book keeping. There is no stable source of funds. Only a limited portion can be used to provide loans. Terms involved in this account are;

One must join the SACCO and have an ordinary saving account, there is always a minimum amount set to open and on closing account, there is no interest paid on savings, withdraws are not limited and there is no monthly fee paid and no minimum balance and number of deposits are unlimited.

Semi liquid accounts. These are deposits that allow some liquidity and some returns. Members can withdraw funds for a limited number of times and deposit at any given time. A nominal rate of interest is paid based on the minimum balance in the account over a given period that is monthly, yearly and so on. This encourages a member to hold a certain amount of money on the account.

Terms involved in this account are;

One must be a member of the SACCO, a minimum amount is set to open an account, there is always a minimum balance set, interest rate calculation is based on a minimum monthly balance, the number of deposits are unlimited and number of withdraws are limited. Fixed term deposit. The savings accounts are locked in for specific amount of time. They provide lowest liquidity to the member but highest return in form of interest. They are stable sources of funding for a SACCO which pays the highest rate of return to months or years. Fixed term deposits range from one month to several years.

The old age saving insurance. This is a service which was developed by UCA newly introduced in SACCOs, it involves locking in savings for a period of not less than 10 years. The savings are entrusted by Liberty insurers (East African underwriters) who invest it and are able to pay interest rate well over and above inflation rate plus life cover of 150,000 RFW for every 100,000 RFW saved in installments of 5000 RFW every time one saves. (RCA Training Manual 2005:4-7).

Insurance services; in savings and credit movement in Rwanda, like any other SACCOs worldwide, members are availed with insurance services. This basically covers the savings and loans of members.

A saving and credit cooperative can operate various types of funds/accounts according to the needs of the members. However, the following are the main funds, which form the core of the savings and credit cooperative shares.

To use the services of the cooperative savings and credit society, members must stake in the business by buying shares. On acquiring shares in a cooperative, one automatically enjoys the ownership rights in the organization. These shares form the cushion and become risk capital in case of business failure. Basically these shares are used to acquire fixed assets and acquire shares and financial investments in other organizations.

Shares earn dividends at the end of the financial year and they are not withdrawn able but they are transferable. MFIs and savings banks are often too far away or the time and procedures needed to complete transactions are too erroneous. These organizations also may impose minimum transaction sizes and require depositors, to retain a minimum balance, both of which cannot exclude the poor depositors, nor are they welcome as clients.

Ahimbisibwe (2007), on strategies to improve savings culture mentioned that it is necessary to train people on the terms and importance of savings, give prizes to the best savers, make savings compulsory, and save for old age insurance and payment of interest above inflation rate. Wright et al, 1997 also argued that the desire and capability of the poor to save, when met with flexible and responsive saving facilities can result in large-scale savings mobilization. Indeed voluntary, open-access savings schemes can generate more net savings per client per year (and thus greater capital for the institutions) than compulsory locked in savings schemes. And provide a useful and well-used facility for clients while doing so introducing a secure, liquid convenient savings facility that offers a positive rate of return can result in startling increases in client base and capital mobilization for the SACCO.

Opening and Running of Savings Accounts.

According to Thomas K.Shaw 2007, SACCOs require that members open savings account as a condition for joining but others do not. The account is maintained by the client for the purpose of accumulating funds over a period of time. Funds deposited in the savings account may be withdrawn only by the account owner or by his formally designated representative. The account may be owned by one or more persons, some accounts require funds to be kept on deposit for a minimum length of time while others permit unlimited access to the funds.

Demand savings accounts can be accessed on demand that is to say at any point in time and for any amount up to the required minimum account balance. Demand savings accounts are therefore highly liquid, easy to deposit into and easy to withdraw from. However they are not especially stable resources for a SACCO's long term investment strategy. These accounts are in form of current savings accounts and ordinary savings accounts. While current savings account pays no interest on savings, has no minimum balance and generally has higher maintenance fees,

ordinary account provides small interest return on savings, has a minimum balance and limits withdraws to a pre-determined number per period that is weekly, monthly, quarterly. Demand savings accounts, especially the current savings accounts use the largest percentage of the SACCO resources that is stationery, staff time, office security, cash requirements and have the lowest investment coefficient of any savings products as sources of capital for the SACCO loan products.

Commitment saving account. Unlike demand saving which has a built in illiquidity component that deters withdraws, commitment saving account allows ease in the making of deposits but limit the number and size of withdraws that an account holder may make within a specified period of time.

In developed countries, commitment saving account products includes pension plans, education savings accounts, medical savings accounts and direct debits from salaries to all forms of savings commitment. In developing countries such as Uganda, this is not the case, the most common form of commitment saving product is a fixed deposit account where the member agrees to leave a set amount of funds for a pre-determined period in return on that deposit. Another example of this would be a minor or junior account offered by some SACCOs.

Interest on Savings

Interest is a percentage return paid to savings based upon the stated period and minimum amounts (Thomas K.Shaw 2007) ordinary savings pays small interest return while fixed deposit interest rate variable (higher than other accounts). Minor savings account pays no interest and Current savings pays no interest and the lack of interest is attributed to more of inability to calculate the cost than a lack of desire for the SACCO to remunerate savings. Therefore, there is no direct incentive for members to maintain higher average balances. He also noted that, although some SACCOs do not offer minor accounts, school fees accounts, in most cases the interest rate paid on these saving accounts is higher than for ordinary savings account but there is still no differentiation by term or amount. Thus there is little or no incentive for members to place larger amount and for longer terms. SACCOs use their member's deposits to fund loans. In return, the society pays some interest on savings for the use of their money.

Credit Services Terms

Credit is in form of loans. It is usually given after a process which includes appraisal before disbursement with the view of determining whether the applicant will have the ability to pay back the money borrowed without the society taking measures to enforce recovery. Credit is considered to be an essential input to increase agricultural productivity, mainly land labor. It is believed that credit boosts income levels, increases employment at household level thereby boosting economic development. Credit enables people to overcome their liquidity constraints and undertake some investments such as farm technology and inputs thereby increasing agricultural production. (Adugna and Heudhes, 2000)

Evidence by Coleman (1999) suggested that the village bank credit did not have any significant impact on physical asset accumulation; production and expenditure on education. The women ended up in a vicious cycle of debt as they used the money from the village bank for consumption were forced to borrow from money lenders at high interest rates to repay the village bank loans so as to qualify for more loans. However there was significant positive impact for women who had access to bigger cheap loans from the village bank (by virtue of being village bank committee members) which they also re-lent at higher interest rates. The main conclusion from the study was that credit is not an efficient tool to enhance economic condition and that the poor are poor because of other factors (such as lack of access to markets, price shocks, inequitable land distribution) but not lack of access to credit. This was a similar view expressed by Adams and Von Pischke (1992). Members are encouraged to take productive loans in preference to provident loans, because repayments can be easy and without much strain. Careful making and use of credit is encouraged in the savings and credit cooperative because it does not only protect member's savings but also help members to improve their livelihood. This loan must be made on a sound basis meaning that due attention is given to responsibility of recovering loans.

Appropriate loan sizes for clients matching their needs, realistic interest rates and saving as a prerequisite, regular short and immediate repayment periods and achieving scale can contribute to sustainability (Nabulya 2007). If these measures to achieve sustainability are put in place, while focusing on the needs of the poorest, then both the social and economic objectives can be balanced if the MFI is well managed and understands the market and its clients. In this case the MFI must redesign the loan terms to suit the needs of its clients in order to meet its purpose of development. However, the literature by Nabulya (2007) does not indicate appropriate loan sizes and realistic interest rates and savings that would maximize economic development. According to the computation model of microfinance, the interest rate should be at 0.6% per month but still this does not illustrate how this could lead to economic development because the clients may still not be satisfied with the interest.

The process of Managing Credit

The fundamental objective of commercial and consumer lending is to make profitable loans with minimal risk. The twin goals of the loan volume and loan quality should be balanced with the SACCO's liquidity requirements, capital constraints and the rate of return objectives. The credit process relies on each institution's systems and controls to allow management and credit officers to evaluate risk and return tradeoffs. (Financial Institutions Management 2008). The credit process includes three functions; business development and credit analysis, credit execution and administration, and credit review. Each reflects the written loan policy as determined by the Board of Directors. A loan policy formalizes lending guidelines. It identifies preferred loan qualities and establishes procedures for granting, documenting and reviewing loans.

Management's credit philosophy determines how much risk will be involved and in what form. Under the label credit culture, banks evidence large differences in how they make loans. This term refers to the fundamental principles that underlie lending activity and how management analyses risk. Most of the elements are the terms that move with the credit.

Loan appraisal and terms

This is the process of evaluating a loan application, before disbursement with the view of determining whether the applicant will have the ability to pay back the money borrowed without the society taking measures to enforce recovery.

Terms to consider in loan appraisal include;

Capacity which refers to the ability of the borrowers to pay back the money borrowed with the interest. The applicant's total household income and income generating ability of their business should be considered since this directly affects their ability to pay back. This is necessary because it is from these sources that the loan advancement and interest will be repaid. Capital; this refers to the borrower's net worth. This is the value of its sellable assets minus liabilities the loan applicant should be engaged in a business whose net worth exceeds the amount requested. This is because in case the applicants default, assets will be sold to recover the outstanding loan balances and the interest. However in some business like startup, net worth may be less than the loan amount.

Character; this refers to the borrower's established reputation in the community; societies seek to deal with honest people who are dependable. The applicant's integrity or honesty should be investigated. Past loan repayment performances could be obtained from references like micro finance institutions or banks from which the applicant borrowed in the past. The local reputation of the applicant should also be considered. Collateral; In case of default, the outstanding loan balances must be recoverable. Collateral is a sellable asset pledged by the borrower, that the lender could confiscate and sell in case of the borrower default. The loan applicant maybe required to pledge personal assets whose total realizable values exceeds the amount borrowed. In instances where the applicant may not have such assets a third party may provide the collateral or guarantee the loan. A proportion on the loan applicants' savings account with the society, of say 20% may be collateral.

Condition; This is determined by the prevailing economic or market dynamics for example competition, inflation that are beyond control or influence. The lenders take note and consider the intended use of the requested loan or read the impact of the condition on repayment. The bank feels that the prevailing market condition could hurt the ability to sufficiently meet the repayment obligation. The credit manager will be more cautious as this would serve as a signal of potential risk of default.

