



Institution of Microfinance and Improvement of the Socio-Economic Situation of the Population of GOMA. Case of the Promotion and Support of Economic Development Initiatives in Kivu (PAIDEK) from 2017 to 2021

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Abstract:

This study focuses on socio-economic life in the city of Goma. Improving the survival conditions of our populations requires improving working conditions and the availability of financial resources within households. To carry out this research, we used descriptive, analytical and statistical methods, in particular inductive; based on the results of the survey carried out among the beneficiaries of PAIDEK microcredits. Research techniques were used in this work: documentary, interview, survey questionnaire and survey. At the end of our investigations, the socio-economic conditions of the population benefiting from the credit have improved: food, access to health care, education, housing, small business. This confirms our hypotheses. Ultimately, micro-credit institutions are a lever for the local economy to boost the social well-being of our populations.

Key words : Institution, Microfinance/Micro-credit, Improvement, Socio-economic, Population.

Résumé :

Cette étude porte sur la vie socio-économique dans la ville de Goma. L'amélioration des conditions de survie de nos populations passe par l'amélioration des conditions de travail et la disponibilité des moyens financiers au sein des ménages. Pour mener à bien cette recherche, nous avons fait recours aux méthodes descriptive, analytique et statistique notamment inductive ; sur base des résultats du sondage effectué auprès des bénéficiaires des microcrédits du PAIDEK. Les techniques de recherche ont été mises à profit dans le cadre de ce travail : documentaire, interview, questionnaire d'enquête et sondage. À l'issue de nos investigations, les conditions socio-économiques de la population bénéficiaire du crédit se sont améliorées : l'alimentation, l'accès aux soins de santé, la scolarité, l'habitat, le petit commerce. Ce qui permet de confirmer nos hypothèses. Définitive, les institutions des micro-crédits constituent un levier de l'économie locale pour booster le bien-être social de nos populations.

Mots clés : Institution, Microfinance/Micro-crédit, Amélioration, Socio-économique, Population.

I. INTRODUCTION

0.1. Context

The granting of credit (loan) is a self-help strategy that aims to contribute to poverty reduction. In a country like ours, where the majority of the population lives from informal activities, which would represent more than 80% of the economy, and where the formal official costs too much, which explains why it is becoming normal that people do not use it (www.google.fr of August 2022); this is an opportunity that would facilitate the improvement of the living conditions of low earners and all other vulnerable people who have difficulty accessing financing. Wanting to know more, several researchers before us have been interested in this field of microcredits such as:

Virginie Bouyssou V. (2003), who spoke about the impact of microcredit on social and economic well-being. She reflected on the informal financial sector and concluded by saying that it is possible to massively make small loans which will be reimbursed in order to provide for the well-being of poor peasants without land and without collateral if we apply appropriate banking and social techniques.

For Wirba Alidu Yongye (2003), microcredit and its corollary, microfinance, have proven to be real lifesavers for donors in the implementation of a strategy aimed at reducing poverty. The most promising aspects of microcredit programs manifested through the formation of tontines within women's groups have demystified the ancestral image that casts doubt on the solvency of the poor and confirms the power of joint surety. It emerges that

microfinance is about to move from an activity dependent on subsidies to an activity capable of promoting its own development. The challenge facing us now requires strengthening the limited institutional capacities of microfinance organizations to lead sustainable development.

To tell the truth, Microcredit has been the subject of increasing communication, it is often presented as the most effective instrument for eradicating poverty or ensuring local development (Servet, 2006). In addition, it refers to small amount loans granted to groups of solidarity borrowers or to individual borrowers by institutions which can be non-governmental organizations (NGOs), banks or public programs (Servet, 2006). According to Martinez (2007), it can theoretically have a positive effect on vulnerability and protect against risks in three ways: • By allowing the poor to develop an income-generating activity; • By allowing them to build capital.

Our work, meanwhile, focuses on the effects produced by these microcredits on the socio-economic life of the population of Goma, in particular through the exercise of two activities including the sale of second-hand clothes and charcoal from 2019 to 2021.

