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Micro Finance Credit Scheme and Youth Entrepreneurship Performance in Rwanda: A Case of Youth Facilitated by Vision Fund in Nyarugenge District

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Abstract:
This study aimed to assess the contribution of credit schemes on youth entrepreneurship in Rwanda, specifically in Nyarugenge district. The research involved 540 respondents, including 72 youth entrepreneurs, eight local leaders, and two Vision Fund staff. Both qualitative and quantitative data were used, with the quantitative data containing statistical expressions to interpret achievements. The results showed that fixed pay and salary increases employees' performance, while minority disagreed. The null hypothesis was rejected, and the alternative hypothesis was accepted, indicating that the independent variable influences youth entrepreneurs' performance at Vision Fund, Rwanda. The regression equation demonstrated that youth entrepreneurs' performance at Vision Fund, Rwanda will always depend on a constant factor of.453, regardless of other factors. The majority of respondents agreed that microfinance has an average number of days a borrower needs to pay bills and obligations in specified periods, while minority disagreed. The ANOVA showed a p-value less than 0.05, indicating that there is no statistical significant relationship between credit limits and collection period and youth entrepreneurs' performance. Therefore, credit limits and collection period in Vision Fund are not implemented by top management, which does not have a statistical influence on youth entrepreneurs' performance. The researcher suggested several recommendations for management, such as understanding the default probability of default of entrepreneurs to gauge their future default risk, having a standard credit limit for existing terms and conditions in microfinance, and collecting customer information to improve customer satisfaction and retention. Overall, this study highlights the importance of credit schemes in fostering youth entrepreneurship and promoting economic growth in Rwanda.
Keywords: *Micro Finance, Credit Scheme, Youth, Entrepreneurship, Rwanda.*

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1. Introduction

Internationally, the development of entrepreneurship has been hailed as critical in the promotion of a sustainable economic development of nations, wealth creation, and poverty alleviation (William, Litan, & Schramm, 2017). Moreover, with unemployment rapidly increasing especially in the less developed countries, the development of entrepreneurship has been considered as a creator of productive employment, and the generation of value added income, thus making a significant contribution towards the attempt to reach the poorest of the poor (William, 2017).Youth entrepreneurship is a fairly new yet growing field in the world of development programs. Entrepreneurship is the recognition of an opportunity to create value, and the process of acting on this opportunity, whether or not it involves the formation of a new entity (Ewelukwa, 2017).

According to Fasoranti (2010) for quite some time, breaking the circle of poverty and attaining sustainable development has eluded developing countries. Poverty for long has been a major contending force against the pace of development in Nigeria especially the rural areas. It has remained persistently unabated despite many laudable programmes designed to alleviate it. Thus, poverty has become a major concern for development experts and international agencies. Youth schemes in terms of credit innovations have helped Nigeria to address these issues (Alexandru, 2018).

The formal banking system still faces constraints in reaching dispersed poor clients due to lack of improved service infrastructure. Similarly, formal lending is highly collateralized and attracts very high interest rates. Collateral requirements help formal institutions in determining the credit worthiness of potential borrowers, since they often know very little about would-be borrowers (Nelson & Nelson, 2010). However, they make financial services inaccessible to the poor. Improved access to credit for the rural poor is central to sustainable poverty alleviation because it enables them to invest in and improve productivity in agriculture, small businesses and small-scale manufacturing, thereby empowering them to break out of poverty in a sustained and self-determined way. Guaranteeing young people access to credit for meaningful economic activities require specific financial service schemes that mobilize savings and intermediate financial services. Micro-Micro finance credit scheme emerged to fill this gap in the financial service delivery system. Modeled after the Grame an Bank poverty reduction initiatives in Bangladesh, micro-Micro finance credit scheme mediate the delivery of small, low interest and non-collateralized credits to the rural poor, relying on social collateral and joint liability (Nelson & Nelson, 2010).

Rwanda, like many other developing countries, has for long been making effort to accelerate the pace of his economic development by putting in place programs to

reduce the rate of poverty through empowering people, by increasing their access to factors of production, especially financial access (MINLOG, 2019). Therefore, to enhance the flow of financial services in the youth, Rwandan government has, in the past initiated a series of micro credit programs and policies that targeted at the small medium enterprises (SMEs), women and youth, Farmers, among these programs is the rural banking programmes (Umurenge Savings and credit cooperative societies (SACCOs), Vision Umurenge Program (VUP) and so on (MINLOG, 2020).
However, these programs become less or ineffective in comparison with the needs of the country, largely due to the inability to provide services needed by the youth group and poor at purely grassroots level. Regarding role played by youth in the society, as valuable resources for sustainable economic development. Being tomorrows' leaders, youth are considered to be at the highest rung of the poverty ladder due to their strength, knowledge, and skills but in reality they are poorest of the poor due to poor access to credit facilities, lack of collaterals, perception of lending institutions towards youth and limited incentives to reach out to more young people, low level of entrepreneurial culture and other expectations from the society. These pitfalls become impediment in the socio-economic development of youth in Rwandan society (MINLOG, 2019).
The need to enhance financial access and credit in the Rwandan Rural areas and reduce ever-increasing incidence of poverty among youth, prompted the Government of Rwanda (GoR) and Banque Rwandaise de Development (BRD) to introduce well focused and appropriate policies through Business Development Fund (Vision Fund) a program that was introduced in 2019, (MINECOFIN, 2019). The objectives of these policies are to expand financial access and credit enhancement programs (credit guarantees, microloans, matching grants and refinancing facilities) through the lending institutions, harmonize operating standards and provide platform for the evolution SMEs and entrepreneurship in all Rwandan as far as youth is concerned. Business Development Fund (Vision Fund) is a pioneer of modern banking guarantee practices in the Rwandan market. It is the sole established local guarantee institution designed to compel financial inclusion and access to financial services of individual Rwandans, associations, cooperatives and companies (MINECOFIN, 2020). The researcher was interested in studying the impact of credit scheme on youth entrepreneurship in Rwanda. A case of Vision Fund in Nyarugenge district.