Approval/Contracting

In a small society of less than thirty members it is proper for the general membership to get involved in loan approval. For bigger societies the approval authority may be delegated to the executive committee, which should delegate loan approval to its subcommittee known as loan committee. The loan application form should serve as standard document with a provision for the loan applicant to sign and committee to sign as a proof of approval.

Once the loan has been approved, the officer notifies the borrower and prepares a loan agreement. This agreement formalizes the purpose of the loan, the terms, repayment schedule, and collateral required. It also states what conditions will constitute a default by the borrower. These conditions may include late principle and interest payments, the sale of substantial assets, a declaration of bankruptcy and breaking any restrictive loan covenant.

Loan disbursement

On approving an applicant, the loan applicant is notified of the committee's approval and they are advised to draw the money from their personal savings accounts. The borrower's savings account is credited and the loan account is debited.

Loan monitoring and recovery

This refers to the observation of the loan account performance to ensure that the installment repayments are made when due and visiting of the borrowers and business to get acquainted with their operations and the business performance. This helps in detecting and preventing potential defaults in time. Delinquency is measured as

$$\text{PAR (Portfolio at risk)} = \frac{\text{Total loan with a portion in arrears}}{\text{Total value of loans}} \%$$

PAR should normally be less than 10%

$$\text{PIA (Portfolios in arrears)} = \frac{\text{Total amount in arrears}}{\text{Total value of all loans in portfolio}}$$

PIA should normally not exceed 5%

SACCOs are able to recover loans in schedule only, when the payment capacity of the borrowers equals or exceeds debt service; which consists of principle and interest due repayment.

Borrowers are able to repay their loans on time without suffering hardships only when their repayments capacity equals or exceeds the debt service, due according to the loan contract.

``These simple, self evident relationships define the role that credit plays in development and influence the fate of efforts to expand the frontiers of formal finance`` (Von Pischke 1991, Pg 277). To determine potential members/clients' debt capacity the first consideration is their cash flow and other claims that may come before repaying the SACCOs loan.

Debt Capacity

This is the amount of additional debt a client can take on without running a risk of inadequate cash flow and consequent loan default (Von Pischke, 1991).

SACCOs need to consider debt capacity as opposed to basing credit decision on a ``credit need`` approach that risks future trouble for both lenders and borrowers. A credit need assessments yields unreliable information because self reported credit need involves ``wishes``. By focusing on credit need rather than debt capacity, the lender risk serious debts. This is because the need for credit and ability to repay debt cannot be assumed to match.

No matter how the target market is identified, it is imperative for SACCOs to ensure that each member and target group can generate enough cash to repay the loan on time. This in turn determines the size of the potential target market (differentiating between ``credit need``, or what borrowers can and are willing to borrow and repay). Loan protection fund; This is operated to cover loans granted to members from the cooperative society. At the time of taking the loan, the borrower pays a premium 2% of the loan per year. In case of the borrowers death or total incapacitation before the loan is fully repaid the benefits of this program falls on four parties. The borrower or his beneficiary since his property will not be confiscated in order to pay the loan. The guarantor benefits because he will not be required to settle the loan balance.

There are several benefits because they will not lose part of their savings as these loans are at times in various ratios to members. The society will not lose the income in form of interest on loans. In this case we say, ``the debt dies with the debtor`` Saving protection funds' the society invests in the members savings in form of loan from which society derives income as interest. The rate of this premium is FRW.5 for every 1,000 RFW. Secondly, members are rewarded because of the opportunity cost they forego and save this money in the movement 'saving is a sacrifice' Guarantor ship; in addition to the above, guarantor ship is another way of ensuring security to members funds where one applies for a loan exceeding his savings he must get another member to guarantee for the extra money. The guarantor agrees to stand in for another member's debt by signing a pledge or promise against his deposits at the time of making the loan.

Amount (Size) Borrowed

Loan size is the quantity of money or its equivalent lent to a borrower under specific credit terms. Loan size can be small, medium or big (Nassuna 2003). She argues that efficient loan sizes should fit the borrower's repayment capacity and stimulate enterprise performance. Therefore for a loan to be useful, it should be adequate to allow sufficient production to take place. She continues to say that loan sizes that are inappropriate reflect a poor fit between the objective borrowing and non performing loan, hence negatively affecting the performance of the borrower. This view is in line with Pischke (1991), who argues that poor loan sizing is illustrated by extensive credit rationing, which issues too little credit to too many borrowers and this seems to be the case in the MFIs

Access to financial services by small income earners is normally seen as one of the constraints limiting their benefits from credit facilities. However, in most cases the access problem

especially among formal financial institutions is one created by the institution mainly through their lending policies. This is displayed in form of prescribed minimum loan amounts, complicated application procedures and restrictions on credit for specific purposes. (Schmidt and Kropp,1987).

Schmidt and Kropp (1987) further argued that the type of financial institution and its policy will often determine the problem. Where credit duration terms of payment, required security and the provision of supplementary services do not fit the needs of the target group, potential borrowers will not apply for credit even where it exists and when they do, they will be denied access. The Grameen Bank experience shows that most of the conditions imposed by formal credit institutions like collateral requirements should not actually stand in the way of small holders and the poor in obtaining credit. The poor can use the loans and repay if effective procedures for disbursement, supervision and repayment have been established.

On the issue of interest rates, the bank also supports the view that high interest rate credit can help to keep away the influential non-target group from a targeted credit program (Hossain, 1988). This further demonstrates the need to develop appropriate institutions for delivery of loans to small-scale borrowers. Notable disadvantages of the formal financial institutions are their restrictions of credit to specific activities, making it difficult to compensate for losses through other forms of enterprises, and their use of traditional collateral like land. There is need for broad concept of rural finance to encompass the financial decision and options of rural economic units to consider the kind of financial services needed by households and which institutions are best suited to provide them.

Credit Period

This stipulates the length of time for which credit is extended. This could be say sixty days meaning that all its customers are expected to repay their obligations in 60 days (Kakuru 2000). It was further stated that a firm's credit period is governed by organization norms depending on the objectives of the firm. It can lengthen the credit period on the other hand the firm may tighten the credit period if customers are defaulting too frequently and debt loss is built up. According to Duval (1996), credit period is the time over which the loan is to be repaid and the frequency of repayments. The credit period should take into account the purpose of loan, the mix of working capital, fixed assets and infrastructure to be financed and should be based on a calculation of the time needed for those assets to generate the income necessary for loan repayment. However, he noted that MFIs should keep in mind that making short term loans will turn over lending resources more quickly than making long term loans. So it should be considered whether to give a grace period in a loan term or not. The purpose of a grace period is to allow business enough additional time for the invested proceeds of the loan produce sufficient income to make the loan repayment. Working capital loans rarely have grace period.

It is assumed that financing raw materials, other inputs or operating costs immediately begin to generate additionally income for the business so that the business can immediately begin to repay the loan. Most MFIs clients pay back after one or two weeks and they continuously make weekly installments for 4-6months.This period varies from one institution to another. However, this period is considered too short to use credit and to be able to pay back and as a result working capital continues to be limited since payments are immediate and even at times from other resources other than business itself hence affecting client's performance negatively.(Yunus M 1983).

It was also observed that these weekly repayments are supposed to be borne by the business but one thing in common with many small enterprises is that they make their weekly loan repayments not from income arising from the loan but from the family household income. This is extremely common because of the typical repayment schedules. (Rutherford 1999).These schedules normally require investments that generate immediate and rapid rate of return if repayments are made from small enterprise's income. Thus savings from house hold incomes are usually a primary source of the money used to make loan repayments.(Mutesasira 1999)Hence the need to analyze the capital requirements of the business in order to determine the loan amount and repayment period the institution could give to the borrower at any one single time. Wright (2000) said, as the loan grows bigger, it may necessitate the pulling out of the large amount of money from the business in order to make weekly repayments. This reduces on the working capital of the business and the subsequent levels of profitability.

Interest rates on credit

The relationship between income and development is positive.SACCOs help members to develop through charging conducive interest rates that attract borrowers and paying interest rates that ensure that deposits are mobilized.Interest rate on loans is the price of accessing and utilizing credit resources. Interest rate can be looked at from the borrower (member) and the lender (SACCO) point of view. To the borrower, interest rates is the cost of borrowing money expressed as a percentage of the amount borrowed (Martin J.1996).A borrower evaluates all costs including interest rate and expected returns before deciding to take a loan or not. To the lender, (SACCO) interest rate is determined by factoring in costs such as cost of production, inflation rate, operational costs, loss provision and capital growth. The rate charged should be able to cover costs and make contribution to the SACCO. Currently WSACCO charges interest rates on the following; Quick loan 17%.School fees loan 17%, Housing loan, 17%, Business loan 17% and Agriculture loan 13%.These loans are also 100% insured against death and 100% against total incapacitation, 60% against Absent Without Official Leave and in this case 25% will be recovered from a member's shares and savings while 15% recovered from the guarantors. (www.wazalendo.co.org).It is however assumed that any slight increase in the interest rates will discourage members from borrowing and thus deterring their development plans.

The challenges to MFIs as an instrument for poverty alleviation relates to the terms of credit to the poor especially the interest rates. Okurut, et al (2004). It is also argued that Profitability and sustainability are key indicators of success that is to judge whether the institution will survive or not. From the MFIs institutional side, the sustainability equation relates the revenue side to the expenditure side. The revenue side can improve by either increasing interest rates and commissions or portfolio volume. It is also said to be probable that inefficient MFIs may try to improve their sustainability levels by raising the interest rates and commissions.

To Okurut,et al (2004), demand for credit by the poor is interest inelastic, it can be counter argued that high interest rates that are due to inefficiencies are counterproductive and that the interest rates charged by microfinance by then ranged between 2.5% and 4% per month before factoring in the other commissions and fees which vary across MFIs.It was also indicated that it is true under liberalized environment, interest rates cannot be controlled but competition in the microfinance sector can be enhanced if there is perfect information flow about the interest rates charged by different players, a role that government can play without necessary fixing interest rates.

Nabulya (2007) also argued that the desire for financial sustainability is at times compromised with high interest rates which are likely to affect the client borrowing due to fear of the large installments repayments that would in long run result into slow growth by MFIs and that the report findings about the MFIs in Nigeria (Bridging the Poverty Gap, 2007) are that the core objective of providing micro credit facilities through MFIs in a cost effective way. Institutions are often advised.

