Abstract

For the poor and most marginalised households, few financial institutions exist to serve them, and where institutions do exist, they generally have inappropriate products and services. To address the issues of financial exclusion, people have been organized by themselves in the village savings and credit schemes, which take different form and denominations according to the countries and societies. The current research has been carried out on Village Savings and Credit Schemes and Poverty Reduction in Rwanda, taking a case study of Rushashi sector, Kageyo cell. The study population in this research was four hundred eighty six beneficiaries (486) pertaining to 18 to 82 respondents according to Yamane (1967) sample size formula. Findings revealed that VSCS’s member used the money received from the VSCS; s differently; in business; in paying fees, in improving household welfare, in purchasing household assets, in activities generating income and so forth... Findings still revealed that, to some extent, 81.5% of respondents confirmed that the VSCS’s services reduced household poverty by providing them basic needs such as food, shelter, clothing, health, education... however, the beneficiaries of VSCS’s services encountered challenges which impend the fight against poverty. We can cite among others a short period of repayment, few amount of money received, high interest rate, ignorance in project planning, e.t.c. these challenges have to be addressed if we expect good harvest from VSCS’s services. The researcher suggests that the government, the stake holders in development have to intervene in the VSCS’s system playing the role of moderating, assisting, orienting and funding them. Poverty will be reduced, even eradicated, by the commitment and joining together all forces of all stake holders in development.