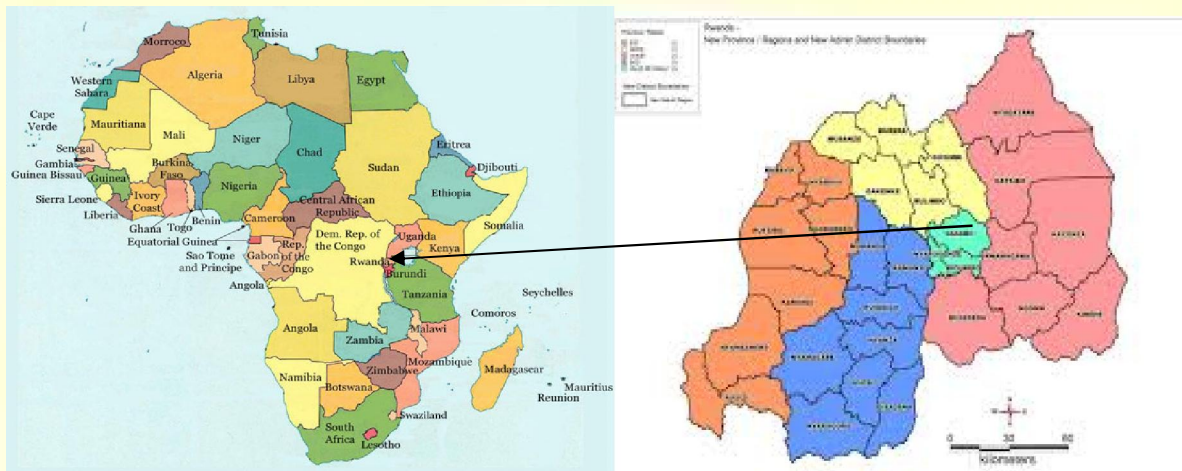


THE IMPACT OF VISION 2020 UMURENGE PROGRAM (VUP) ON JOB CREATION AND POVERTY REDUCTION IN RWANDA

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Figure1: Shows the map of Rwanda and its location in the continent of Africa.



1. 2

Rwanda is found in East Africa, it shares its borders with Uganda in the North; Democratic Republic of Congo in the west; Tanzania in the east and Burundi in the south.

ABSTRACT

This research paper is about the “Impact of vision 2020 Umurenge program on job creation and poverty Reduction in Rwanda, case study was Gashaki sector of Musanze District” The study investigated the impact of vision 2020 Umurenge program on poverty reduction in Rwanda. In this study, the researcher used primary and secondary data. Data collection was done through the use of Unstructured interviews; a questionnaire and secondary sources were used. The main

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² https://www.google.co.in/search?q=current+map+of+rwanda&es_sm=93&tbm=isch&imgil=z0Xe4Fq21uqc

objective of this Research paper was to examine the extent to which “Vision 2020 Sector/Umurenge Program (VUP) has contributed on job creation and poverty reduction in Rwanda, Assess success and failures of VUP as an intervention mechanism, Analyze the changes in the socio-economic indicators of poverty in Gashaki sector and Review the current socio-economic classes in Gashaki sector after the launch of VUP for a period of two years. The findings of this research paper are presented in the data below:

- (i) In 2007, 336 families = 11.2% were in extreme poverty, in 2010 they were reduced to 29 = 1%
- (ii) In 2007, 1,193 Families = 39.8 % were very poor; in 2010 they were reduced to 280 = 9.6%.
- (iii) In 2007, 1,209 Families = 40.4% were poor; in 2010 they were reduced to 1031 = 35.4%.
- (iv) In 2007, 253 Families = 8.5% were well-off; in 2010 they were increased to 1117 = 38.4%.
- (v) In 2007, 3 Families = 0.1% were rich in terms of food; in 2010 they were increased to 444 = 14.2%.
- (vi) In 2007, 0 Families = 0% were rich; in 2010 they increased from 0 to 13 = 0.4%.