Katantazi(2001) observed that microfinance institutions cannot generally charge interest rates equal to those charged by mainstream banks because of the very nature of their customers or clients and their operations. MFIs justify the high interest rates ,as a way of obtaining long term sustainability given the high costs structure of other firms. Key among factors that explain this is the fact that microfinance beneficiaries are not easily accessible, thereby increasing and imposing huge transport costs on the providers. The interest rate charged by a microfinance institution has a great impact on the performance of loans granted to micro and small enterprises including their repayments.

Method of calculating interest rates on loans

In his 2007 book *Creating a World without Poverty*, Muhammad Yunus (Noble Peace Prize Laureate and founder of Grameen Bank, one of the largest microfinance providers in Bangladesh), proposed a new methodology for the evaluation of microcredit interest rates. The proposed methodology is based on an interest rate premium, defined as the difference between the interest rate charged by the MFI and the cost of funds at the market rate paid by the MFI.

Anytime money is borrowed, interest is charged. How interest is computed often is confusing as is the manner in which the interest rate is stated. The Federal Truth in Lending Act of 1968(and

its successor Truth in Lending Simplification and Reform Act of 1980) was enacted in order to assure a meaningful disclosure of credit terms and to protect the consumer against inaccurate and unfair credit billing and credit card practices (Utchman et al 1981) According to Norman L et al, lenders use three major methods to calculate interest charges: The add-on method. Here, the lender calculates the total interest charge by multiplying the entire loan amount by the contractual interest rate and then multiplying the total interest cost by the period (months, years) covered by the loan. The interest charge is added to the principal to determine the total amount to be repaid. This amount is then divided by the number of repayment periods to determine each payment.

The total interest charge is thus:

$$I = A \times IC \times N$$

Where:

I = Total interest charge over the life of the loan

A = Amount of the loan

IC = Contractual interest rate per time period

N = Number of periods covered by the loan

The annual percentage rate provides a common basis to compare interest charges associated with a loan. The contractual interest rate actually stated on the loan contract. The annual percentage rate stated for loans should reflect all loan service costs and stock purchase requirements. Interest rates are usually stated on annual basis but sometimes are quoted monthly weekly or daily.

The period payment is:

$$B = (A + I) / N$$

Where:

B = Total payment

N = Repayment periods under consideration

An example of add-on interest, assume a 1,000,000 RFW loan to be repaid in two annual instalments. The annual contractual interest rate is 6%. Total interest charge will be

$$I = 1,000,000 \times 0.06 \times 2 = 120,000 \text{ RFW}$$

And the annual payments will be;

$$B = (1,000,000 + 120,000) / 2 = 560,000 \text{ RFW}$$

Discount Method. This calculates the total interest the same way as the add-on method, with one exception. The interest is subtracted from the loan amount and the borrower receives the balance.

The total interest charge is:

$$I = A \times I_x \times N$$

The amount the borrower receives is:

$$L = A - I$$

Where:

L = Loan proceeds

And the periodic payment is:

$$B = A / N_n$$

Using the same example as in add on method,

$I=1,000,000 \times 0.06 \times 2 = 120,000 \text{ RFW}$

The borrower would receive

$1,000,000 - 120,000 = 880,000 \text{ RFW}$

And would repay two installments of

$1,000,000 / 2 = 500,000 \text{ RFW}$ each

Remaining Balance Method. When the remaining balance method is used, the interest rate charge is computed in each period by multiplying the contractual interest rate by the principal balance remaining at the beginning of the period (unpaid balance). The major difference between this method and the previous two, beyond the complexity of the mathematical calculations, is that the interest is not charged on principal that has been repaid. The total interest charge, the periodic interest payment and the periodic principal payment all depend on the method selected for repayment. Two methods are commonly used; the equal total payment plan (standard plan) and the equal total principal plan (Springfield plan).

Members' Economic Development.

Economic Development is the adoption of measures or actions, small scale or large scale, by a community, that enables, them to secure the effort, entrepreneurial and inspirational potentials of the individuals of that community, (or supports them in) activities with learning in its productive structure that leads to attainment, with reasonable resilience, of basic living standards for that community

Co-operatives have been an important part of development in East Africa. While they have seen many successes and failures, no other institution has brought so many people together for a common cause. Following the Arusha declaration, cooperatives became the main tool for building a spirit of self-reliance during the Ujaama period. However, following the introduction of free markets, cooperatives have struggled to compete with the private sector and many have not been able to provide their members with services they need. The government responded to this problem by introducing a new cooperative development policy (2002) to help cooperatives regain their importance in the economic lives of people. A policy aimed at how government plans to facilitate the development of particular area of the economy such as agriculture, education or cooperatives. (Tanzania Federation of Cooperatives).

According to Hulmes (2000) cooperatives savings society refers to the provision of financial services to the poorest of the poor who cannot access such services from formal commercial banks. MFIs therefore are organizations which include non governmental, rural farmers schemes and savings societies that provide savings and credit facilities to micro and small scale business people who have experienced difficulties in obtaining such services from formal financial institutions. MFIs started with a major emphasis to bridge the gap between the economically rich and economically poor people that is to say to combat poverty and improve standards of living. (Ledgerwood 2000).

Senral (2000) also defines cooperative savings and credit society as the provision of financial services such as deposits, loan (small) payment services, money transfers and insurance products to the poor and low income households. This is to enable micro enterprises and small businesses to raise their income levels and improve their standards of living.

SACCO's Terms and Members' Economic Development.

Improving one's economic status requires the ability to earn income, to spend it wisely, to save part of it for the future benefit and to have access to credit in order to move into a productive or income generating activity (Kabuga et al 1995) Government recognizes that the pace of growth of SACCOs has been slow, especially in rural areas. Most have been established in urban areas and work places. As a result, members of rural primary societies have been unable to access adequate credit. To improve this situation, government must encourage development of SACCOs in all rural areas to strengthen people's capital base and hence development. However, these SACCOs will have rules on interest rates, loan terms, loan security and default rules which will play some important part as people access the services of SACCOs. Tanzania Federation of Cooperatives (2006) More often than not, one hears a question like what has a cooperative done to assist its members and yet the valid question would have been how have the members utilized the cooperatives to enhance the social economic status? Cooperatives differ from other forms of business in that they are member centered as contrasted to companies where capital is at the center in order to earn profits.

Through pooling resources, members are able to put up infrastructure for production, agro-processing and marketing for example establishment of ginneries, processing plants, dairy products processing and for a well functioning cooperative organization, atleast two people are employed directly and many others indirectly through various trades facilitated by a cooperative. SACCOs through their varied activities are in many countries significant social and economic actors in national economies thus making not only personal development a reality but, contributing to the well being of the entire humanity at the national level. Production and productivity enhancement cooperatives play an important role in delivery of agricultural inputs so that they are easily accessed by the producers.

Many MFIs in Rwanda started as Non Governmental Organizations with missions and objectives for poverty eradication, social development and economic development of poor communities after the 1994 genocide. In general terms, MFIs operated outside the regulatory framework of Financial Institutions Statute 1999, though they provided both savings and credit services. Some MFIs were mobilizing client deposits either as part of their lending methodology (compulsory savings linked to loans) or for safe custody which they kept on their bank accounts with commercial banks. Some MFIs even developed a habit of illegally intermediating these public deposits which was against the provision of the financial Institutions Statute 1993. As a result of this development, the National Bank of Rwanda got concerned about the safety of public savings being intermediated by the unregulated informal financial sector. This concern by National Bank

of Rwanda was heightened by the commercial bank failures which hit the financial system, Hanning and Bohnstedt (1999).

A consultative process was put in place to design a regulatory framework for the microfinance sector. The key players in the consultative process included the Bank of Rwanda as a regulator of financial system. The Microfinance practitioner and policy makers and the development partners. The policy framework for microfinance sector was designed with the overriding goal that Microfinance must be run as business and guaranteeing the safety of public deposits. For this reason the critical issues that were covered in the policy included sustainability and outreach, capital adequacy requirements, liquidity requirements, ownership and governance. The Micro Deposit taking Institutions Act 2003 was subsequently enacted by parliament and promulgated into law in May 2003. The sustainability issue concerns the ability of the MFIs to sustain their operations without undue reliance on donor funds which are not sustainable. The challenge here is that most MFIs have hitherto been reliant on donor grants funds to subsidize their operations. The policy change therefore focuses to ensure that MFIs sustainable growth to guarantee continuity of access to financial services thus increased outreach (Okurut et al 2004).

Savings Services Terms and Members' Economic Development.

The major objective of a micro finance is to fight and eradicate poverty (Mbonigaba, 2002). MFIs aim at empowering the poor who make up a significant proportion of the population and to develop the overall financial system of the country through integration of financial markets (Okurut et al 2004, Rehman 2006). The scholars argued that micro finance thrived on the assumption that by providing saving services to the poor, they will be able to acquire assets, business skills and creation of self employment by establishing micro enterprises. Gittel and Vidal (2004) also argued that micro finance aims at improving access of the poor to savings services to make them bankable clients and to promote savings mobilization among the poor through self help groups in order to help them reduce their vulnerability by enhancing their individual and household incomes, improving their standards of living, empowering and improving household health. SACCOs promote saving culture amongst their members as a recent research reveals (Ahimbisibwe, 2007). This is crucial because increased savings lead to increased capital accumulation leading to increased investment that also leads to employment that ultimately generates income for economic development.

SACCOs have in significant ways stepped in at a time when the restructuring process of banks left more than 50% of the population without basic financial services in Uganda. Ironically what was previously considered unbankable is what banks are now targeting using micro finance programmes through the same cooperative institutions.

Opening and Running Savings Accounts and Members' Economic Development

Kabuga et al (1995) A SACCO is an essential link in bridging large segments of communities into a formal financial structure. It benefits the member by improving his economic status while

making all members enjoy the same or similar economic advancements. SACCOs are organized around the needs and desires of interested groups. The types of services offered are produced by members themselves as based upon what they need to do in order to improve their economic conditions. There are shareholders to skin off the members' funds. Instead, the members receive the benefits of their savings and through periodic distribution of dividends in proportion to the amount saved. A SACCO's saving account could be personal, joint, minor, group or institutional and should be opened by members only.

According to Thomas.K.Shaw 2007, Current ordinary savings lack incentive for members to increase average savings' balances even when they do pay some interests on account. Ordinary savings accounts have an interest structure to encourage members to increase their balances. This determines which members are the best candidates for fixed deposit account based on their ability to increase savings balances to earn from higher interest rates. Some SACCOs offer ordinary savings account as the basic account to be opened when a member joins, others offer current saving products as the basic account while the rest may offer their members a choice when joining of either the current savings account or the ordinary savings account as their base account.