2. Problem Statement

The youth are universally recognized as an important part of any society. To this end, both global and local programs as well as institutions have focused efforts upon

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the youths. For example, the United Nations has set aside every twelfth day of August of every year as an International Youth Day, United Nations Development Program (Romanescu, 2018). This was all intended to mobilize local and international attention towards the youth and the problems they face particularly unemployment. The rate of unemployment is alarming International Labor Organization (2020). Though entrepreneurship has been thought of as a measure of preventing unemployment amongst the youth, many youth have minimized it hoping that there is no use for engaging in entrepreneurship (Oposia, 2011).

Despite the launching poverty alleviation and access to finance programs such as Umurenge Program, Savings and credit cooperative societies among others, youth still face constraints related to inadequate financing and lack of capital mainly due to lack of collateral requirements, cultural related factors, un-employment, illiteracy among others which hinders them from starting entrepreneurship business, (BDRC Continental, 2018).

It was not until 2019 that Vision Fund was initiated with a variety of programs all aimed at solving the credit needs of the youth and women. However, not many studies have been undertaken to establish the role of credit enhancement programs (credit scheme) and youth entrepreneurship in Rwanda. This study therefore intends to assess the extent at which credit scheme contributed to youth entrepreneurship in Rwanda, a case study of youth facilitated by Vision Fund in Nyarugenge district.

2.1 Research Objective

The study aimed to assess the extent at which credit scheme contributed to youth entrepreneurship performance in Rwanda, a case study of youth facilitated by Vision Fund in Nyarugenge district.

3. Literature Review

3.1 Overview of youth entrepreneurship in the world

Young people represent one of the fastest growing segments of the world's population. In 2003, the World Development Report estimated a population of 1.2 billion young people between the ages of 15 and 24, most of whom are located in the developing world (Plan UK, 2013). More recent estimates suggest this population has now grown to over 1.8 billion United Nations. This 'bulge' in the youth population is largely due to success in reducing infant mortality, combined with high fertility rates (Plan UK, 2020). If managed well, countries have the potential to experience what has been termed a 'demographic dividend,' meaning that increases in economic growth can follow increases in the ratio of the working age population to dependents (Plan UK, 2020).

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However, creating the many new jobs needed to absorb a burgeoning population of young people, and ensuring that young people are ready to take up these jobs, or generate jobs through starting businesses, is challenging. Without sufficient job creation and access to critical services, young people can become frustrated by their lack of opportunities. This frustration is manifested in various ways. Widespread youth protests in recent years remind us of what can ensue. Thus, how countries manage this demographic transition is critical not only for young people, but also for the stability of the countries in which they live (ILO, 2012).
Globally, young people are over-represented among the unemployed, even when unemployment rates are not high Rosas (2011). Young people experience a host of barriers when preparing for employment, including difficulty accessing jobs due to inexperience. Even working youth experience much higher rates of underemployment, whereby one in five working youth continue to live in extreme poverty (Kilara & Latortue, 2012).
According to the 2014 International Labor Organization Global Employment Trends report, it is estimated that 74.5 million young people (aged 15-24) were unemployed in 2013 – an increase of nearly one million over the previous year. The global youth unemployment rate is three times higher than the adult rate (ILO, 2014). Thus, for many youth in developing countries, becoming an entrepreneur happens by necessity, rather than choice. Starting a business can be difficult for a young person due to limited financial and social assets, restricted decision-making abilities and limited social networks (Amy Hurley-Hanson & Giannantonio, 2016). In addition, adolescent girls face particular vulnerabilities and unique risks compared to boys: early marriage or pregnancy, gender-based violence, and specific cultural and familial circumstances can put girls at a further disadvantage and adversely affect their economic well-being (Amy Hurley-Hanson & Giannantonio, 2016).
Young people tend to be less able to translate an idea into a business due to various constraints, including limited access to appropriate financial services. Chiquita et al, (2005). For instance, the Global Findex report indicates that youth (aged 15-24) are 33% less likely to have a bank account and 40% less likely to have saved formally, as compared to those aged 25 and older (Kilara, 2012).

3.2 Youth and Entrepreneurship in Rwanda

Rwanda is a land locked country covering about 26,338 Square Km and is situated in the Central-Eastern Africa region. Rwanda has a population of about 10,515,973people according to Fourth Population and Housing Census, Rwanda, 2012 making it one of the most densely populated countries in the world. Most of the world is aware that this country is healing from the effects of the 1994 Genocide which claimed close to 1 million people of which most were the productive labor force. The youth in Rwanda are defined by their age covering between 14-35 years and these accounts for about 60% of the Rwanda population, (MINECOFIN Report, 2021)

The youth are favorably placed in the Rwanda society and expectations for what they ought to contribute to society are high. This is not by accident. The youth form the critical productive workforce and they are relied upon for the future betterment of our country. Whereas the potential for the youth is yet to be satisfactorily realized, the Rwandan Government has put in place the foundation upon which to build support for youth entrepreneurship and leadership development.

The constitution of Rwanda National constitution (2003) provides for the National Youth Council (NYC). The NYC is representative of very well structured youth originations from cell, sector, district, and province levels. In addition to this constitutional provision, the youth are represented by two members in the parliament. The Government of Rwanda has directed investments in three critical areas which, it is hoped, can in the medium and long term change the youth entrepreneurship and leadership status quo. These investment areas are: (i) infrastructure, (ii) human resources, and (iii) institutional capacity. This move, it is hoped, will have the overall effect of reducing the costs and risks of doing business and therefore enhance the growth of the private sector. The above concept stems from the Poverty Reduction Strategy Paper PRSP (Ministry of Economics and Finance (MINECOFIN, 2022). Government of Rwanda in 2006 completed its first generation Poverty Reduction Strategy Paper (PRSP) and will commence implementation of its second generation of PRSP, technically referred to as the (EDPRS); "Economic Development and Poverty Reduction Strategy" (MINECOFIN, 2019).