0.2. Problematic

The population of the city of Goma, like that of most cities in the DRC, organizes itself in various ways to ensure its **subsistence** or improve its daily life. This is, among other things, through non-profit associations. Since this population faces multiple problems, it practices the rule of “unity is strength”. It is also obvious to emphasize that the repeated wars with all the related consequences: displacement of populations, rape, theft have also accentuated the vulnerability of the population of Goma. In recent years, there has been a proliferation of associations and cooperatives that support certain activities in the informal sector, which we call grassroots initiatives. It is a community participation defined as being an active engagement of a local population in the identification of its needs, in the definition of the priorities and the means to satisfy them. She is also versed in the planning and execution of it. Many people are concerned about the real impact of the actions of these numerous associations. Misery and poverty concern more and more people and are becoming fundamental concerns for the establishment of real development mechanisms.

In sub-Saharan Africa (Arnaud Zacharie, 2010), this situation challenges more than one person with regard to the search for solutions in the process of fighting poverty. Thus, many individuals and associations have set up support mechanisms for individual initiatives to improve living conditions. It is in this context that the Promotion and Support of Economic Development Initiatives in Kivu has decided to finance several activities in the informal sector by granting them microcredits. This PAIDEK project aims to:

- Support 500 members of the association in 12 months in 2 rotations of six months each;
- Fight against youth unemployment and vagrancy;
- Restore the life hope of beneficiaries traumatized by the loss of property.

Several people have benefited from this microcredit by carrying out different activities. We approached the beneficiaries who invested in second-hand clothes and charcoal to learn more about the relevance of their activities and the contribution to meeting their needs and the impact of the microcredit received on their living conditions. We wanted to know more about the impact of the microcredit received on their living conditions. The following questions will therefore constitute our guideline.

Main question:

- Would microcredit be a real opportunity for access to income by the poor in the process of fighting against poverty?

Secondary questions:

- Would the microcredit received from the PAIDEK have contributed to lifting the poor out of poverty?
- In terms of significant impact, which aspects would be positively influenced?
- Was the target population able to repay the microcredit taken? It is to this question that we will endeavor to find an answer within the framework of our work.

On the basis of our analyses, we believe that the credit granted by the Promotion and Support of Economic Development Initiatives in Kivu to the beneficiaries would significantly improve their socio-economic living conditions. In addition to this, the aspects of the social life of the most strongly influenced beneficiaries would be: school, nutrition, rent, health, petty trade, schooling, etc. However, we believe there would be no time for their hobby. The majority of the target population would have been able to repay the microcredit received but would like to benefit from the increase in the amount granted to make the activities carried out more efficient. Those who have not been able to repay would like the PAIDEK to give them another chance.

We use this research theme because the creation of microcredit institutions or services is topical today in our country and in the city of Goma in particular. This aroused our curiosity to want to know the impact of the effects that Microfinance / Micro-credit organizations produce on a daily basis in the socio-economic life of the population of Goma, reputed to be very poor. This work will make it possible to know the difficulties with which the persons in charge of the PAIDEK are confronted in the execution of their projects, to have an exact idea of the actions posed by the Promotion and Support of Economic Development Initiatives in Kivu to the other actors and to identify the level of satisfaction of the beneficiaries of the credits dealing with the thrift store and charcoal.

II. RESEARCH METHODS AND TECHNIQUES

To carry out our work, we made use of methods and techniques to collect, collate, analyze and interpret the data and results of our research. The descriptive method consisted in representing something. It is by following this method that we presented the PAIDEK structure and gave a brief history on microcredit. Then, the analytical method which allowed us to make an analysis of the financing of the activities of the informal sector by the Promotion and Support of Economic Development Initiatives in Kivu. Finally, the statistical method which is a set of scientific methods from which one collects, organizes, summarizes, presents, analyzes and also interprets data and which makes it possible to draw conclusions on a situation and to make judicious decisions. This method was used to collect and process the data collected in the field during the survey. In particular, we had to use the multivariate statistical method to assess the validity and reliability of the concept of micro-credit and micro-finance. Research techniques were used in our investigations.

Interview technique.

She helped us through casual exchanges, to collect data from the manager of PAIDEK's financing and from certain beneficiaries of the association's credit. The documentary technique which was useful to us in gathering the documentation necessary for the search for information and their selection before exploiting them. It also allowed us to collect data in written documents, books, doctoral theses, journals, directories, reports and courses to enrich the field of our investigations and understand the questions raised in this study. The survey questionnaire gathered the point of view of the beneficiaries to better appreciate the impact of the grant and on the socio-economic development of the beneficiaries of the city of Goma, we submitted the questionnaire to them between October and December 2021. Indeed, thanks to this questionnaire, we collected in writing the opinions of the beneficiaries; which gave us an objective idea of the impact of the microcredit received.