Interest Rates on Savings and Members' Economic Development.

Gittel and Vidal (2004) argued that microfinance aims at improving access of the poor to saving services to make them bankable clients and to promote savings mobilization among the poor through self-help groups in order to help them reduce their vulnerability by enhancing their individual and household incomes, improving their standards of living, empowering and improving household health. On contribution to empowerment those self-help groups and other savings based community groups offer to members is the pride of ownership and autonomy. Even though some self help groups are given training and support from Non Governmental Organizations, the majority of even these externally supported groups rely primarily on members savings for their capital instead of external capital as most village banks or solidarity groups do. Savings based approaches that rely on minimal external support charge lower interest rates and a large percentage of that interest goes back to the members inform of interest on their savings and community projects. The empowerment benefits derived from independence and autonomy are often partially offset, however, by weaker economic empowerment benefits. By depending on the savings of very poor community members' capital is limited than it would be with external support, which in turn limits the growth potential of members' enterprises and income.

Currently, all SACCOs reward poor savers and good savers at the same rate; that is a flat interest rate is paid regardless of average balances and this discourages those that would be willing to save more and for longer periods (Thomas K Shaw 2007)

Credit Services Terms and Members' Economic Development

Credit is considered to be an essential input to increase agricultural productivity mainly land and labor. It is believed that credit boosts income levels at the household level and thereby boosts economic development. Credit enables poor people to overcome their liquidity constraints and undertake some investments especially in improved farm technology and in puts thereby leading to increased agricultural production.(Huidhues, 2000).Furthermore, credit helps poor people to smooth out their consumption patterns during the lean periods of the year(Binswager and Khandker,1995) and by so doing, credit maintains the productive capacity of the poor households.

According to the Grameen Bank model, there is emphasis on savings as a prerequisite to access loans where clients should access the savings at anytime. However, these savings always act as security for loans and clients cannot access it at any time they wish to do so. If the savings requirements are too high then members who cannot meet the stated amounts are automatically pushed out of the credit programme (Nabulya 2007). To Obina (2009), the historical objective of microfinance was to raise productivity and boost incomes of the poor communities. During the 1980s micro enterprise credit aimed at providing loans to the poor to invest in tiny businesses enabling them to accumulate assets and raise household incomes and welfare.

Nugroho et al (2009) noted that microfinance aims at meeting the credit needs of those excluded from formal financial services to help them finance their income generating activities, build assets, stabilize consumption and protect them against risks. This explains why these services are not limited to credit though this is arguably the basis of the most common services but also they include savings (deposits) insurance and money transfers.

Generally the basic theory is that microfinance empowers women by putting capital in their hands and allowing them to earn an independent income and contribute financially to their households and communities. This empowerment is expected to generate increased self-esteem, respect and other forms of empowerment for women beneficiaries. Involvement in income generating activities should translate into greater control and empowerment and attainment of a bargaining platform in their communities (Cheston and Kuhn, 2002).

However ,much as some evidence has been presented by different studies to support this view, other scholars have remained critical that this equation may not always hold true and that complacency in these assumptions can lead microfinance institutions to overlook both opportunities to empower women more profoundly and failures in empowerment. It was also argued that the ability of a person to transform his life through access to financial services depends on many factors, some are linked to terms involved in getting a service, individual situation and abilities and others depend upon the environment and status of a person as a group. Cheston and Kuhm (2002) however emphasized that microfinance programmes have potential to transform power and empower a person economically. They observed that although micro

finance does not address all barriers to people's empowerment micro finance programmes when properly designed can make an important contribution to economic empowerment. According to Yawe (2002), microfinance has helped to empower women economically. In her study, the most positive indicator included acquisition of assets, increased knowledge, easier life (relief from economic burdens), unity (doing things together, sharing experiences, improved social ties and problem solving) and tapping their leadership potential. Yawe further observed that micro finance helped women to improve on their decision making abilities, ownership and control of assets purchased and use of loan and moneys generated from business, improved health and living standards.

Amount Borrowed (Size) and Members' Economic Development.

Loan size is the amount advanced to the client. It can be small, medium or big. Sewagudde (1999) argues that efficient loan sizes should fit the borrower's capacity and stimulate economic empowerment. Therefore, for a loan to be useful it should be adequate to allow production. Karamaji (2011) says that for a loan to have an effect on empowerment and to be repaid, it should be adequate enough to allow empowerment to take place. He adds that loans that are too small to produce commitment to their productive use or repayment should be avoided while a loan smaller than the amount required may also encourage clients to divert funds to other purposes. Chirwa (2000) argues that relatively large loans may tempt poor borrowers to divert a portion of the loan for non business thus reducing business performance; households obtaining smaller loans are likely to default in difficult economic and political situations, than those who obtain bigger loans. Thus it can be argued that loan sizes granted to borrowers should depend on the purpose for which the money is borrowed.

Many critics show that Microfinance does not reach the poorest of the poor (Scully, 2004), or the poor are deliberately excluded from the microfinance programs. Several critics also argue that group loans which are often used by microfinance institutions lead to high transaction costs since most microfinance schemes have regular meetings. These costs probably reduce the positive income generating effect from access to credit substantially. In addition, it has been argued that the size of the needed loans often exceeds the maximum amount that can be borrowed from microfinance institutions. This especially hampers productivity, growth agents who would have invested in successful and growing projects.

Credit Period and Members' Economic Development

Credit period can be short, medium or long. Evidence exists in the literature that most MFIs prefer extending loans with short term payback period (PPSFU, 2010) their report indicates that MFIs basically give short term loans starting from a period of six months to one year where repayment is done immediately after getting the loan on a weekly basis. In a study by Wright (2001), it was noted that weekly repayment become big to be paid promptly within a week as loans grows bigger.

Microfinance groups may put severe strains on women existing networks if repayment becomes a problem (Rahman 1999). The savings required of these women seem to exert pressure on women's meager income. Some women resort to borrowing from different informal and expensive money lenders in order to be able to qualify for the future low cost loans. The resulting indebtedness may lead to loss of business and property which are potentially disempowering.

Interest Rate on credit and Members' Economic Development

Literature shows that another major loan term is interest rate. This refers to the price of accessing and utilizing credit resources and it determines the borrowers demand for a loan as a source of financing (Mc Naughton, 2008), thus interest rate is a cost to the borrower which must be paid out of profit, charge interest on their loans to raise income from which they will pay interest on saving deposits, to generate income from which they will be able to pay dividends on the members share capital and to generate income to meet their operating expenses among others. Interest on loans should be high enough to enable the SACCO to raise sufficient income to meet its financial commitments but should be affordable to members so that they are helped in meeting the financial service need and acquire loans for productive purposes thus development.

The provision of financial services to the poor is obviously a difficult task because the poor usually live in remote and inaccessible places without basic infrastructure. It is not only difficult to make personal contact with these remotely located poor but such contacts are also expensive. It is well argued that in microfinance, unless the cost of microfinance operation is passed on to the borrowers, the institutions will fail to be sustainable. An Asian Development Bank note justifies charging high interest rates on account of higher cost of services incurred by the MFI. It argues that the interest charged on loans is the main source of income for these institutions and, because they incur huge costs, the rates are correspondingly high (Fernando, 2006).

According to Fernando (2006), the actual interest that a borrower pays to a MFI is determined not only by the stated interest rate but also the method used to calculate repayment installments. Many MFIs explain to the borrower that they charge a mere 15% to 20% flat rate of interest per annum. It is a common practice of MFIs to hide actual interest cost by various creative accounting practices. Effective interest rates are many times higher than the stated interest rates on the account following:

- Use of flat rates of interest.
- Collection of security deposit deducted from the loan.
- Compulsory savings collected with loan installments.
- Charging insurance premium for the loan.
- High penalty for missing a repayment schedule among others.

Majority of MFIs borrowers do not understand and realize various financial jargons and their effective cost. Fancy terms like membership fees, service fees, flat rate of interest, margin money, insurance among others are quite confusing to many of them(if not all).Lending terms should therefore be kept simple for them to understand.(Fernando, 2006)

From the above presentation it can be noted that access to financial services by small scale earners is normally seen as one of the constraints limiting their benefits from credit services. However, in most cases the access problem especially in financial institutions is one created by the institutions mainly through their lending policies. This is in form of prescribed minimum loans amount, restriction on credit for specific purposes, credit duration, and terms of payment and required security which do not fit the needs of the target group. Potential borrowers will not apply for credit even where it exists and when they do, they will be denied access (Schmidt and Kropp, 1987).

Financial Institutions fail to cater for the needs of small scale earners mainly due to their lending terms and conditions. It is generally the rules and regulations of the financial institutions that have created a myth that the poor are not bankable and since they cannot afford collateral, they are considered uncreditworthy (Adera 1995). Hence despite the efforts to overcome lack of financial services, the majority still have limited access to these services.

The literature offers an exploration of the effect of SACCO services' terms on members' economic development that guides the researcher on the same in ZIGAMA. More especially the study intends to fill the gaps on the effects of saving and credit services terms on members' economic development in Uganda and ZIGAMA Musanze branch as a case study.

METHODOLOGY

This chapter presents the research methods and instruments that were used in the study. It covers the research design, survey population, sampling design and size, Data collection sources, methods and instruments, Data processing and analysis, Ethical considerations and Limitations of the study.

Research Design

The study was based on a cross sectional correlation and survey designs and employed both quantitative and qualitative approaches. The study took a quantitative approach because it was composed of variables measured with numbers and analysed with statistical procedures in order to determine whether SACCOs'services terms affect members' economic development. The qualitative approach gave precise and testable expression to qualitative ideas. The study was cross sectional because it was conducted across participants over a short time. It was not necessary for the researcher to make follow up of the participants. The survey was preferred

because it allowed the researcher to get data from many respondents. The design served well in all aspects (cross-sectional, correlational and survey)

Study Population

The study population included management, staff and clients at Musanze Rehabilitation Center, a branch of ZIGAMA. The management of ZIGAMA was involved in this study because of the role they play in setting and implementing services' terms. The staffs were involved on grounds that they had worked with ZIGAMA for at least one year. The members/clients were involved because they are the beneficiaries of the services provided and terms and conditions are set for them. Due to time costs and other constraints, the researcher found it more convenient to carry out the study on part of the target population which was more accessible and hence became her sampled accessible population. These were (30 for management and staff and 50 for clients/members)

Sampling Design and Sample Size

Sampling Design

The study adopted stratified, purposive, convenience and simple random sampling methods to select respondents. These were implemented as discussed below; Purposive sampling was used to select respondents from the management of ZIGAMA Musanze branch. In this case, the management was included in the study because of their technical expertise and strategic linkage with the variables in the study. Stratified sampling was adopted to classify the staff according to their departments. Then simple random sampling was used to select respondents from functional departments particularly accounts and loans departments. These departments were preferred because the accounts department monitors clients' portfolio while the loans department interacts with clients extensively. To select client respondents, convenience random sampling methods were used. Purposive sampling was used to ensure that only people with relevant information were selected. Simple random sampling was used to select a representative sample from each category.