Vision 2020 Umurenge Program was effective and efficient as it created slightly over 2000 jobs through public works in Gashaki Sector; 700 Small and Medium enterprises (SMS) and poverty was substantially reduced.

Key Words: Umurenge; Vision 2020 Umurenge Program(VUP) and Poverty.

1. INTRODUCTION

What are **Umurenge** and **Vision 2020 Umurenge Program**? In January 2006, the Rwandan Government reformed its decentralization policy. The government organized the country into **four** provinces in addition to Kigali city, **30** Districts, **416** Sectors/**Imirenge** (plural) **Umurenge** (singular or one), **2148** Cells and **14 837** Villages.³ “**Vision 2020 Umurenge Program**” is an explicit recognition of the role and importance of the decentralization system in the implementation of national policies and strategies in order to achieve the **MDGs** and the objectives of Rwanda Vision 2020. It is a pragmatic approach to make decentralization work while accelerating the rate of poverty reduction in Rwanda. The concept of “**poverty**” has two definitions:

- (i) **Absolute poverty**: Is a kind of poverty where a person or household cannot afford minimum requirements of life such as food, shelter, clothes, medical care; extra.

The World Bank sums up these basic requirements and comes up with a figure named poverty line. In 1993; it was estimated for Uganda at 110 US dollars per capita per year in 1989/90 prices. This implies that a person who could not afford items equal to 110 US dollars in a year was regarded as being extremely poor.

- (ii) **Relative poverty**: This is where a person feels poorer than others irrespective of whether he is below the poverty line or not.⁴ The government of Rwanda has elaborated a number of important planning instruments in the recent past such as vision 2020, the National Investment Strategy, the Economic Development and Poverty Reduction Strategy (EDPRS) and the Millennium Development Goals. The aim of all these programs is to economically develop the country. The priorities of EDPRS are embedded in the three flagship programs: (i) Sustainable Growth for jobs and Exports. (ii) Vision 2020 Umurenge Program (VUP) and (iii) Good Governance. “Vision 2020 Umurenge (VUP)” is an integrated local Government program to accelerate poverty reduction, rural growth and social protection. The aim of this program was to reduce extreme poverty in the country from 37% - 24% by 2012. Evidence from a number of surveys conducted in Rwanda over the past few years gave strong indication on the scale and depth of poverty.

³ www.statistics.gov.rw/survey/districts-baseline-survey

⁴ *TODARO. (1992)*

Vision 2020 Umurenge (VUP) features as a flagship program under the Economic Development and Poverty Reduction Strategy (EDPRS) covering the budget years 2008 to 2012.⁵

2. Literature review

Competing in the Global Arena

Privatization and private sector development:

(i) **Investment policy:** To encourage investment by: attracting foreign investors through “tax holidays” fair loans, security, and creating a conducive environment for investment. This investment friendly practice is done in Uganda and Rwanda. Uganda established the Uganda Investment Authority in 1991 where as Rwanda first established the Rwanda Private Sector

Federation (RPSF) and later a one stop business centre with Rwanda Development Board (RDB) which has got a one stop centre for business services and information.

(ii) **Fiscal policy:** Both Uganda and Rwanda implemented fiscal policies by combating corruption, decreasing the size of the civil service; introducing cost sharing in the provision of social services and a good practical example for Rwanda is medical insurance (mutuelle de santé) where an individual pays only 1000 francs and the government pays about 70% of the cost.

(iii) **Foreign exchange policy:** This includes liberalization of foreign exchange market by encouraging private foreign exchange market (Forex Bureaux) raising the volume of exports by increasing production; promoting tourism and cutting import volume through the imposition of tariffs on importation of luxuries.

For example both countries encouraged private foreign exchange markets; they encouraged tourism, Uganda encourages the tour of its national parks the same as Rwanda which puts more emphasis on the tour of its mountain gorillas

(iv) **Monitory policy:** Both countries implement their monitory policy by cutting money supply through selling securities and reducing the printing of more money.