Overall objective: The objective of this study is to identify the role of the Promotion and Support of Economic Development Initiatives in Kivu in the socio-economic development of families benefiting from its microcredit program in the city of Goma.

The specific objective: Highlight the impact of the contribution of the Promotion and Support of Economic Development Initiatives in Kivu on the socio-economic development of the population of Goma.

III. RESEARCH RESULTS

The survey conducted among the poor who benefit from microcredits from the Promotion and Support of Economic Development Initiatives in Kivu had the following objectives;

To know the impact of the microcredit received from the Promotion and Support of Economic Development Initiatives in Kivu on the improvement of the living conditions of their households;

To identify the aspects of the beneficiaries' lives that are strongly influenced by the financing of the Promotion and Support of Economic Development Initiatives in Kivu;

To find out if the majority of the target population was able to repay the microcredit received.

The population concerned by our survey is made up of poor and low-income men and women who receive (repayable) microcredits from the Promotion and Support of Economic Development Initiatives in Kivu in the village of Ngangi in the Nyiragongo Territory of North Kivu Province.

III.1 The sampling procedure.

We conducted a simple random survey. Thus, we used the following formula to calculate our sample (Bugandwa D. 2016):

$$n = \frac{Z^2 N \pi (1-\pi)}{(N-1) \epsilon^2 + Z^2 \pi (1-\pi)}$$

- n is the sample size ;

- Z is the reliability coefficient. Its value is determined in the normal distribution table based on a confidence level taken by the researcher;

- N is the size of the population from which the sample should be drawn; -ε is the value of the precision desired by the investigator;

- π is the proportion of the population.

III.2 The Sample

N is the total population from which the sample should be drawn, in our case 1060; that is, the total number of those who benefit from the granting of microcredits at the Promotion and Support of Economic Development Initiatives in Kivu. Given that we take a 90% confidence level, Z the reliability coefficient is 1.65. For our case, we chose alpha = 10%. The formula shows that the size is directly proportional to the quantity π(1-π). For our case, the proportion of the study population will be 0.5 and gives us the highest variance. This formula will then yield the following:

$$n = \frac{1,65(1060) \cdot 0,5(1-0,5)}{(1060-1) \cdot 0,1^2 \cdot 0,5^2 + 1,65^2 \cdot 0,5(1-0,5)} = 216$$

$$n = 216$$

Since we did not have the material means to conduct our survey on a smaller sample, we decided to revise our size by the so-called Lurch formula:

$$N_{\text{révisé}} = \frac{n}{1 + \frac{n}{N}} + 1 = \frac{216}{1 + \frac{216}{1060}} + 1 = 180$$

Thus, we took a sample of 180 people.

III.3. The questionnaire and its administration

In order to achieve the set objectives, we have constituted a series of questionnaires subdivided into two parts, namely the situation before credit and the situation after having benefited from the microcredit. The questionnaire consisted of 51 questions, 44 of which were closed and 7 open.

Table N°1: Presentation of the respondents' answers to the questionnaire submitted to them.

Frequency Percentage	Number of respondents	Percentage
Correctly answered	110	60,11
Returned without answer	31	17,22
Incorrectly completed	13	7,22
Not returned	26	14,44
Total	180	100

Source: Our survey

It appears from this table that 60.11% of the questionnaires we submitted to our respondents were handed in and completed, we had a loss of 38.89% distributed as shown in the table above, 17.2% were returned without being completed, 14.44% were not returned to us and 7.22% were incorrectly completed. This is understandable given the sensitivity of the subject of our study, but also the complexity of the questionnaire we submitted, which is not suitable for everyone. This can be explained by the large number of questions asked while our respondents are running out of time to find the means to provide for their families. In addition, many of them cannot read and/or were reluctant to answer our questionnaire.

III.4. Analysis of the questionnaire

For the analysis, we used SPSS software and MS WORD software was useful for the formatting of the data. Thus, the results of 110 questionnaires submitted to us are presented as follows:

III.4.1. Presentation of the profile of our respondents.