Sample Size

To determine the sample size, the researcher used the table developed by Krejcie and Morgan (1970) appendix I. Five members of management and 25 employees of ZIGAMA were selected of whom are directly involved in the saving and credit functions. Fifty members were selected to respond to the questions. The composition of the sample is as presented in table 3.1.

Table 3.1: Sample Size

Category	Population	Sample Size
Management and Staff	30	30
Clients	58	50
Total	88	80

Source: Primary data

Data Collection Sources, Methods and Instruments

Data Sources

Data were collected mainly from primary and secondary sources. Primary data were obtained through self administered questionnaires to the respondents. Secondary data were acquired through review of books, journals, newspapers, SACCO reports, and internet and research publications among others.

Data Collection Methods

Different data collection methods were adopted to collect primary data. These were;

Administering of questionnaires

This helped the researcher to get the information directly from the respondents because she delivered the questionnaire herself and got information there and then. The method also helped to collect data from large numbers of respondents.

Interviewing.

This helped the researcher to get first hand information because she interacted with the respondents face to face. Interviews allowed pursuance of in depth information around the topic and were useful as follow ups to certain respondents to questionnaire and to further investigate their responses.

Observation

This helped the researcher to witness what was going on by use of her naked eyes through visual behavior.

Data Collection Instruments

The researcher used a self administered questionnaire which she delivered herself to all categories of respondents to get the information about the study. The questionnaire was used because it allowed the respondent to answer the questions without the influence or fear of the researcher. Interview guide was also used where by the researcher interacted face to face with the respondents.

Research Procedure

The researcher obtained an introductory letter from Jomo Kenyatta University of Agriculture and Technology. This letter was used to introduce the researcher to the management of ZIGAMA at Musanze branch and to seek permission to access some of the information generated and maintained by the SACCO concerning SACCO Services' Terms and Members' Economic Development. After reading the letter, a verbal permission was obtained. The researcher then embarked on selection of respondents, administering the questionnaires and other instruments to collect data. On completion of data collection exercise, the data were then integrated and compiled into this report and submitted to the School of Post Graduate Studies for examination.

Data Quality Control

Validity

To ensure validity of the instrument, the researcher mostly used the expertise and guidance of the university supervisor. The supervisor greatly contributed to the designing of the study instruments in line with the topic under the study, objectives, research questions, conceptual framework and literature so that the instrument could measure what it was supposed to measure and in this case SACCO services terms and members' economic development.

Reliability

The use of multiple methods of data collection instruments and methods was aimed at measuring the degree of consistency in responses thus rendering the instruments reliable. Reliability was also ensured by collecting data from both the management of ZIGAMA and the clients who aimed at ironing out any significant inconsistencies or biases in the data.

Data Processing and Analysis

Data Processing

All responses collected from the field were compiled, sorted, edited and coded in order to ensure the data quality and accuracy. The data were then entered into the computer and tabulated thereafter statistical manipulation was done using the SPSS.

Data Analysis

The data were analyzed using descriptive statistics (means, standard deviations, frequency tables and percentages). Pearson correlation was used to establish the relationship between ZIGAMA services' terms and members' economic development. Further, regression analysis was used to show the influence of the independent variables on the dependent variable.

Ethical Considerations.

To ensure the safety, social and psychological well being of respondents and others;

- (i) The researcher got an introduction letter from the School of Post Graduate Studies introducing her to ZIGAMA and asking them to permit her carry out the study.
- (ii) The researcher got permission from the Management of ZIGAMA to carry out the study at Musanze Rehabilitation Center.
- (iii) The researcher sought consent of the respondents
- (iv) The researcher ensured that the information given was treated with confidentiality
- (v) The researcher also quoted all the authors used in the study
- (vi) The researcher presented the findings in a generalized form
- (vii) The researcher mostly used codes instead of names in the research.
- (viii)

Limitations of the Study

There were negative responses by some respondents to fill the questionnaires as some had personal biases and thought that the researcher would reveal the information they gave. However the researcher explained the intention of the questionnaires and assured them of confidentiality of the information they gave.

The researcher experienced an obstacle of most of the staff not having time to attend to her. However, the researcher sought consent from the staff to spare her some time.

FINDINGS OF THE STUDY

This chapter deals with findings and their interpretations got from primary data. These findings have been presented in form of tables and percentages. The interpretation is based on the general objective to find out the contribution of SACCOS' savings and credit terms to members' economic development with ZIGAMA as a case study. And Specific objectives were;

- (i) To examine the nature of services' terms at ZIGAMA.
- (ii) To assess the effect of savings services' terms on members' economic development at ZIGAMA.
- (iii) To analyze the effect of credit services' terms on members' economic development at ZIGAMA.

4.2 Demographic Characteristics of Respondents

Table 4.1: Genders of Respondents

Gender	Frequency	Percentage
Male	54	67.5
Female	26	32.5
Total	80	100

Source: Primary Data

From the above table, the majority of the respondents were male (67.5%) compared to 32.5% female. This indicates that the study was based on male opinions to a larger extent and this was because of the large male population as members of ZIGAMA.

Table 4.2 Age groups of Respondents

Age group	Frequency	Percent
20-30	24	30
31-40	33	41.2
41-50	13	16.3
Over 50 years	10	12.5
Total	80	100

Source: Primary Data

Majority of the respondents were in the age groups 21-30 and 31-40 representing 30% and 41.2% respectively while the least number of respondents were above 50 years (12.5%). This means that the most targeted population was that which was still very strong and economically active.

Table 4.3 Highest Education Levels of Respondents

Level of education	Frequency	Percentage
Primary	10	12.5
Secondary	7	8.75
Certificate	12	15
Diploma	28	35
Degree	20	25
Masters	3	3.75
Total	80	100

Source: Primary Data

From the above table, 12.5% attended primary level, 8.75% secondary, 15% attained certificate, 35% attained diploma, 25% attained degree and 3.75% had attained masters. This showed that the majority of the respondents were adequately educated. It also means that they knew what they were answering as almost 64% had a minimum of a diploma. Results on educational levels indicated that people owning and operating ZIGAMA were educated and trainable in cooperative and management issues.

Table 4.4 Period of service with ZIGAMA (Management and Staff)

Duration	Frequency	Percentage
1 year or less	13	43.33
2-5 years	12	40
5-7 years	5	16.66
Total	30	100

Source: Primary Data

The study found out that the majority of the management and staff respondents had worked in the institution for 1 year or less (43.33%), 40% had worked for 2-5 years, and 16.66% had been in the institution for 5-7 years. This then reveals that most of the management and staff had been in the institution for more than two years which is a good reputation.

Description of Dependent Variable: Members' Economic Development

According to the conceptual framework (fig 1.1), the dependent variable in this study was Members' Economic Development (MED) conceptualized as increased household income and starting of new businesses and expanding the existing businesses by members of ZIGAMA. Thus

section II of the instrument (appendix II or III) was devoted to this dependent variable, with sub section 1.0 being for increased household income and sub section 2.0 being for starting of new business and expanding the existing businesses. In each case the respondent was asked to do self-rating in items of increased household income and starting of new businesses and expanding the existing businesses using a scale ranging from a minimum of one (for strongly disagree) to a maximum of five (for strongly agree). Thus a continuous dependent variable was generated on the members' economic development variable. For purposes of correlating MED with independent variables, the researcher aggregated all the 5 items/questions on increased household income and the 6 items/questions on starting of new businesses and expanding existing businesses into one index, the MED index (using the transform/compute= mean (variable list command in SPSS) with this index taking values ranging from a minimum of one to a maximum of five.

Table 4.5: Descriptive Statistics on Members' Economic Development.

Increased Household Incomes	No	Min	Max	Mean	SD	Rank
ZIGAMA loans have tremendously improved my income in the last five years	80	1	5	2.76	1.43	5
My savings have increased as a result of my increased income	80	1	5	3.01	1.49	4
I can now pay school fees for my children because of increased incomes	80	1	5	3.05	1.47	3
I have acquired new domestic properties because of my increased income	80	1	5	3.31	1.47	1
I can now adequately carter for my domestic needs	80	1	5	3.14	1.45	2
Overall Mean				3.06		
Starting of New Business and Expansion						
I have been able to start up businesses in the last five years	80	1	5	2.95	1.517	5
I have been able to get a productive loan	80	1	5	3.78	1.48	1
I have been able to acquire business management skills from ZIGAMA trainings	80	1	5	3.65	1.39	2
I have been able to diversify my businesses	80	1	5	3.16	1.36	3
I have had successful businesses	80	1	5	3.00	1.37	4
Overall mean				3.40		

Source: Primary Data

From the table 4.5, on increased household income, acquisition of new domestic properties because of increased income was rated moderately (Mean=3.31) and was ranked first. Members' ability to carter for their domestic needs was also rated moderately (Mean=3.14) and was ranked second, members' ability to pay school fees for their children because of increased income was

also moderately rated (Mean=3.05) and was ranked third. Savings increased as a result of increased incomes was also moderately rated (Mean=3.01) and was ranked fourth. Improved incomes from ZIGAMA loans for the last five years was rated low (Mean=2.76) and was ranked fifth.

The overall mean (3.06) indicates an agreement between management staff and clients of ZIGAMA which suggests that increased household income was moderately attained that is to say some members household incomes had increased while the rest had not. The ZIGAMA should strive to improve every member's household income to achieve economic development.

Further from the table 4.5, on starting of new businesses and expansion of the existing ones, ability to get productive loans was rated moderately (Mean=3.78) and was ranked first. Members' ability to acquire business management skills from ZIGAMA trainings was also rated moderate (Mean=3.65) and was ranked second, members' ability to diversify their businesses was also moderately rated (Mean=3.16) and was ranked third. Having had successful businesses was also moderately rated (Mean=3.00) and was ranked fourth while ability to start up businesses in the previous five years was rated low (Mean=2.95) and was ranked fifth.