⁵ *Ministry of Local Government (MINALOC). (2007)*

- (v) **Marketing and pricing policy:** In both countries, prices are determined by the forces of demand and supply, price controls have been abolished.
- (vi) **Infrastructure Development Policy:** The private sector was encouraged in both countries to share with the government in financing social services such as hospitals and schools and an example is King Fiyzal Hospital and the School of Finance and Banking (SFB) in Rwanda which was co-managed and financed by the government of Rwanda and Maastricht School of Management (MSM). Rehabilitation of highways and feeder roads, this is done by both countries and good examples are Kabale - Kisoro road in Uganda and Kigali-Ruhengeri road in Rwanda. Feeder roads are also being rehabilitated in the Districts which are sponsored by CDF and provide jobs to the poor people living in the vision 2020 Umurenge under the public works component to reduce unemployment; increase poor people's income and savings consequently reducing poverty.⁶
- (vii) **Strengthening the cooperative movement:** Cooperatives have been encouraged to run as businesses not as associations so as to compete with other businesses. An example is a savings cooperative which belongs to almost all members of the sector called Umurenge Sacco in which the VUP beneficiaries and other members of the sector save their incomes.
- (viii) **Civil Service reform:** Civil service reform has been implemented by reducing the size of civil service and strengthening record management and cutting down the number of bureaucratic procedures.
- (ix) **PAPSCA Program:** This program targets vulnerable people in Uganda who are within the poverty trap to try and uplift them to a standard of income generation and continued self sustenance. PAPSCA is to Uganda as VUP is to Rwanda in order to provide employment and income to the poorest of the poor in a bid to eradicate extreme poverty.

Best Practices worldwide

Rwanda has moved from number 17 out 28 hunger stricken countries to number eleven⁷ (11) thanks to the VUP program and other national programs based in the Ministry of agriculture which are aimed at agricultural modernization and crop production maximization.

⁶ *TODARO. (1992).*

⁷ *Action Aid report.(2010)*

According to the International Non Governmental Organization; Action Aid which considered 28 countries which have modernized agriculture and fought hunger; The list has Brazil as number one, China number 2, Rwanda number 11 and Democratic Republic of Congo(DRC) comes number 28th on that list.

According to the global hunger score board released by Action Aid 2010, Rwanda has skipped 6 places to be the leading country which is food secure compared to all its regional neighbors. Rwanda has now come to position 11 up, six places from its former 17th place in the 2009 survey results.

According this report, Rwanda has emerged the Top East African nation at position 11 among the less developed nations, beating Kenya and Tanzania which were formerly considered to be regional food secure heavy weights.

The report attributes Rwanda's new position to the government policy of supporting small scale formers with vital tools and seeds and encouraging irrigation and promoting environmentally sustainable production methods to address the chronic problem of soil erosion in the country side, one of the projects of VUP is to control soil erosion by terracing after which, farmers are given seeds and fertilizers.

It is important to compare Rwanda's policies with Malawi which was number one in Africa out of the 28 surveyed countries. According to Action Aid representatives' report in Malawi on agricultural inputs, "Access to fertilizers and seeds are the major determinants of the extent of household food security as they influence the national harvest" Like Malawi; Rwanda supports small holder farmers by providing seeds and fertilizers.

Two government programs in Malawi provide small holders with access to agricultural in puts; one is the Targeted Input Program (TIP) and the Agricultural Productivity Investment Program (APIP).

This is similar to the Rwandan situation where government imports fertilizers which are bought and distributed by a private operator to farmers at a least price agreed between the government and the private operator (business person).

Rwanda's zero malnutrition program is similar to Brazil's zero hunger program called "Balsa Familia" This program is also similar to the Rwandan program of a cup of milk per every child in government owned primary schools, hence Rwanda is doing well on the Millennium Development Goal of fighting hunger.