Since 2010, Rwanda has made tremendous progress in achieving a number of development objectives including building strong institutions, maintaining macroeconomic stability, and decreasing poverty through increasing access to basic services. The Rwandan Government aspires to build on this trajectory and increase financial penetration and inclusion as a key vehicle to sustained economic growth. Insufficient access to finance, particularly with SMEs has been a challenge. Rwanda's financial inclusion is still shallow with 52% of the population lacking access to formal financial services Fin Scope Survey (2008). The "Women and Youth Access to Finance Program" has been prepared with an objective to contribute in addressing this challenge.

Despite Rwanda experiencing its fastest growth in the recent past (2000 – 2018), statistics indicate that women and youth who comprise approximately 70% of the population are not sharing equitably in this success. They are significantly underserved in the financial sector with an estimated 12% of total credit to women although they are key contributors to private enterprise. Lending to women from Microfinance Institutions (MFIs) and SACCOs comprises a portfolio of 22% and 23% respectively even with the 2011 Establishment Census showing that 26% enterprises are women led with the exclusion of their participation in agriculture. Youth are quite equally challenged. Young people are underemployed, have limited access to finance and consequently cannot invest in productive enterprises. Unfortunately the available financial sector data does not indicate the amount of lending to youth.

To address these challenges, MIGEPROF and MYICT in collaboration with the Business Development Fund (Vision Fund) and the Rwanda Cooperative Agency (RCA) have sketched out a program that has two elements; 1. Capacity building and training with specific emphasis to financial literacy (to address the non-financial barriers) and 2. Financial access and credit enhancement programs (to address the financial barriers). The program will be administered by Vision Fund and executed through lending Institutions, Business Development Centers and other willing partners who have a solid presence at the sector levels. The program components include credit guarantees, microloans, matching grants, quasi equity participation and business advisory services.

The limitation of access to finance for women and youth is largely skewed towards non-financial barriers. These include conditions in the broader business environment like limited management capacity, lack of collaterals, perception of lending institutions towards women and youth and limited incentives to reach out to more women and young people. Significant attention and resources will be drawn towards capacity building within the program.

Through this program, MIGEPROF and MYICT aim to establish a sound, enabling financial environment for women and youth and encourage lending institutions to provide credit to women and youth who would otherwise not be fully qualified for approval under the normal credit underwriting guidelines. These efforts are expected to expand the ability of women and young entrepreneurs to pursue economic opportunities, invest additional capital, hire more employees and grow their businesses. Of particular focus is to facilitate financial inclusion and access to financial facilities for that underserved segment of Rwandan society.

3.3 Vision Fund and Youth Entrepreneurship in Rwanda

Over the past three years, Vision Fund has been a key stakeholder and implementing agency of access to finance for SMEs in a wide variety of programs being implemented to promote SME development. These programs include a combination

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of existing and new programs that take into account various concerns faced by SMEs in the different stages of the business cycle. A total of 18 programs are currently being implemented by Vision Fund with financial commitment of almost Rwanda Francs (Rwf) 10 Billion for 2014 – 2015 to benefit about 7,000 SMEs mainly in the area of access to finance. Besides this, Vision Fund is also working with private sector entities and non- profit firms to provide advisory services to SMEs. Highlighted below are some of the key programs in two focus areas of namely, credit enhancement and advisory, capacity building and business development support (Vision Fund Annual Report, 2014).

3.3.1 Youth Access to Finance Program (Y- A2FP)

In a deliberate effort to increase financial access to marginalized women and youth, MIGEPROF and MYICT in collaboration with Vision Fund and RCA have sketched a program dubbed youth access to finance. On the 27th June 2012, Cabinet approved the youth access to finance program. The program's objectives focused on accelerating, deepening and widening financial access to underserved women and youth as a special interest group. It also aims at becoming the prime driver for financial access to support women and youth from rural and urban low-income households who are economically active but face the challenges to accessing adequate skills, finance, and economic opportunities.

The program provided a blend of relevant training with specific emphasis to financial literacy and financial access holistically so that women and youth make a right investment choice. Vision Fund is assigned to play a significant role in the implementation of this program by introducing and implementing a number of incentives that specifically target women and youth entrepreneurs (Vision Fund Annual Report, 2014).

Key incentives included: Increasing guarantee risk coverage for women and youth loans to 75%; The introduction of a 60% guarantee risk cover on working capital loans limited to Rwf 5 million for individuals and Rwf 10 million for women and youth cooperatives and associations; Introduced a women and youth grant facility equivalent to 15% of a loan amount capped at Rwf 10 million which has benefited 1,284 individuals; Interest rate rebate of 1% on SACCO refinancing loans if the SACCO portfolio to women and youth is 30% or more 75% of the capacity building fund to target women and youth; The ratio of women and youth supported has also grown mainly because of the impact of these targeted incentives (Vision Fund Annual Report, 2014).

Targeting youth and women, Vision Fund is playing a key role in empowering the marginalized people in communities of Rwanda. In this research attempts will be

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made to ascertain to what extent the above objectives and aims have been achieved particularly in Nyarugenge district.