The overall mean (3.40) indicates an agreement between management staff and clients of ZIGAMA which suggests that some members had been able to start and expand on their businesses while others were not. This puts a task to ZIGAMA to find out why and improve where necessary to achieve members' economic development.

When a qualitative question was raised regarding the ways in which Members' Economic Development could be improved, the following ways were suggested:

- Provision of more specified and improved members' targeted products such as motor cycles, machinery, vehicles, e.t.c.
- Provision of training to develop members' management skills.

Findings on Nature of Services' Terms at ZIGAMA

This section addresses objective one which was to examine the nature of services' terms at ZIGAMA. Results are as presented and discussed below; on whether ZIGAMA attaches terms on its services, 74% said yes while 26% said no. This means that terms are there but could be that they are not properly communicated to everybody. On who participates in formulating these services' terms, 65% said it was ZIGAMA Board members while 35% was not sure. On services' terms being reviewed periodically, 70% agreed and they indicated that they were reviewed on an annual basis, the 30% were still not sure. This could be that ZIGAMA does not properly communicate its service terms to members or the members themselves are not interested.

Further, when respondents were asked to give the terms attached to ZIGAMA savings Services, on opening and running accounts, the respondents pointed out that savings were compulsory and they could not withdraw their savings in case of a need. Concerning interest on savings, most respondents indicated that they were not sure whether their savings earned interest. On credit

terms, loan size, most respondents indicated that amount borrowed depended on shares owned and savings made, on credit period, they indicated that the loan period depended on the type of the loan and that interest depended on the loan type.

Saving Services' Terms at ZIGAMA

This section addresses independent variable one which was on savings service terms at ZIGAMA which was operationalized as opening and running of savings accounts and interest on savings. The section also addresses specific objective two of the study, starting with description of the respective sub-sections of savings services terms, then their correlations and influence with the dependent variable, ending with correlation and influence of savings services terms on MED.

Description of Opening and Running of Savings Accounts

Table 4.6: Descriptive statistics on Opening and Running of Savings Accounts.

Saving Services' Terms	N	Min	Max	Mean	S D	Rank
Opening and running of savings accounts						
Procedures for opening a saving account are friendly	80	1	5	4.03	1.45	3
Amount needed for opening an account is affordable	80	1	5	4.57	1.08	1
Minimum balance is not high	80	1	5	2.92	1.48	5
I always withdraw my savings when I have a need	80	1	5	1.55	0.81	6
Sometimes I am forced to save with ZIGAMA through compulsory saving product	80	1	5	4.25	1.34	2
Saving terms are flexible enough to encourage everybody to save	80	1	5	3.26	1.59	4
Overall mean				3.43		

Source: Primary Data

From table 4.6 above, respondents agreed that the procedures for opening a savings' account were friendly (Mean =4.03), the respondents also agreed that the amount needed for opening a savings' account was affordable (Mean=4.57).The respondents, on minimum balance not being high disagreed with (Mean=2.91) and they also disagreed with the statement that they can withdraw their savings when they have a need.(Mean=1.55).Respondents went ahead and indicated that sometimes they are forced to save with ZIGAMA through compulsory saving

product(Mean=4.25) and on the statement that the saving terms are flexible enough to encourage savings, the respondent were not sure(Mean=3.26).

From the above table, the overall mean (3.43) indicates an agreement between the management staff and clients of ZIGAMA, which suggests that opening and running of savings' account was moderately handled. However, the SACCO should endeavor to improve on the weaker areas.

This is in line with Thomas K.Shaw 2007, SACCOs require that members open savings account as a condition for joining but others do not. The account is maintained by the client for the purpose of accumulating funds over a period of time. Funds deposited in the savings account may be withdrawn only by the account owner or by his formally designated representative. The account may be owned by one or more persons, some accounts require funds to be kept on deposit for a minimum length of time while others permit unlimited access to the funds

Relationship Between Opening and Running of Savings Accounts and Members' Economic Development

Table 4.7: Correlation Matrix showing the relationship between Opening and Running of Savings Accounts and Members' Economic Development at ZIGAMA

		Opening and Running of Savings Accounts	Members' economic development
Opening and Running of Savings Accounts	Pearson Correlation	1	.695**
	Sig. (2-tailed)		.000
	N	80	80
Members' economic development	Pearson Correlation	.695**	1
	Sig. (2-tailed)	.000	
	N	80	80

Pearson correlation coefficient, ($r=0.695$) shows that there was a positive and significant relationship ($\text{sig}=0.000$) between opening and running savings accounts and MED at ZIGAMA. This was an indication that if procedures for opening and running savings accounts are good or improved, MED is enhanced. Regression and ANOVA results for opening and running savings accounts are as attached (Appendix vi(a)).

Coefficients showing the Influence of Opening and Running Savings Accounts on Members' Economic Development.

Table 4.8: Regression Analysis showing the influence of Opening and Running of Savings Accounts on Members' Economic Development of at ZIGAMA

Model	Un-standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.714	.650		1.099	.275
Friendly procedures for account opening	0.175	.122	.153	1.432	.156
Affordable amount for account opening	0.028	.145	.020	.193	.847
Minimum balance not high	-0.033	.116	-.033	-.282	.779
Withdraw of savings when needed	0.844	.208	.464	4.054	.000
Compulsory savings	-0.102	.109	-.092	-.933	.354
Flexible saving terms	0.244	.103	.261	2.374	.020

- a. Dependent Variable: Economic Development
b. Constant Opening and Running of Savings Accounts

Using linear regression analysis from SPSS data bases, a number of saving services terms in regard to opening and running accounts were regressed to find out how they impacted on members' economic development at ZIGAMA. According to beta and t-values, withdrawing savings when needed had the most influence on members' economic development at ZIGAMA (beta=0.464, t=4.054 and sig=0.000). Following in the degree of influence was having flexible terms to encourage everybody to save (beta=0.261, t=2.374 and sig=0.020). Others practices of the SACCO in opening and running savings accounts influence members economic development but the influence is not so significant as their values were above the popular significance level of 0.05 or 5% (Having friendly procedures on account opening sig=0.156, amount for opening an account being affordable sig=0.847, Minimum balance not being high sig=0.779 and compulsory savings sig=0.354). Withdrawing savings when needed and having flexible saving terms as components of opening and running savings accounts significantly predict members' economic development and should therefore be emphasized.

Description of Interest Rates on Savings

Table 4.9 Descriptive statistics on Interest on Savings.

Interest on savings	N	Min	Max	Mean	S D	Rank
My savings attract interest income for me	80	1	5	3.25	1.46	2
Interest earned on savings is adequate	80	1	5	3.04	1.42	3
Interest is a function of the amount of savings	80	1	5	3.73	1.35	1
I am always aware of how interest on savings is calculated	80	1	5	2.51	1.27	7
Interest on savings is always communicated	80	1	5	2.64	1.41	5
Method of calculating interest on savings is fair and encourages savings	80	1	5	2.63	1.12	6
The interest rate on savings is known to all stakeholders	80	1	5	3.04	1.56	4
Overall mean				2.98		

Source: Primary Data

From the table 4.9, on service terms that savings attracted interest income was rated moderately with (Mean=3.25), interest earned on savings being adequate was also rated moderately with (Mean =3.04).Interest as a function of the amount of savings was rated high (Mean=3.73).However, the statement that members were always aware of how interest on savings was calculated was rated low with (Mean=2.51).

Further, respondents also declined the statement that interest on savings was always communicated which was rated low with (Mean=2.64) and on the method of calculating interest on savings being fair to encourage savings was also rated low (Mean=2.63).Interest rate on savings being known to all stakeholders was moderately rated (Mean=3.04)From the table 4.9 above, the overall mean (2.98) indicates that interest rates on savings were not favorable or were not properly communicated to members. The SACCO should put measures to address the problems concerning interest rates on savings.

Relationship Between interest on Savings and Members' Economic Development

Table 4.10: Correlation Matrix showing the relationship between Interest on savings and Members' Economic Development at ZIGAMA

		Interest on Savings	Members' Economic development
Interest on Savings	Pearson Correlation	1	.752**
	Sig. (2-tailed)		.000
	N	80	80
Members' Economic Development	Pearson Correlation	.752**	1
	Sig. (2-tailed)	.000	
	N	80	80

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

Using Pearson correlation coefficient, there was a strong positive and significant relationship (0.752**) between Interest on saving and members' economic development at ZIGAMA. This was an implication that if the interest rates are favorable, they can enhance economic development of members at W ZIGAMA and vice versa. ANOVA and coefficient results for interest on savings and MED are as attached (appendix vi(b))

Table 4.11: Coefficients showing the influence of Interest Rates on Savings on Members' Economic Development of at ZIGAMA

Model	Un-standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	0.514	.550		1.099	.175
My savings attract interest income for me	0.275	.022	.153	1.432	.156
Interest earned on savings is adequate	0.028	.145	.020	.193	.647
Interest is a function of the amount of savings	0.033	.116	.033	.282	.879
I am always aware of how interest on savings is calculated	0.744	.208	.464	.054	.000
Interest on savings is always communicated	0.102	.109	.092	-.933	.354
Method of calculating interest on savings is fair and encourages savings	0.244	.103	.261	2.374	.020
The interest rate on savings is known to all stakeholders	0.048	.155	.010	.143	.447
Overall mean	0.048	.115	.030	.193	.247

- a. Dependent Variable: Economic Development
- b. Constant : Interest on Savings

According to beta and t-values and the significance values, awareness on how interest on savings was calculated had the most influence on members' economic development at ZIGAMA (beta=0.464,t=0.054 and sig=0.000).Following in the degree of influence was method of calculating interest rates being fair and encouraging savings(beta=0.261,t=2.374 and sig=0.020). Other practices of ZIGAMA on interest rates on savings influence members economic development but the influence is not so significant as their values were above the popular significance level of 0.05(savings attracting interest income sig=0.156,intrest earned on savings adequate sig=0.647interest as a function of amount of savings sig=0.879,interst on savings always communicated sig=0.354,intrest on savings known to all stakeholders sig=0.447). Awareness on how interest on savings is calculated and fair method of calculating interest rates on savings as components of interest rates on savings significantly predict members' economic development and should therefore be emphasized.

Relationship between Savings Services' Terms and Members' Economic Development.