Again Brazil's "Balsa Familia" program (BFP)'s main objective is to reduce poverty by targeting the poorest of the poor in the Brazilian population where under the program, poverty is reduced by:

- (i) providing cash transfers to extremely poor families

(ii) Intergenerational transmission of poverty is broken by conditioning these transfers on beneficiary compliance with requirements such as school attendance, vaccines and prenatal visits. These policy programs of the Brazilian government are directly related to Rwanda's vision 2020 Umurenge program, where the extremely poor such as the very old get cash transfers and other extremely poor are helped under the components of public works and financial services. This enables them to afford medical insurance (Mutuelle de santé).

Structural change theory

Structural change theory is concerned with policies aimed at changing the economic structures of developing countries from being constituted basically of subsistence agricultural practices to being a "more urbanized; and more industrially diverse manufacturing and service economy".⁸

There are two major forms of structural change theory; W. Lewis' two sector surplus model; views agrarian societies as consisting of large amounts of surplus labor which can be utilized to spur the development of an urbanized industrial sector.⁹

According to Hollis Cheney's patterns of development approach, which holds that different countries become wealthy via different trajectories. The pattern that a particular country will follow; In this framework, depends on its size and resources; and potentially other factors including its current income level and comparative advantages relative to other nations.

Empirical analysis in this framework studies the "sequential process through which the economic, industrial and institutional structure of an under developed economy is transformed over time to permit new industries to replace traditional agriculture as the engine of economic growth".¹⁰

Suggested measures are:

- (i) Increasing average real GDP growth
- (ii) Decreasing average population growth

⁸ *Todaro.(1992)*

⁹ *W.Lewis. (1979)*

¹⁰ *Hollis Cheney. (1994)*

(iii) Improving efficiency in poverty reduction.

Following the ambitions set in Rwanda Vision 2020, the leadership decided to follow an innovative and comprehensive approach to make a difference by targeting all three indicators over the medium-term corresponding to the EDPRS 5 year period.

Table 1: Government 5 years target

Government Resolutions	Baseline	Target
1. Average real GDP growth 2008-12	6.3%	8.0%
2. Average population growth by 2012	3.3%	2.0%
3. Efficiency in poverty reduction	39%	24%

Source: Prime Minister's Office's official reports. (2008). ¹¹

These national targets provide a useful reference for VUP which primarily focuses on the efficiency in poverty reduction but will seek to contribute directly to economic growth in rural areas and indirectly to population control. The initiative will start with 30 Sectors/Umurenge that is to say one of the poorest Sector/ Umurenge in each of the 30 Districts that make up Rwanda.

Vision 2020 Umurenge Program (VUP) is implemented through its three components:

1. Direct support (DS), this is a kind of support which is offered to people who besides being extremely poor are an able to work when presented with employment opportunities because of physical weakness caused by old age and malnutrition. The malnourished beneficiaries graduate to public works after gaining physical strength.
2. Public works component (PW) provides employment opportunities to the physically able people who are in extreme poverty so as to earn income. This uses community based participatory approaches; locally called (Ubudehe) to create off-farm employment. This component includes projects like terracing, feeder/access roads construction; building of class rooms; health facilities, business, workshops, village settlements; extra. When beneficiaries of public works earn income and acquire some assets, they graduate to the component of Financial Services from where get loans.

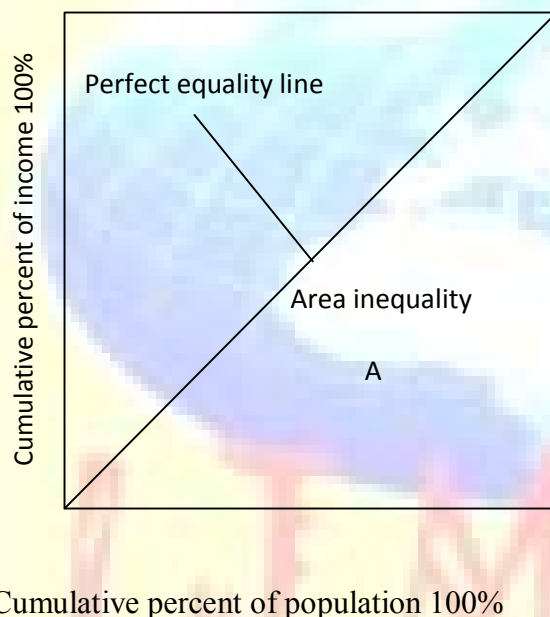
¹¹ Prime Minister's Office's official report. (2008).