From our field surveys, we can see that the majority of our respondents are between 30 and 49 years old, and most of them are married women. This is understandable in the sense that, currently, it is more women who undertake activities in the informal sector to support their households. In this regard, Guérin states that the main objective of microfinance is to participate in the emergence and strengthening of local leadership, including among women and especially among the most marginalized categories such as dalits (former untouchables) (Guérin, 2011). However, this range includes all categories of people: divorcees, widows and widowers, etc. It is clear that this is a constituted slice of the leaders. However, this statement is not exhaustive because these credits are also granted to single people who are responsible for their respective families, small business here and there throughout the city.

In terms of the mapping of beneficiaries, our surveys reveal that the vast majority of respondents reside in the commune of Karisimbi, but also in the surrounding area of Nyiragongo. This can be explained by the fact that it is in this area that the poorest people in the city of Goma live. In terms of the use of funds, we note that a large proportion of our respondents engage in the sale of second-hand clothes and another significant proportion engage in the sale of charcoal. Only a small proportion sell other items, the identity of which was not revealed during our survey.

III.4.2. Results of the answers to the questions of our respondents

Table N°1: Social situation of the beneficiaries before the credit

	Number (Ni) %	%	Class Center (Ci)	Average income	$\frac{\sum N_i C_i^2}{N}$	Standard deviation
1 - 10 dollars	15	13,6	5,5\$	0,75\$	453,7\$	35.66 dollars
10 - 50 dollars	59	53,6	30\$	16,09\$	53100	
51- 100 dollars	33	30,0	75,5\$	22,65\$	188108,25	
101-300 dollars	3	2,7	200,5\$	5,47\$	120600,75	
Total	110	100	-	44,96\$	$\frac{\sum N_i C_i^2}{N}$ = 3293 ,3 – 2021,4 = 1271,9	

Source: We ourselves, according to our surveys

This table allows us to see that the majority of our respondents, 53.6%, had an income of between 10 and 50 US dollars before receiving the credit, 30% had an income of between 51 and 100 dollars, 13.6% had an income of 10 dollars per week and only 2.7% had an income of 101 to 300 dollars per week. This gives an average weekly income of 44.96 dollars with a standard deviation of 35.67 dollars.

Table N°2 : Number of daily meals

Wording	Number	Percentage
1 meal	7	6,4
2 meals	98	89,1
3 meals	5	4,5
Total	110	100

Source: Self-reported, based on our surveys

We note that many of our respondents ate at most two meals a day. Only a small proportion, 4.5%, eat three meals a day.

Table N°3 : Weekly income

Income	Number of people (Ni)	%	Class center (Ci)	Average income	$\frac{\sum N_i C_i^2}{N}$	Standard deviation
1 - 10 \$	5	4,5	5,5\$	0,25\$	1,365	26,75 dollars
10 - 50\$	18	16,4	30\$	4,91\$	147,273	
51 - 100\$	62	56,4	75,5\$	45,55\$	3212,868	
101 - 300\$	24	21,8	150,5\$	32,84\$	4941,873	
300 - 500 \$	1	9	400\$	3,64\$	14,545	
Total	N= 110	100	-		$\frac{\sum N_i C_i^2}{N}$ = 8317,924 – 7602,0961	

Source : Our survey

On the basis of this table we can see that the weekly income of the majority, 56.5% of our respondents after credit is 51 to 100 dollars and 101 to 300 dollars for 21.8%. Thus, this gives us an average income of 87.19 dollars per week with a standard deviation of 26.75 dollars.

Table N°4 : Impact of the credit received on the activity of the respondent

	Number of people	Percentage
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Purchase of a land plot	2	1,8
Schoolfees for children	10	9,1
Bulding a house	9	8,2
Increase of my capital	61	55,5
Other	26	23,6
Nothing to say	2	1,8
Total	110	100

Source : oursurvey

It emerges from this table that 55.5% of our respondents affirm that the credit allowed them to increase their capital, 23.6% say that the credit allowed them to access other things without specifying them. For 9.1% it allowed them to send their children to school, 8.2% built their houses with these credits and 1.2% had to buy plots.

Table 5: Whether the respondent was able to repay the credit received

	Number of people	Percentage
YES	90	81,8
NO	20	18,2
Total	110	100

Source : Our respondent

This table shows that the majority, 81.8% of our respondents, claim to have been able to repay the credit granted to them. For those who were unable to repay the credit they received, 40% said they were victims of theft, 25% pointed to poor sales, while another 25% gave the decrease in capital as the reason, and 10% said they encountered other problems.