3.1.2 Hanga Umurimo Project (HUP)

The HUP is an annual business plan competition initiative launched by Ministry of Commerce (MINICOM, 2012) that aimed to develop a culture of entrepreneurship throughout Rwanda by facilitating the top 40 business plans in each district by providing guidance, counseling, training and access to finance to the winners. The HUP has been integrated under NEP and will be scaled up. Vision Fund's role in the HUP is to provide financial assistance to the HUP winners through its guarantee facilities to stimulate lending by the lending institutions and through the Quasi-Equity finance allowing Vision Fund to invest directly in viable business proposals that have failed to access credit from the banks because of their limited share capital contribution. The introduction of a Quasi Equity product allowed Vision Fund to play a catalytic role in mobilizing share capital for viable SME investments that have difficulty accessing loans and that would not be fully qualified for alternative financing under the normal credit underwriting guidelines (George, 2016).

Through collaborative effort with MINICOM, MINALOC, IFC, Local service providers and banks, over 30,000 business applications were received and appraised. As it stands today, Vision Fund has provided 470 HUP beneficiaries with credit guarantees worth Rwf 3.4 Billion channelled largely in support of agriculture projects with stimulated lending by the banks at Rwf 4.9 Billion. A key challenge with the HUP has been the relatively high mortality of the businesses supported with an actual loan loss rate standing at 21%. In our study, we were interested in finding out whether youth entrepreneurs in Nyarugenge have benefited through credit finance offered by Vision Fund through supporting Hanga Umurimo Project (Michad, 2016).

Vision Fund has progressed with the SACCO refinancing program that centers attention to the 6 poorest districts with emphasis to on lending of women and youth businesses. In this regard Vision Fund has already provided loans worth Rwf 1.3 Billion to 31 SACCOs, BPR because of its wide branch network and Duterimbere MFI financed under three projects i.e. the Rural Small and Micro-Enterprises Promotion Project (PPPMER II), NEPAD Women in Cross Border Trade project (WICBT) and the Youth Access to Finance. Mainly because of high non-performing loans and heavy debt burdens, refinancing applications from 14 SACCOs were turned down. Vision Fund has an initiative to continue to provide them with advice and support to address the issue and improve their financial position with an aim to access the Vision Fund facility.

3.1.3 Project for Promotion of off-farm Micro Enterprises (PPPMER II)

This is an investment program that was previously implemented by MINICOM that provides small & medium term loans to rural small business concerns engaged in off-farm activities. Within the SME strategy, the program was transferred to Vision Fund which will continue to make funds available to specially designated intermediary lenders, with experience in lending as well as management. Under this refinancing program, the BPR has financed 1,890 projects for a total amount of Rwf 969.2 million with a current outstanding balance of Rwf 213 Million while Duterimbere MFI through a Rwf 30 million credit line has funded 30 projects for a total of Rwf 11 million Vision Fund.

3.1.4 Grant Management Programs:

Rural Investment Facility II (RIF II): RIF II is a grant program funded by MINAGRI and administered by Vision Fund. Its objective is to stimulate financial institutions to finance productive investments in the agriculture sector through the provision of a grant covering part of the investment costs. RIF II provides a matching grant scheme for a certain portion of an investment loan taken along the agricultural chain by an investor who wants to obtain a loan from a licensed financial institution to partially finance the investment. Grants are only paid when the loan component has been repaid.

Individuals, farmers' organizations, cooperatives and privately owned SMEs borrowing from a licensed financial institution can participate and are eligible to access RIF II. Beneficiaries from a RIF grant can also benefit from a Vision Fund credit guarantee. Vision Fund received Rwf 4.3 Billion for RIF II and has since made disbursements worth Rwf 1.9 Billion to 3,549 beneficiaries. Providing adequate and sustainable financial services to participating stakeholders has been earmarked as one of the main components of the project. Under the access to financial services sub-component, MINAGRI has partnered with Vision Fund as an implementing partner in order to increase the beneficiaries' access to loans from financial institutions (George, 2016).

3.1.5 Post-Harvest and Agribusiness Support Project (PASP):

PASP is a project set up and financed by MINAGRI and IFAD that aims to address the challenges of post-harvest losses as a driver to increase rural incomes and create new investment and employment opportunities for vulnerable groups, including the landless poor. PASP's primary target group comprises poor smallholder farmers either engaged in production and primary processing in the priority CIP crops (maize, beans, cassava, Irish potato and dairy) including poor farmers with some

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production potential and members of cooperatives who own small land plots, and smallholders who supplement their income through agricultural wage work.
To support implementation of the financial services component, PASP partnered with Vision Fund. The objective of this partnership is for Vision Fund to manage and provide financial incentives for financial institutions and entrepreneurs to co-finance PASP-facilitated business plans. PASP provides a grant for a certain portion of an investment loan approved to a participating beneficiary who has obtained a loan from a licensed financial institution to co-finance the investment. PASP's financial services strategy will be based around the partnership with Vision Fund. The grants are awarded only to groups with business proposals strong enough to be awarded bank financing for a substantial portion of the financing requirements once the financial institution has properly checked viability and feasibility. Vision Fund has been provided with financing of Rwf 1.6 Billion for the grant component and an additional Rwf 300 million for the credit guarantee portion.
Community Processing Centers Program (CPCs):
CPCs, known as "Uruganda Iwacu" are private companies that harness appropriate technology to manufacture products that have been selected based on proven demand and ready domestic access to raw materials. They have a strong focus on technology and skills transfer, whether that is accomplished through traditional approaches such as training and incubation, or through market-driven processes such as skills and technology spillover. CPCs are usually established based on an anchor firm, such as a co-operative or existing industrial company. Equity provided by the anchor firm may be augmented by further private investment from within the industry or beyond, (MINICOM,2020).
In support (MINICOM, 2020) provides finance to equip the centre, and a dedicated technical expert in the field. Vision Fund is brought on board as an equity investor to complement the investment by providing equity finance and business development guidance. As a private enterprise, the CPC's first priority is to demonstrate the viability of its chosen operation through commercial success. Vision Fund has already invested Rwf 825 Million in 3 CPCs namely; a Leather CPC in Gatsibo by the name Star leather Limited, a Diary CPC in Burera and an Irish Potato CPC in Nyabihu. Vision Fund is finalizing an investment plan for a Banana wine CPC in Rwamagana, (MINICOM, 2020). This study examined the contribution of Vision Fund credit scheme (financial support, advisory and capacity building and off-farm employment) in promoting youth entrepreneurship in NYARUGENGE district.