3. Financial Services (FS), this component offers loans to people after presenting collateral securities.

No evaluation exercise had ever been done before 2010 to put forward the success and failures of VUP as an intervention mechanism. Nevertheless; the central role of this research paper was to assess the success and failures of Vision 2020 Umurenge Program (VUP) on job creation and poverty reduction in Rwanda.

Theoretical Frame work/ Theoretical model

Figure 2: Perfect equality line and area of inequality



Source: Max O. Lorenz. (1905)¹²

This Lorenz curve illustrates the degree of inequality in the distribution of income. A Gini coefficient can be calculated using areas on this Lorenz curve.

3. Objectives and Hypothesis of the Study

1) The major objective of this research paper was to examine the extent at which “Vision 2020 Umurenge Program (VUP)” has contributed on poverty reduction.

¹² Max O. Lorenz. (1905)

- 2) The paper examined the socio-economic indicators of poverty in Gashaki sector before Vision 2020 Umurenge Program was launched as intervention mechanism and two years after the launch.
- 3) The study assessed the success and failures of Vision 2020 Umurenge Program as an intervention mechanism.
- 4) This research discussed major challenges and put forth recommendations for careful consideration.

Hypothesis: An increase on the level of employment leads to poverty reduction

Scope: Rwanda is made up of four provinces and Kigali city.

Four provinces and Kigali city have got a total of 30 districts.

- (i) Kigali City has got 3 Districts
- (ii) Southern Province has got 8 Districts
- (iii) Western Province has got 7 Districts
- (iv) Eastern Province has got 7 Districts
- (v) Northern Province has got 5 Districts and Musanze District is one them. Gashaki Sector is one of 15 Sectors of Musanze District.

Mission of VUP

- (i) To contribute to extreme poverty reduction from 36.9% in 2005/2006 to 24% in (2012).
- (ii) To instigate changes in the efficiency of service delivery and poverty reduction, coordination and interconnectedness of services.
- (iii) To ensure economic growth is pro-poor
- (iii) To advocacy: VUP has a role of advocating for sectors from non government organizations and other government programs for more support.

Focusing citizens' productive capacities will have at least three more benefits; it will allow creating off-farm employment opportunities thereby supporting the transition to a modern

knowledge based community provided for in Rwanda vision 2020. Furthermore, it will promote the process of monetization and formalization of the economy by raising the level of credit creation since all the beneficiaries are required to open bank accounts and make savings.

Advantages of Vision 2020 Umurenge Program (VUP)

- (i) It reduces unemployment since it provides employment through public works and credit packages.
- (ii) It promotes local people's participation in solving local problems.
- (iii) It promotes economic diversification by creating Off-farm employment opportunities.
- (iv) It targets the vulnerable poor people and reduces mass poverty.
- (v) It broadcasts the culture of saving among the beneficiaries of the three components.
- (vi) VUP uplifts the standards of living of the people.
- (vii) It promotes teamwork spirit and serves as a vehicle of Unity, Peace and Reconciliation.

Disadvantages of Vision 2020 Umurenge program (VUP)

Vision 2020 Umurenge program (VUP) discourages innovation and creativity of its beneficiaries as it creates employment for them; provides credit packages and direct support hence promoting a dependency syndrome.

Piloting rationale

This initiative started with 30 poorest Sectors/ Imirenge. One Sector in each of the 30 Districts of Rwanda.

The selection criterion was based on: Food security, access to clean water, literacy level, distance to a health center, and the level of village settlements.