Table N°6: General suggestion

	Number	Percentage
Increase in credit	82	74,5
Another chance	13	11,8
Refusal to grantcredit	11	10,0
Increase the days of the deadline	4	3,6
Total	110	100

Source : Our respondent

This table shows that the majority, i.e. 74.5% of our respondents, would like the volume of credit to be increased.

Table N°7 : Suggestions to Don Bosco Ngangi.

	Number	Percentage
New loan	79	71,8
Increase of the deadline	16	14,5
Doingitalone	11	10,0
Another chance	4	3,6
Total	110	100

Source : Our survey

It results from this table that the majority of our respondents would like the PAIDEK to grant new credits, 14.5% would like the deadline to be increased and 3.6% would like to be given another chance.

IV. INTERPRETATIONS OF THE SURVEY RESULT/ DISCUSSIONS

Before the credit, table N°1bis allows us to see that the majority of our respondents, 53.6%, had an income of between 10 and 50 US dollars before receiving the credit, 30% had an income of between 51 and 100 dollars, 13.6% had an income of 10 dollars per week and only 2.7% had an income of 101 to 300 dollars per week. This gives an average weekly income of 44.96 dollars with a standard deviation of 35.66 dollars. After the credit, table N°3 allows us to see that the weekly income of the majority, i.e. 56.5% of our respondents after the credit is from 51 to 100 dollars and from 101 to 300 dollars for 21.8%. This gives us an average income of 87.19 dollars per week with a standard deviation of 26.75 dollars. To test whether the two average incomes are significantly different, we considered the hypotheses H0 and H1. H0: The weekly income before receiving the credit equals the income after receiving the credit. H1: Weekly income before receiving credit is different from income after receiving credit. Under H0, the two means being equal. A+

Since we have chosen a threshold of 90%, t in the table is -1.65; since -10.2 is less than our significance level, we can say that the post-credit income is significantly different from the pre-credit income. As the average weekly income after credit is higher than the average weekly income before credit, we can affirm that the economic situation of our respondents has significantly improved. In table N°4, we note that 55.5% of our respondents affirm that the credit allowed them to increase their capital, 23.6% say that the credit allowed them to access other vital advantages; without specifying them. For 9.1%, the credit they received gave them the opportunity to pay for their children's schooling, 8.2% built their houses with the credit they received and 1.2% had to buy plots of land and build a decent home. In addition, table 2 shows that 89.1% of our respondents ate at most two meals a day. The majority of our respondents, 68.2%, eat beans and potatoes as their main meal. Only 21.8% eat meat, fish and vegetables. After having benefited from the credit, the situation takes on a different aspect. A clear improvement is palpable in the fact that 58.2% of our respondents now eat at least two meals a day; 36.4% eat three meals a day, 1.8% say they eat more than three and only 3.6% eat one meal a day. In addition, we can see that 40.9% of our respondents claim to consume meat, fish and vegetables and only 31.8% claim to consume mainly beans and potatoes.

With regard to the provision of schooling for children, our analyses reveal that only 29.1% of our respondents managed to pay for their children's schooling themselves. The others were helped either by family members or by NGOs. After receiving credit, this indicator improved significantly (from 29.1% to 51.8%). In fact, 51.8% of our respondents pay their children's school fees themselves. However, we note that the majority of the respondents do not have time to spend on leisure activities, given the Chi-square tests which allow us to observe that the commune of residence and the activity undertaken have an influence on leisure activities; this, moreover, allows us to confirm our first two hypotheses.

Table 5 shows that the majority, 81.8% of our respondents, claim to have been able to repay the credit granted to them. But in table n°6, we can see that the majority, i.e. 74.5% of our respondents would like the credit to be increased. In table 7, the majority of our respondents would like the CJDBN to grant new credits, 14.5% would like the maturity to be increased and 3.6% would like to be given another chance. This allows us to confirm our third hypothesis.

At the end of our analysis, it is clear that all our hypotheses have been confirmed and all the indicators are green. The influence of microfinance institutions augurs a bright future for the improvement of the socio-economic conditions of our poor populations. It goes without saying that microfinance remains an important tool for boosting the local household economy and contributing to the integral development of all people. According to (Maystadt, 2004), it is seen as a new way to solve the financing constraint of micro-entrepreneurs and to offer individuals the means for their own development.

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