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SKAT/PROECCO Project (Promoting Off–farm Employment and Income through climate responsive construction material production):
The overall aim of the project is to minimize the impact of building material production on the environment while improving the livelihoods and working conditions of workers in the building material sector. The project is financed by the Swiss Agency for Development and Cooperation through Swiss Resource Centre and has provided Vision Fund with a two year grant worth $ 200,000 to serve as a Collateral Fund to facilitate SMEs in the bricks and tiles sector to access credit through participating financial institutions. The project also has a component on business development, aimed at supporting entrepreneurs in the building material production sector to improve their businesses.

3.2. Empirical Review

According to Caroyne (2019) aimed at determining the factors that influence success of youth business start-ups. Specific objective for the study were; the extent to entrepreneurship training influence the success of youth business start-ups; How access to finance influence the success of youth business start-ups, and how business development services enhance success of youth business start-ups. The study adopted a descriptive survey research design and was conducted on 410 youth under Techno Serve's Stryde entrepreneurship training program in phase two, cohort one youth beneficiaries in Nyeri County. Stratified sampling technique was adopted to select a sample size of 196. There was a positive and significant relationship between entrepreneurship training and success of youth business start-ups. Also it was found that access to finance influenced the success of youth business start-ups and that business development services influences success of youth business start-ups (Caroyne, 2019).
According to Sitoula (2018) investigated on the challenges and prospects of youth entrepreneurship in Kathmandu. The objectives of this study was to investigate the obstacles that young people encounter when setting-up their businesses; the current obstacles that prevent the expansion of their entrepreneurial ventures; as well as the prospects for youth entrepreneurship development in this community. Using a descriptive research design. And a sample of 100 it was found that young people in Kathmandu wanted to pursue career in entrepreneurship, but youth entrepreneurship development was lacking in this community. The study revealed that most important obstacles that Kathmandu's young entrepreneurs encounter while setting up their businesses, and subsequently operating their businesses include; lack of support structures, ineffective programs of Nepalese government to support entrepreneurial development in the region, lack of business funding and

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start-up capital, high cost involvement and unclear business registration process, lack of business management skills, lack of business resources, (Sitoula, 2018).

3.2.1. Advisory & Capacity Building Programs

City of Kigali (CoK) – Financial Literacy Program: The City of Kigali and Vision Fund have signed a 3 year partnership agreement that will see Vision Fund provide financial literacy training to 300 women from the three districts of the CoK – Nyarugenge, Gasabo and Kicuciro every year. This is a fully funded program by CoK and the responsibility of Vision Fund is to develop relevant training modules and provide the trainers. The training of two cohorts has been completed in which 587 women have been trained in understanding finance, prepared for business plans and helped to raise capital through various financial institutions. Our study aimed at examining the extent to which young entrepreneurs from other districts benefit from this program in as far as Nyarugenge district is concerned.

This study was underpinned by Mark Casson's Economic Theory. Mark Casson (2005) holds that entrepreneurship is a result of conducive economic conditions. In assumption he indicated that the demand for entrepreneurship arising from the demand for change. Economic factors that encourage or discourage entrepreneurship include: taxation policy, industrial policy, easy availability of raw materials, and easy access to finance on favourable terms, access to information about market conditions, availability of technology and infrastructure and marketing opportunities.

3.2.2 Strengthening Capacity of Lenders:

Vision Fund has conducted 16 workshops and trained over 400. Investment Analysts, loan officers and SACCO Managers from 5 Banks and 102 SACCOs on various topics such as investment appraisal, risk management, internal controls, governance and accounting. Other specialized trainings focused on improving the analysts understanding on financing of agriculture projects and how to access Vision Fund's financial assistance programs, the operating guidelines, application documents, and reporting requirements. They aimed to streamline the working modalities between lenders and Vision Fund while improving credit processes, making easy the guarantee application process, developing easy to use and acceptable templates, and standardizing product offering across the lenders.

3.2.3 Challenges faced by youth in their entrepreneurial activities and access to loans.

Entrepreneurship being the practice of starting new organizations or revitalizing mature organizations, particularly new businesses generally in response to identified opportunities, it is often a difficult undertaking, as a vast majority of new businesses fail (Casson, 2003). Moreover, according to Drucker (2007), the acts of entrepreneurship are often associated with true uncertainty, particularly when it involves bringing something really novel to the world, whose market never exists. Though, entrepreneurship goes along with uncertainty, there are also factors that would prevent youth from to starting or succeeding in their entrepreneurial endeavors.

3.2.4 Lack of entrepreneurial skills

The lack of skills impacts the rate of productive start-ups in the region, including among young people. Recent studies by the Global Entrepreneurship Monitor (GEM) found that while entrepreneurship rates in SSA are high, the majority of entrepreneurs are driven by necessity rather than opportunity. SSA has also higher rates of potential young entrepreneurs than other regions, but a substantial portion (about one third) of them is also driven to entrepreneurship out of necessity. Most new enterprises operate in low value-added sectors such as the retail trade. Further, in contrast to other regions, young entrepreneurs in SSA are less confident than their adult counterparts that they will be creating jobs over the next five years (Kew, (2019).