Table 2: VUP targets the most disadvantaged and poor Sector/Umurenge in each District as shown below:

Kigali		Eastern province		Northern province		Western province		Southern province	
District	Sector	District	Sector	District	Sector	District	Sector	District	Sector
Gasabo	Gikomero	Bugesera	Kamabuye	Gicumbi	Rubaya	Karongi	Ruganda	Gisagara	Gishibi
Nyarugenge	Mageragere	Gatsibo	Kiziguro	Rulindo	Cyinzuzi	Ngororero	Muhororo	Huye	Maraba
Kicukiro	Gahanga	Kayonza	Nyamirama	Burera	Gitovu	Nyabihu	Rurembo	Muhanga	Rugendabari
		Kirehe	Mahama	Musanze	Gashaki	Nyamasheke	Mahembe	Nyamagabe	Kibumbwe
		Ngoma	Gashanda	Gakenke	Minazi	Rubavu	Rubavu	Nyanza	Kibirizi
		Nyagatare	Rwempasha			Rusizi	Nyakarenzo	Nyaruguru	Rusenge
		Rwamagana	Fumbwe			Rutsiro	Mahinira	Ruhango	Mwendo
								Kamonyi	Nyarubaka

Source: MINALOC. (2007).¹³

4. Research methodology

Target population

The study population was the 720 beneficiaries of Vision 2020 Umurenge Program (VUP) intervention mechanism for 2 years.

Simple Random sampling was used

The most widely known type of a random sample is the simple random sample (SRS). This is characterized by the fact that the probability of selection is the same for every case in the population. Simple random sampling is a method of selecting units from a population of size N such that every member of population size N has equal chance of being selected.

Sample selection

The study was conducted in Gashaki Sector of Musanze District situated in the Northern Province of Rwanda. Samples which have equal number of men and women beneficiaries were selected where each sample represented a component of vision 2020 Umurenge program.

¹³ Ministry of Local government (MINALOC). (2007)

Table 3: shows inclusive selection criteria of respondents per VUP component

VUP components	Number of male respondents	Number of female respondents	QUESTIONS
			1. What are the success and failures of VUP as an intervention mechanism? 2. What is the poverty status of Gashaki sector after the VUP intervention? 3. What is the status of the current social-economic classes in the sector after VUP intervention?
			ANSWERS
Direct support	12	12	1.Success: people got income and have changed their economic status. Weakness: money should be disabused at once to avoid delay. 2.Poverty has been reduced; they now have 5 nursery schools, a health center, 2 roads of 6 kms, 2 secondary schools and 2 Microfinance institutions. 3.Status: Only 29 families are extremely poor, 280 are very poor, 1031 are poor, 1117 are well off, 444 are rich in terms of food/Abakungu and 13 families are in the rich category.
Public works	12	12	1.Success: people got income and have changed their economic status. Weakness: money should be disabused at once to avoid delay. 2.Poverty has been reduced; they now have 5 nursery schools, a health center, 2 roads of 6 kms, 2 secondary schools and 2 Microfinance institutions. 3.Status: Only 29 families are extremely poor, 280 are very poor, 1031 are poor, 1117 are well off, 444 are rich in terms of food/Abakungu and 13 families are in the rich category.
Financial services	12	12	4.Success: people got income and have changed their economic status. Weakness: money should be disabused at once to avoid delay. 5.Poverty has been reduced; they now have 5 nursery schools, a health center, 2 roads of 6 kms, 2 secondary schools and 2 Microfinance institutions. 6.Status: Only 29 families are extremely poor, 280 are very poor, 1031 are poor, 1117 are well off, 444 are rich in terms of food/Abakungu and 13 families are in the rich category.

Other respondents were local leaders and central government leaders concerned with the program. These are village chiefs and Executive secretaries at the cell level in Gashaki Sector, The executive secretaries of Gasheki and Remera Sectors. The three samples and the above mentioned local leaders were selected due to their direct link to the program.

The sample size was 72; 36 male and 36 female respondents.