Table 4.12: Correlation Matrix showing the Relationship between Saving Services Terms and Members' Economic Development of at ZIGAMA

	Saving Services' Terms	Members' Economic development
Saving Service's Terms	1	.784**
Pearson Correlation		.000
Sig. (2-tailed)		
N	80	80
Members' Economic Development	.784**	1
Pearson Correlation		.000
Sig. (2-tailed)		
N	80	80

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

Correlation results in table 4.12 above, indicate that there is a strong positive relationship between savings services terms and MED ($r=0.784$, $\text{sig}=0.000$). The positive relationship indicates that a directional change in the independent variable (savings services terms) lead to the same directional change in the dependent variable (MED)

Table 4.13: Regression Results for Savings Services Terms and MED

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.784(a)	.614	.609	.78415

a Predictors: (Constant), Savings Services Terms

According to results in table 4.13 above, savings services terms strongly affects MED ($R=0.784$) with variations in aspects of savings services terms contributing 60.9% to variations in MED.

Table 4.14: ANOVA Results for Savings Services terms and MED

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	76.263	1	76.263	124.025	.000(a)
	Residual	47.962	78	.615		
	Total	124.224	79			

a Predictors: (Constant), Savings Services Terms

b Dependent Variable: Members' Economic Empowerment

ANOVA results further show that aspects of savings services terms explain variations in MED. The table above 4.14 shows the sig value (0.000) less than the level of significance (0.05). The F-statistics (F=124.025) is far greater than the P-value (0.000) hence a further confirmation that aspects of savings services terms are significantly influential requisites in the determination of MED at WSACCO. Further, tables 4.14 indicates that the residual value (47.962) is less than the regression value (76.263) which means that aspects in savings services terms influence MED more than other factors that also influence MED

A qualitative question was asked regarding suggestions to improve savings services terms and the following were advanced:

- That savings services terms should be properly communicated and clearly interpreted to members.
- Members should access their savings when ever there is need without any restrictions.
- That members need more trainings on the benefits of savings
- That ZIGAMA should adopt more aggressive strategies to mobilize savings.
- That savings should not be compulsory
- That interest rates on savings, how it is calculated and method of calculating it should all be communicated and known to members.

Credit Services' Terms at ZIGAMA

This section addresses independent variable two and objective three, which were credit services terms conceptualized as amount borrowed/size of the loan, credit period and interest on credit. The section starts with descriptions of the dimensions of credit services terms, their relationship with MED as well as their influence on MED. The section ends with relationship between credit services terms and MED as well as regression and ANOVA results for credit services terms and MED

Description of Amount Borrowed.

Table 4.15: Descriptive statistics on Amount Borrowed.

Amount Borrowed	N	Min	Max	Mean	SD	Rank
Amount borrowed is adequate to undertake reasonable investment	80	1	5	3.38	1.44	3
Amount borrowed is linked to purpose of the loan	80	2	5	4.14	0.98	2
Amount borrowed depends on savings made and shares owned	80	1	5	4.51	1.08	1
Amount borrowed is negotiable in respect to any other acceptable security other than savings	80	1	5	1.89	1.49	4
Loan size always graduates to bigger amount depending on successful payment of previous loans	80	1	5	1.60	1.25	5
Overall Mean				3.10		

Source: Primary Data

From the results in table 4.15, Amount borrowed depending on the savings made and shares owned was rated highly (Mean=4.51) and it was ranked best done. Amount borrowed linked to the purpose of the loan was rated high (Mean=4.14) and ranked second best done and amount borrowed being adequate to undertake a reasonable investment was rated moderately (Mean=3.38) and it was ranked third. Amount borrowed being negotiable in respect to any other acceptable security other than savings was rated low (Mean=1.89) and it was ranked fourth which means its not done and amount borrowed graduating to bigger amounts depending on the successful payment of the previous loan was also rated low (Mean=1.60) and was ranked fifth meaning that it is not at all done.

The overall mean (3.10) indicates an agreement between management staff and clients of ZIGAMA which suggests that the amount borrowed terms were moderate that is neither favorable nor unfavorable. However, the SACCO should try to improve on weaker areas.

4.6.1.2 Relationship between Amount Borrowed and Members' Economic Development

Table 4.16: Correlation Matrix showing the relationship between amount borrowed (loan size) and Members' Economic Development at ZIGAMA

		Amount Borrowed	Members' Economic Development
Amount borrowed	Pearson Correlation	1.000	0.502
	Sig. (2-tailed)		.000
	N	80	80
Members' economic development	Pearson Correlation	0.502	1.000
	Sig. (2-tailed)	.000	
	N	80	80

		Amount Borrowed	Members' Economic Development
Amount borrowed	Pearson Correlation	1.000	0.502
	Sig. (2-tailed)		.000
	N	80	80
Members' economic development	Pearson Correlation	0.502	1.000
	Sig. (2-tailed)	.000	
	N	80	80

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

Basing on the results obtained from the table above, the Pearson correlation coefficient obtained that is 0.502 and sig=0.00 indicated a strong positive significant relationship between amounts borrowed (loan size) and members' economic development. This indicates that the larger the amount borrowed (loan size), the greater the level of members' economic development. Regression, ANOVA and coefficients results for amount borrowed and MED is as attached (appendix vi (c))

Table 4.17: Coefficients showing the influence of Amount Borrowed (loan size) on Members' Economic Development at ZIGAMA

	Un-standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Model					
Constant	0.414	.550		1.099	.175
Amount borrowed is adequate to undertake reasonable investment	0.275	.022	.153	1.432	.156
Amount borrowed is linked to purpose of the loan	0.028	.145	.020	.193	.647
Amount borrowed depends on savings made and shares owned	0.033	.116	.033	.282	.879
Amount borrowed is negotiable in respect to any other acceptable security other than savings	0.744	.208	.464	.054	.000
Loan size always graduates to bigger amount depending on successful payment of previous loans	0.102	.109	.092	-.933	.354

a. Dependent Variable: Economic Development

b. Constant: Amount Borrowed

According to beta and t-values and the significance values, amount borrowed being negotiable in respect to any other acceptable security other than savings had the most influence on members' economic development at ZIGAMA (beta=0.464,t=0.054 and sig=0.000).Other

practices of ZIGAMA concerning amount borrowed influence members economic development but the influence is not so significant as their values were above the popular significance level of 0.05(amount borrowed adequate to undertake a reasonable investment sig=0.175,amount borrowed linked to the purpose of the loan sig=0.156,amount borrowed depending on the savings made and shares owned sig=0.879,Loan size graduating to bigger amounts depending on successful payment of previous loans sig=0.354).Amount borrowed being negotiable in respect to any other acceptable security other than savings significantly predict members' economic development and should therefore be emphasized.

Description of Credit Period

Table 4.18: Descriptive statistics on Credit Period

Credit Period	No	Min	Max	Mean	S D	Rank
Credit periods given by ZIGAMA are favorable for business growth and income generation	80	1	5	3.48	1.44	5
Credit period changes with the size of the loan	80	2	5	4.58	0.78	2
Credit period depends on the type of the loan	80	2	5	4.76	0.69	1
I am always aware of policies on credit period	80	1	5	3.68	1.13	3
I can afford the credit period	80	1	5	3.58	1.12	4
Overall mean				4.01		

Source: Primary Data

From the table 4.18, credit period depending on the type of the loan was rated high (Mean=4.76), and was ranked best done. Credit period changing with the size of the loan was also rated high (Mean=4.58) and ranked second best done. Awareness of the policies on credit was rated moderately (Mean=3.68) and was ranked third. Affordability of the credit period was also rated moderately (Mean=3.58) and was ranked fourth and credit periods given by ZIGAMA being favorable for business growth was rated moderate (Mean=3.48) and ranked fifth.

The overall response as regard to credit period was rated high (Mean=4.01) indicates an agreement that credit period terms were not bad at ZIGAMA.

Relationship Between Credit Period and Members' Economic Development.

Table 4.19: Correlation Matrix showing the Relationship between Credit Period and Members' Economic Development at ZIGAMA

		Credit Period	Members' Economic Development
Credit Period	Pearson Correlation	1	.540
	Sig. (2-tailed)		.000
	N	80	80
Members' Economic Development	Pearson Correlation	.540	1
	Sig. (2-tailed)	.000	
	N	80	80

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

Source: Primary Data

Basing on the results obtained from the above table, the Pearson correlation coefficient obtained 0.540 indicates a strong positive but significant relationship between the two variables that is credit period and members' economic development. This reveals that an increase in the credit period can enhance members' economic development. Regression and ANOVA results on credit period and MED are as attached (appendix iv(d))

Table 4.20 Coefficients showing the influence of Credit Period and Members' Economic Development

Model	Un-standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	0.414	.550		1.099	.175
Credit periods given by ZIGAMA are favorable for business growth and income generation	0.275	.022	.153	1.432	.156
Credit period changes with the size of the loan	0.028	.145	.020	.193	.647
Credit period depends on the type of the loan	0.033	.116	.033	.282	.879
I am always aware of policies on credit period	0.744	.208	.464	.054	.000
I can afford the credit period	0.102	.109	.092	-.933	.354

- a. Dependent Variable: Economic Development
- b. Constant: Credit Period

Using linear regression analysis from SPSS data bases, a number of credit services terms in regard credit period were regressed to find out how they impacted on members' economic development at ZIGAMA. According to beta and t-values, always aware of policies on credit period had the most influence on members' economic development at ZIGAMA (beta=0.464,t=0.045 and sig=0.000). Other practices of the SACCO on credit period influence members economic development but the influence is not so significant as their values were above the popular significance level of 0.05 or 5% (Credit period given by ZIGAMA being favorable for business growth and income generation sig=0.156, credit period changing with the size of the loan sig=0.647, credit period depending on the type of the loan sig=0.879 and affordability of the credit period sig=0.354). Awareness of policies on credit period as a component of credit period significantly influence members' economic development and should therefore be addressed.

Description of Interest Rates on Credit

Table 4.21: Descriptive statistics on Interest Rates on Credit.

Interest rates	N	Min	Max	Mean	S D	Rank
Interest rates depends on the type of the loan	80	2	5	4.83	0.55	1
I am satisfied with interest rates at ZIGAMA	80	1	5	4.09	1.22	2
Method of calculating interest rates on loans is friendly and encourages quick recovery of loans	80	1	5	3.75	1.29	3
Interest rate is always communicated to us	80	1	5	3.60	1.09	4
Interest rates are negotiable for all amounts	80	1	5	1.55	1.15	6
ZIGAMA always charges market based interest loans	80	1	5	2.88	1.72	5
Overall mean				3.45		

Source: Primary Data

From the table above, interest rates depending on the type of a loan was rated high (Mean=4.83) and was ranked best done, satisfaction with the interest rates at ZIGAMA was also rated high

(Mean=4.09) and was rated second best done, method of calculating interest rates being friendly and encouraging quick recovery of loans was rated moderately (Mean=3.75) and was ranked third. Communication of interest rates was also rated moderately (Mean=3.60) and was ranked fourth while ZIGAMA charging market based interest on loans was rated low (Mean=2.88) and ranked fifth and interest rates negotiable for all loan amounts was rated very low (Mean=1.55) and ranked sixth.