In Rwanda, the education system is still theory based with a linear mentality that university education is the ultimate educational experience. With university education being mainly theoretical, universities hardly produce graduates who are ready to create jobs let alone being ready for the professional world. This has not been helped by the public service salary policy that rewards workers by virtue of their academic qualification. Academic qualification in fact account for a 40% fraction of a civil servant's salary and for this reason youth strive to attain academic certificates as license to high placement in the society, and this with no regard for productivity or value addition to society.

Inadequate capital/ finance

According to Giannantonio, (2018), reveals that Finance is lifeblood of any enterprise irrespective of its size and location. Youth entrepreneurs face more problems in raising finance which hinders them from full exploiting their potentials in the economy. In the same line Karlin, (2011): pointed to finance as a key constraint to the growth of businesses world over. He further made analysis of finance as a constraining factor for lack of working capital, wrong choice of financiers, high interests payments, frauds, corruption, lack of financial control, an absent of costing systems and delay in release of funds by banks or financiers. Obviously, the professional approach is missing on the part of owners/managers and promoters, hence there are no concepts to monitor and control the financial affairs of these businesses with time.

Improper business studies

Improper business Feasibility studies affects business performance all over the world. This factor acts mainly at the initial stages of the project and is based on the decisions of the entrepreneurs. Many projects and businesses are affected at birth because of inadequate feasibility reports regarding the demand of product in various markets, wrong choice of technology, improper forecasting of financial requirements, delayed in supply of plant and machinery or in their installation or release of funds by financiers. No clear vision, goals and objectives. The root of all these problems may be traced to the lack of expertise in business planning and management on behalf of entrepreneurs and promoters (Roy and colleagues, 2017).

Poor management

According to Giannantonio, (2018), the formation of businesses the owners can easily run the business but as it grows and ages, managerial demands rise. These are in the form of operational managerial requirements like production, sales and finances and most importantly the ability to deal with them yet this is a hunch to them. Harper clarifies that entrepreneurship goes beyond management since entrepreneurial skills are part of managerial skills.

He further adds that, majority of entrepreneurs are unaware about the knowledge of managerial field. Therefore, they are performing the non-managerial tasks rather than the tasks of managerial functions such as planning, organizing, leading and controlling. Indeed, in this dynamic world informal sector needs qualified professionals to handle the various activities of business affairs more effectively and efficiently. It is clear that, the sound knowledge of managements is a key to success which is lacking in most of businesses (Bicaba, 2015).

Technological barrier

Technological barrier is a constraint to youth entrepreneurs in Africa. The methods of production which most of youth use are old and inefficient. This results into low productivity, poor quality of products and high costs. The entrepreneurs lack information about modern technologies and training opportunities which concerns them. There is little research and development in the field yet the pace of change has developed new innovations and introduced new technology that is basically mechanized and requires less labor as a concern which is much faster today most business units cannot survive and withstand the global competition since they depend on cheap labor, adopt simple labor intensive technologies and keep the pace with changing situations because they cannot afford to purchase the highly expensive mechanized machines for their productive activities but rather sustain their competitive advantages (Dende, 2012).

3.2.5 Natural Barriers to trade

Natural Barriers to trade hinders youth entrepreneurs in Rwanda**.** Rwanda is land-locked, with long distances from ocean ports; a factor that raises transportation costs for both exports and imports. The country lacks a link to regional railway networks, which means most trade is conducted by road. Poor road quality creates high transportation costs leading to inflated prices of domestically manufactured products, as raw materials used for manufacturing need to be imported. These natural barriers to trade hinder industrial and other forms of development (MINICOM, 2018).

3.2.6 Poor marketing

Most of the youth entrepreneurs in Rwanda are faced with constraint related to marketing their products. The problems arises from such factors such as small stocks, lack of standardized products, inadequate market knowledge, competition from technically more efficient units, deficient demand, etc. Apart from the inadequacy of marketing facilities, the cost of promoting and selling their products too is high. The result is large and increasing subsidies which impose heavy burden on the government budgets (Jones, 2015).

Capital Resources

The degree to which capital by itself is a major obstacle to the growth of African entrepreneurship remains debatable Kiggundu, (2018). African entrepreneurs tend to depend on own or family savings, and continuing access to capital remains a challenge. Most of them cannot meet the requirements for commercial loans, and those who do find them costly. In Rwanda lack of funding is one of the major barriers to entrepreneurship among the youth. Financial institutions in Rwanda do not provide funding based on mainly the soundness of the business but rather on the availability of collateral. One either has asset collateral or salary collateral. This means that however much one's business is viable, one cannot access funding without any form of collateral. Lack of venture capital and investment funds aggravates the problem (Malloch, 2019).

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Lack of Networks and Clusters

While networks and clusters contribute to business success and continuity, the African entrepreneur experiences difficulties establishing and maintaining effective business networks and clusters (Kiggundu, 2018). African entrepreneurs as well as in Rwanda, prefer sole proprietorships, with partnerships and limited company organizations being uncommon. (David, 2017) reported that 73.4% of the firms studied were single proprietorships, 10.9% were general, and 9.4% were limited partnerships and only 6.3% were corporations. Yet, partnerships could help alleviate problems of small size, under-capitalization, networking/clustering, limited competencies, and succession.

Lack of enabling environment

Businesses in poor countries face much larger regulatory burdens than in rich countries (World Bank, 2019). Changing and cumbersome entry procedures stand in the way of prospective youth entrepreneurs and sometimes push them into the informal economy, where businesses pay no taxes and many of the benefits that regulation is supposed to provide are missing.