Philosophical underpinning

In this study, the philosophy used of mass employment enabled the researcher to do a theoretical and statistical analysis which led to a standard qualitative research approach.

Data collection instruments

This research was focused on collecting Primary data by using focus group discussions, interviewing and questionnaires. Secondary data was collected by reviewing reports, text books, journal articles and internet web sites.

Interviewing

Village chiefs, Executive Secretaries at the Cell level and Executive Secretaries of Gashaki and Remera Sectors were interviewed on the impact of VUP on poverty reduction in Rwanda.

Dependent variable

The dependent variable in this case is poverty.

Independent variable

The independent variable in this research paper, is Vision 2020 Umurenge Program (VUP),

5. Discussion of the findings

Table 4: shows Recorded annual change of Social economic categories of the families in Gashaki Sector from March 2007-june 2010

Categories	Baseline Data of March 2007	VUP2009	VUP 2010
Extremely Poor	336	101	29
Very Poor	1193	597	280
Poor	1209	1179	1031
Well-off	253	757	1117
Rich in terms of food/Abakungu	3	281	444
Rich	0	8	13

Source: Primary data. (2010)

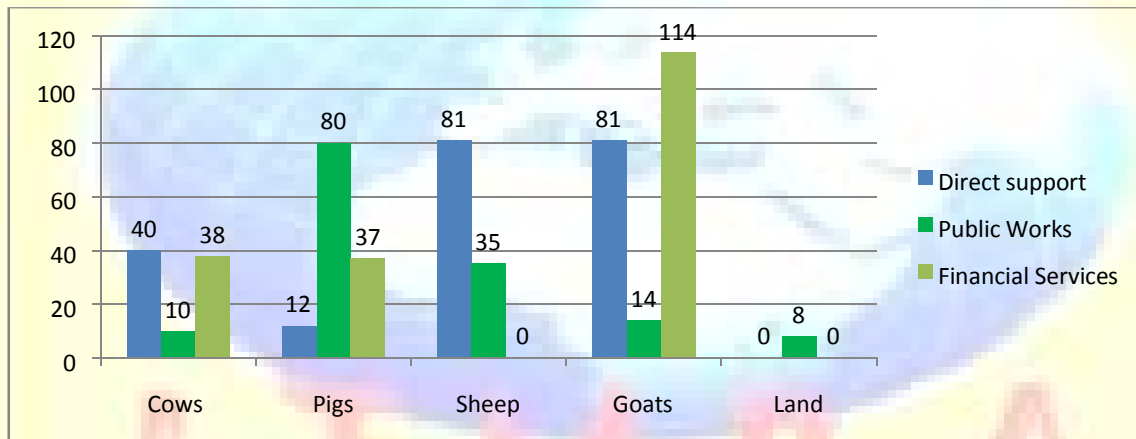
Success and Failures of Vision 2020 Umurenge Program (VUP) as an Intervention mechanism

Beneficiaries were enrolled with in different components depending on their social economic categories. It was a must that all beneficiaries get bank accounts and compulsory saving was fixed at 300 Frw per day out of 1000 Frw. Some of them have acquired domestic animals as

their assets, paid medical insurance for the members of their families and themselves, and they have learnt to use fertilizers in their agricultural practices and their harvest has increased though not beyond the subsistence level as most of them said they have not yet had surplus harvest. The sector has got 5 nursery schools, two secondary schools; a health center and two Microfinance institutions. 323 Ha of land were terraced.

According to the findings from Respondents; the families which qualified to benefit from VUP components lacked assets in terms of domestic animals like cows, goats and sheep. Only few of them had chicken and rabbits but today the situation has changed.