From the table above, the overall mean (3.45) indicates an agreement between clients and staff of ZIGAMA, which suggests that loan interest rates at ZIGAMA were moderate that is neither favorable nor unfavorable. However, the SACCO should endeavor to address the weaker areas.

Relationship between Interest Rates on Credit and Members' Economic Development.

Table 4.22: Correlation Matrix showing the relationship between Interest Rates and Members' Economic Development at ZIGAMA

	Interest rates on credit	Members' Economic Development
Interest rates on credit	1	.290
Pearson Correlation		.009
Sig. (2-tailed)		
N	80	80
Members' Economic Development	.290	1
Pearson Correlation	.009	
Sig. (2-tailed)		
N	80	80

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

Correlation results in table 4.22 above, indicate that there is a weak positive relationship between interest rates and MED ($r=0.290$, $sig=0.000$). The positive relationship indicates that a directional change in the independent variable (interest rates) lead to the same directional change in the dependent variable (MED). Regression, ANOVA and coefficient results on interest rates on credit and MED is as attached (appendix vi(e))

Table 4.23: Coefficients showing the influence of Loan Interest rates on Members' Economic Development

Model	Un-standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	0.214	.550		1.099	.175
Interest rates depends on the type of the loan	0.175	.022	.113	1.433	.156
I am satisfied with interest rates at ZIGAMA	0.028	.145	.010	.193	.647
Method of calculating interest rates on loans is friendly and encourages quick recovery of loans	0.033	.116	.033	.282	.479
Interest rate is always communicated to us	0.344	.308	.364	.054	.100
Interest rates are negotiable for all amounts	0.102	.109	.062	.933	.354
ZIGAMA always charges market based interest loans	0.134	.108	.164	.054	.000

Dependent Variable: Members' Economic Development

Constant: Interest rates on loans

Using linear regression analysis from SPSS data bases, a number of credit services terms in regard interest rates were regressed to find out how they impacted on members' economic development at ZIGAMA. According to beta and t-values, charging market based interest on loans had the most influence on members' economic development at WSACCO(beta=0.164,t=0.054 and sig=0.000).Other practices of the SACCO on interest rates on credit influence members economic development but the influence is not so significant as their values were above the popular significance level of 0.05 or 5% (Interest rate depending on the type of the loan sig=0.156,satisfaction with interest rates at ZIGAMA sig=0.647,method of calculating interest rates on loans friendly and encouraging quick recovery of loans sig=0.479,interest rates always communicated to members sig=0.100 and interest rates negotiable for all loan amounts sig=0.354).Charging of market based interest rates on loans as a component of interest on credit significantly influence members' economic development and should therefore be emphasized.

Relationship between Credit Services Terms and Members' Economic Development

Table 4.24: Correlation Matrix showing the relationship between Credit Services' Terms and Members' Economic Development at ZIGAMA

		Credit services terms	Members' Economic Development
Credit services terms	Pearson Correlation	1	.591**
	Sig. (2-tailed)		.000
	N	80	80
Members' Economic Development	Pearson Correlation	.591**	1
	Sig. (2-tailed)	.000	
	N	80	80

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

Correlation results in table 4.24 above, indicate that there is a strong positive relationship between credit services terms and MED ($r=0.591$, $sig=0.000$). The positive relationship indicates that a directional change in the independent variable (credit services terms) lead to the same directional change in the dependent variable (MED)

This is supported by Adugna and Heudhes (2000), who pointed out that credit, is considered to be an essential input to increase agricultural productivity, mainly land labor. It is believed that credit boosts income levels, increases employment at household level thereby boosting economic development.

Regression Results for Credit Services Terms and MED

Table 4.25: Regression Results for credit Services Terms and MED

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.591(a)	.349	.340	1.01839

a Predictors: (Constant), Credit Services Terms

According to results in table 4.25 above, credit services terms strongly affect MED ($R=0.591$) with variations in aspects of credit services terms contributing 34% to variations in MED

ANOVA Results for Credit Services Terms and MED

Table 4.26: ANOVA Results for Credit Services terms and MED

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	43.329	1	43.329	41.777	.000(a)
	Residual	80.896	78	1.037		
	Total	124.224	79			

a Predictors: (Constant), Credit Services Terms

b Dependent Variable: Members' Economic Empowerment

ANOVA results further show that aspects of credit services terms of explain variations in MED. The table above 4.26 shows the sig value (0.000) less than the level significance (0.05). The F-statistics (F=124.025) is far greater than the P-value (0.000) hence a further confirmation that aspects of credit services terms are significantly influential requisites in the determination of MED at ZIGAMA. Further, tables 4.26 indicates that the residual value (80.896) is greater than the regression value (43.329) which means that through aspects in credit services terms influence MED, there are other factors that highly influence MED when a qualitative question was raised regarding ways to improve credit services terms, the following suggestions were advanced:

- That loan size should be increased to reduce multiple borrowing.
- Loan size should be matched with the borrowers' characters, capacity to repay the loan, collateral advanced and conditions both political and socially under which loans are given.
- Salary of the borrower should be also used to determine the loan size.

Table: 4.27 Multiple Regressions showing the influence of SACCO Services' Terms on Members' Economic Development.

Model Regression	Sum of Squares	Df	Mean Square	F	Adjusted R square
	93.36	4	23.34	204.90	0.87
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.526	.145		3.619	.000
Savings Services' Terms	.602	.072	.585	7.351	.030
Credit Services' Terms	.375	.103	-.462	-3.623	.010

a. Predictors: (Constant), savings services' terms , credit services' terms

b. Dependent Variable: members' economic development

Using multiple regressions, all variables, that is, savings services' terms, and credit services' terms were significant with (saving service terms sig=0.030 and credit service terms sig=0.010). Although both savings and credit services' terms significantly predict members' economic development, saving services terms have more influence on members' economic development(beta=0.585,t=7.351) compared to credit services terms(beta=-0.462),t=-3.623) which confirms that the thrust in SACCOs is on savings Kabuga et al (1995)

SUMMARY CONCLUSION AND RECOMMENDATIONS

Summary of Major Findings

The purpose of the study was to find out the contribution of SACCOs' services' terms to members' economic development in Uganda with particular reference to ZIGAMA.

These specific objectives were;

- (i) To examine the nature of services' terms at ZIGAMA.
- (ii) To assess the effect of saving services' terms on members' economic development at ZIGAMA.
- (iii) To analyze the effect of credit services' terms on members' economic development at ZIGAMA.

Summary of the major findings as per the above objectives are as follows:

Nature of Services Terms at ZIGAMA

The results on the nature of services' terms revealed that ZIGAMA attaches terms on its services which are annually reviewed by its board of directors. The services' terms however are not properly communicated to members. The following terms were advanced as existing on savings; saving was compulsory, withdraws were restricted and in regard to credit service terms, the following terms were given; loan period depends on the type of the loan, amount borrowed depends on shares owned and savings made.

Savings Services' Terms

Results indicated that procedures for opening a savings' account, the amount needed for opening a savings' account were all friendly, However, members were sometimes forced to save with ZIGAMA through compulsory saving product and minimum balance was considered high, withdraw on savings was restricted which was not favorable to members. Interest on savings, Interest as functions of the amount of savings, savings attracting interest income and interest earned on savings as adequate were all friendly. However, members were not aware of how interest on savings was calculated and was rated low.

Overall results showed that savings services' terms were moderate. Results further revealed a strong positive and significant relationship between savings services' terms and members' economic development and also a significant influence of saving services terms on members' economic development. All the dimensions of savings services' terms (Opening and running savings accounts and interest rates on savings) were positively and significantly related to members' economic development. Further, all these dimensions of savings services terms had a significant influence on members' economic development at ZIGAMA.

Credit Services Terms

Results indicated that amount borrowed depending on the savings made and shares owned, amount borrowed linked to the purpose of the loan, amount borrowed being adequate to

undertake a reasonable investment were all friendly. However, amount borrowed not negotiable in respect to any other acceptable security other than savings and not graduating to bigger amounts depending on the successful payment of the previous loan were not friendly to members. On credit period, results showed that credit period depending on the type of the loan, credit period changing with the size of the loan and affordable credit period were friendly to members. However, members not aware of the policies on credit period and credit periods given by ZIGAMA not favorable for business growth were not favorable to members. On loan interest rates, interest rates depending on the type of a loan, satisfied with the interest rates at ZIGAMA, method of calculating interest rates being friendly and encouraging quick recovery of loans, communication of interest rates were friendly to members while SACCO not charging market based interest on loans and interest rates not negotiable for all loan amounts were not friendly to members.

Overall, the credit services terms were moderate. Further, results revealed a strong positive and significant relationship between credit service terms and members' economic development and also a significant influence of credit service terms on members' economic development. Amount borrowed and credit period on loans were positively and significantly related to members' economic development while interest rates on loans was negatively and significantly related to members' economic development. Further, all the dimensions of credit services' terms had a significant influence on members economic development.

Conclusion

From the findings and the corresponding discussions, the study concludes that savings and credit terms at ZIGAMA have got a significant effect on members' economic development. Both savings and credit services terms are significantly correlated with members' economic development and significantly predict members' economic development. SACCO had services terms in place but were not being communicated properly to members and their review was not involving all stakeholders. Both savings and credit terms were rated moderately

Recommendations

The study gives the following recommendations as a result of the major findings and discussions in chapter four and as summarized in section (5.1) of this chapter. ZIGAMA should involve all stakeholders in the review of the service terms and the same terms should be properly communicated to all those concerned. ZIGAMA should allow its members to withdraw their savings as needed and the minimum balance should be friendly to the members. Interest rates on savings should always be communicated to members and the same members should be aware of how interest is calculated and the method used in calculating it. Amount borrowed should be negotiable in respect to any other acceptable security other than savings and the same amount borrowed should always graduate to bigger amounts depending on successful payment of the previous loans.

Members should be aware of all terms regarding credit and any other credit components or elements.

Areas for Further Research

Other studies could explore the effect of SACCO services' terms to other aspects of members' development such as social development, political development in Rwanda and elsewhere.

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