4. Methodology

The study was guided by three specific objectives; to examine the creditworthiness and conditions on youth entrepreneurs' performance of Vision Fund in the district, to determine credit limits and collection period on youth entrepreneurs performance of Vision Fund in the district and to establish customer information and collateral on youth entrepreneurs performance of Vision Fund in the district. This research study ranged between the years 2020-2022, The target population of this study was equal to 540 respondents from which 82 sample size was drawn using Slovene's formula; 72 youth entrepreneurs, eight local leaders and two Vision Fund staff actively participating in this study ,both secondary and primary source of data was used, the primary data used with the use of questionnaire, interview guide and documentation, the data analysis was done with the use of SPSS version 22 and Ms.Excel. A research design encompasses the method and procedures employed to conduct scientific research. For this study this design enabled to describe and identify the contribution of credit scheme on youth entrepreneurship in Nyarugenge district. This research study used both a qualitative and quantitative data.

5. Findings and Discussions

5.1 Effect of creditworthiness and conditions on youth entrepreneurs performance

This sub section is aiming to make out the reaction of respondents basing on first research objective of the study and then researcher presents the components that provide the factors that to assess the effect of creditworthiness and conditions on youth entrepreneurs' performance of Vision Fund in Nyarugenge district as follows:

Table 1 Descriptive statistics for effect of creditworthiness and conditions

Creditworthiness and Conditions	SA		A		D		SD		Mean	Std Dev.
	fi	%	fi	%	fi	%	fi	%		
Does the borrowing capacity maximise amount that a microfinance can lend entrepreneur without jeopardising their financial solvency	49	60	08	10	08	10	16	20	1.80000	1.105013
Do entrepreneurs agree terms and conditions that outlines the rights and responsibilities between two or more parties	23	28	32	40	10	12	16	20	2.1000	.96791
Does the default probability of default of the entrepreneurs is reflected in the microfinance credit ratings as credit score to gauge default risk	13	16	07	08	19	24	42	52	2.8500	.98809
Do creditors' officials evaluate the borrower's history of loan payback to determine whether a borrower is deserving of future credit.	54	66	08	10	03	04	16	20	1.65000	.988087
Overall Mean									**2.1000**	**1.01228**

Source: Survey Data, May, (2023)

The results in Table 1 showed that that 70% of the respondents agreed that the borrowing capacity maximise amount that microfinance can lend entrepreneur without jeopardising their financial solvency while 30% disagree with the statement. This signifies that borrowing capacity maximise amount that a microfinance can lend entrepreneur. 68% of the respondents agreed that entrepreneurs agree terms and conditions that outlines the rights and responsibilities between two or more parties whereas 32% disagree with the statement. This shows that entrepreneurs agree terms and conditions that outlines the rights and responsibilities in the microfinance. Research finding shows that 76% of the respondents' disagreed default probability of default of the entrepreneurs is reflected in the microfinance credit ratings as credit score to gauge default risk and 24% agree with the statement. This signifies that credit score doesn't gauge default risk in the microfinance. The survey showed that 76% of the respondents agreed that creditors' officials evaluate the borrower's history of loan payback to determine whether a borrower is deserving of future credit and minority disagreed. This shows that borrower's history of loan payback is provided to a client.

Basing on the majority of the responses on effect of creditworthiness and conditions on youth entrepreneurs' performance of Vision Fund. Only one question was disagreed, this implied that credit score doesn't gauge default risk in the microfinance. According to survey from creditworthiness and conditions has presented overall average of (x = 2.1000 and Std Dev=1.01228) in stirring the youth entrepreneurs' performance; this means there is reasonable mean and evidence of the existence of the fact and heterogeneity of responses. This finding is in line with the finding by Christodoulou (2018) who measured the impact of factors of success for the effective implementation of lean manufacturing projects with Banking sector in South Africa. This would eventually enhance the youth entrepreneurs' performance as is brought out by this study.

5. 2 Effect of credit limits and collection period on performance

This sub section is aiming to make out the reaction of respondents basing on second research objective of the study and then researcher presents the components that provide the factors that examine the credit limits and collection period on youth entrepreneurs' performance of Vision Fund in Nyarugenge district as follows:

Table 2 Descriptive Statistics for effect of credit limits and collection period

Credit Limits and Collection Period	SA		A		D		SD		Mean	Std Dev.
	fi	%	fi	%	fi	%	fi	%		
Does the microfinance has average number of days a borrower need to be pay its bills and obligations in specified period	54	67	11	14	02	3	13	16	1.7000	1.12858
Does an agreement between a lender and a borrower has a business's creditworthiness that credit that can be submitted by the debtor	08	10	62	76	06	08	05	06	2.1000	.64072
Everyone entrepreneur has a different credit limit, and this limit can be increased with existing terms and conditions in the microfinance	03	04	11	14	37	46	29	36	3.1500	.81273
Does the available credit is determine by the difference between the credit limit and the account balance that helps a lenders to determine how much grant the debtor	57	70	04	05	08	10	12	15	1.7000	1.17429
Overall Mean									**2.1625**	**0.93908**

Source: Survey Field Data, May, (2023)

The results in Table 2 showed that that 81% of the respondents agreed that microfinance has average number of days a borrower need to pay the bills and obligations in specified period and 19% of respondents disagree with statement. Basing on the majority response, this signifies that microfinance has average number of days a borrower need to pay the bills. The results showed that 86% of the respondents agreed that an agreement between a lender and a borrower has a

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business's creditworthiness that credit can be submitted by the debtor and minority disagreed with statement. Findings showed that 86% of the respondents disagreed that everyone entrepreneur has a different credit limit and this limit can be increased with existing terms and conditions in the microfinance and minority agreed. This shows that microfinance has standard measures of acquiring the loan. Survey shows that 75% of the respondents agreed that available credit is determine by the difference between the credit limit and the account balance that helps a lenders to determine how much the debtor hence 25% disagreed with the statement grant. This signifies that credit limit and the account balance helps lenders to determine how much the debtor grants. Basing on the response, only one question was disagreed hence significant effect. This signifies that credit limits and collection period is experienced by stakeholders in the microfinance. In light of research findings from credit limits and collection period has presented overall average of (x =2.1625 and Std Dev = 0.93908) in influencing the microfinance performance; this means there is moderate mean and evidence of the existence of the fact and homogeneity of responses. This finding agrees with Alexandru, (2018), who established that, assessment of banking performances-indicators of performance in bank area. Credit limits and collection period is usually in developed in the areas of financial institutions systems.