Figure 3: Number of domestic animals acquired by VUP beneficiaries of different components in 2010, in Gashaki Sector



Source: Primary data. (2010)

Challenges

A number of challenges have been identified, among these are:

- (ii) Low utilization of agriculture inputs such as fertilizers and seeds to increase productivity
- (iii) Failure to control the current high population growth rate to a manageable level
- (iv) Reducing inequality across social, demographic, and gender divide
- (v) Fear of taking risks, and lack of entrepreneurial skills among the rural population;
- (vi) Lack of enough land, poor soils, and low agricultural productivity;

- (vii) Massive soil erosion; 4% of the arable land is too infertile for cultivation and more than 2/3 of the soil need protection measures.
- (viii) Dependence on rain fed agriculture (the engine of the Rwandan economy) farmers have limited access to credit, no irrigation is practiced and there is low investment in agricultural sector in particular and rural areas in general.
- (ix) Vision 2020 Umurenge program (VUP) discourages innovation and creativity of its beneficiaries as it creates employment for them; provides credit packages and direct support hence promoting a dependency syndrome.

Source: Primary data. (2010)

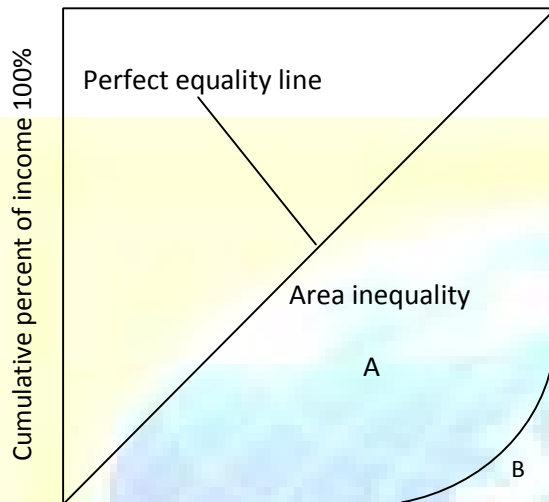
Recommendations

- (i) Government should disburse all the money in the budget meant for VUP at once and not in bits as installments cause implementation delays.
- (ii) Community approach should be used to sign work contracts because through the community approach; all the money goes to the hands of VUP beneficiaries. This approach is better than the open market approach where work is done by the private business men who employs people for a short time, pays them less and a big portion of the money goes to him as his profit.
- (iii) Much effort should be put in capacity building through training and education such as vocational training and apprenticeship as this will eliminate a dependency syndrome which is synonymous with Vision 2020 Umurenge Program and create Rwandans who are able to fish their own other than receiving fish from somewhere else.
- (iv) To the donor, there should be continued support of VUP because it is a reliable Intervention mechanism in poverty reduction as extreme poverty can be eradicated in a sector in a period of between 3 and 5 years of VUP application.

6. Conclusion

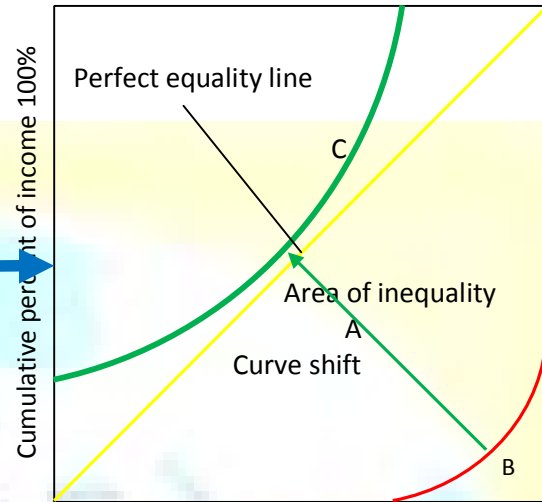
Figures below show a comparative analysis of the income inequality gap in 2007 before an intervention mechanism was applied and a summary of the findings in 2010 after VUP was applied as an intervention mechanism:

Figure 4: Social economic situation 2007



Cumulative percent of population 100%

Figure 4.11: Social economic situation 2010



Cumulative percent of population 100%¹⁴

It is very important to note that all VUP beneficiaries who were formally in extreme poverty secured their medical insurance commonly known as *mituelle de santé*. This medical insurance factor is a major poverty indicator that was solved by the beneficiaries as a result of getting a source of income which is attributed to VUP.

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