5.3 The customer information and collateral on performance

This sub section is aiming to make out the reaction of respondents basing on third research objective of the study and then researcher presents the components that provide the factors that determine the contribution of customer information and collateral on youth entrepreneurs' performance of Vision Fund as follows:

Table 3 Descriptive Statistics for customer information and collateral

Customer Information and Collateral	SA		A		D		SD		Mean	Std Dev.
	fi	%	fi	%	fi	%	fi	%		
Does the microfinance has a customer computerized file used to store a customer's personal and account information for reference purposes in case of acquiring the loan.	17	23	53	65	03	04	07	08	2.0500	.82558

Does a lender accepts as security for extending a loan if the borrower defaults, then the lender may seize the collateral.	47	58	11	14	13	16	10	12	1.6500	.93330
Microfinance has a good reason to collect information about customers that enables them to target their most valuable prospects more effectively to improve customer satisfaction and retention.	11	14	05	06	28	34	37	46	3.1000	1.07115
Does collateral important for banks to reduce the risk if an entrepreneur business enables to pay back the loan, a bank may decide to take ownership of the collateral that has been pledged to reduce risk.	15	18	51	63	10	12	06	07	2.0500	.68633
Overall Mean									**2.2125**	**0.87909**

Source: Survey Field Data, May, (2023)

The research results in Table 3 showed that 88% of the respondents agreed that the microfinance has a customer computerized file used to store a customer's personal and account information for reference purposes in case of acquiring the loan and 12% of the respondents disagreed with statement. Survey shows that 71% of the respondents agreed that a lender accepts as security for extending a loan if the borrower defaults, then the lender may seize the collateral and minority disagreed with the statement. The survey shows that 79% of the respondents disagreed that microfinance has a good reason to collect information about customers that enables them to target their most valuable prospects more effectively to improve customer satisfaction and retention and minority agreed. Findings show that 78% of the respondents agreed that collateral important for banks to reduce the risk if an entrepreneur business enables to pay back the loan, a bank may decide to take ownership of the collateral that has been pledged to reduce risk and minority disagreed with the statement.

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Basing on the feedback from respondents, only one question was disagreed that is insignificant. This signifies that customer information and collateral is fulfilled in Vision Fund in Rwanda. According to survey results from employee recognition has presented overall average of (x =2.2125 and Std Dev = 0.87909) in influencing the youth entrepreneurs performance; that means there is moderate mean and evidence of the existence of the fact and homogeneity of responses.

This finding compares well with the position taken by Davis, (2014) shows that different stakeholder groups and their perceptions of project success International Journal of Project Management, development, small enterprise development. This shows that analysis involves resources and performance in external environments that a company's top management takes on behalf of owners of company. This would ultimately improve the youth entrepreneurs' performance as is conveyed out by this study.

5.4 The Level of Youth Entrepreneurs' Performance

This sub section is aiming to make out the reaction of respondents basing on dependent variable of the study and then researcher presents the components that provide the factors that examine the level of youth entrepreneurs' performance as follows:

Table 4 Descriptive Statistics for Level of Youth Entrepreneurs' Performance

Youth Entrepreneurs' Performance	SA		A		D		SD		Mean	Std Dev.
	fi	%	fi	%	fi	%	fi	%		
Effective productivity in microbusiness and retail agribusiness is achieved through microfinance credit schemes	19	24	43	53	08	10	11	14	2.1500	.98809
There is improved transportation, carpentry skills and tailoring skills due to support from credit scheme of microfinance	37	45	23	28	07	08	15	19	2.0000	1.16980
Overall Mean									**2.0750**	**1.078945**

Source: Survey Field Data, May, (2023)

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The research results in Table 4 showed that 76% of the majority respondents agreed that effective productivity in microbusiness and retail agribusiness is achieved through microfinance credit schemes and minority disagreed. 73% of the majority of respondents agreed that improved transportation, carpentry skills and tailoring skills due to support from credit scheme of microfinance hence minority disagreed.
Basing on feedback of respondents, all agreed that there is level of organisation performance. This signifies that credit schemes have positive effect on level of youth entrepreneurs' performance in terms of improved transportation, carpentry skills and tailoring skills. In light to research survey on youth entrepreneurs' performance shows overall average of (x =2.0750 and SD=1.07845); that means there is moderate mean and indication of the existence of the fact and heterogeneity of responses. In interview with microfinance management, further revealed that examining credit scheme is the power to influence and potential impact was advantageous towards youth entrepreneurs' performance.

6. Conclusion

The credit schemes were key economic pillar for human resource manual as much as Rwanda Vision 2020 as it was concerned. Therefore, a healthy nation would provide a vibrant working environment for credit schemes of entrepreneurs for any field. Bearing in mind this, the study sought to establish the effect of credit schemes on performance of youth entrepreneurs in Rwanda. The study thus concluded that putting proper schemes in terms of creditworthiness and conditions, credit limits and collection period and customer information and collateral respectively would increase youth entrepreneurs' performance in terms of microbusiness and retail, agribusiness, transportation, carpentry and tailoring.

7. Recommendations

The researcher suggested the following recommendations such as management should understand default probability of default of the entrepreneurs to gauge their future default risk. Management should have a standard credit limit for existing terms and conditions in the microfinance. Management should have a good reason to collect information about customers that enables them to target their most valuable prospects more effectively to improve customer satisfaction and retention. Management should understand that proper implementation of customer information and collateral conditions to debtors will always increase performance in both microfinance and entrepreneurs' skills in Rwanda.

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