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Editorial

On behalf of the scientific editorial board, I extend my deepest gratitude to the contribution made by lecturers and researchers that has made the compilation of this publication a success. The completion of this volume stemmed from their will, initiative and performance as lecturers and researchers. KIGALI INDEPENDENT UNIVERSITY ULK has always paid regards to promoting education and impacting the complete development of Rwanda through coupling teaching and research. In the same context, the 41st Volume of ULK Scientific Journal is now out with four papers which tackle issues of national and regional concern. The authors of articles in this issue suggest scores of recommendations worthy of consideration to both policy makers and practitioners.

The first paper by Dr. SEKIBIBI Ezechiel, Dr. TWESIGYE Daniel and DUKUNDANE Jean Pierre is entitled “Effect of Macroeconomic Variables on Profitability of Selected Commercial Banks in Rwanda”

The purpose of this study was to determine the effect of macroeconomic variables on the profitability of selected commercial banks in Rwanda.

The findings of the study revealed that there is a strong negative correlation between lending rates and financial performance.

The paper by Dr. SEKIBIBI Ezechiel, Dr. GASHEMA Bruce and Ms. NKURUNZIZA DIANE is entitled “The Impact of Non-Performing Loans on the Profitability of Selected Commercial Banks in Rwanda: A Multiple Regression Analysis Approach”.

It aimed at determining the effect of nonperforming loans on the profitability of selected commercial banks in Rwanda. The study revealed that there is a negative correlation between non performing loan and the profitability of selected commercial banks in Rwanda.

The article by Dr. MURANGIRA Thierry is dubbed “Public Interest Litigation as a Pillar to Instigate Policy Reform in Rwanda.” In his conclusion, the author pointed out that Rwandan legal system can no longer be as deliberately and comprehensively exclusionary as it was before 1994. The adoption of PIL should be encouraged through judicial activism, since Rwanda is committed to protecting human rights, as well as social-economic and legal opportunities of all.

The last paper by Mr. Jean Baptiste MANIRAKIZA is “The Contribution of Students’ Debates to the Enhancement of the Quality of Education in Rwanda’s Higher Learning Institutions.” The findings of the study disclosed that students’ debates are among the factors that contribute to the enhancement of the quality of education.

Dr. SEKIBIBI Ezechiel
Vice Chancellor of ULK

**EFFECT OF MACROECONOMIC
VARIABLES ON PROFITABILITY OF
SELECTED COMMERCIAL BANKS IN
RWANDA**

*By: Dr. SEKIBIBI Ezechiel, Dr. TWESIGYE Daniel and
DUKUNDANE Jean Pierre*

ABSTRACT

The purpose of this study was to determine the effect of macroeconomic variables on the profitability of selected commercial banks in Rwanda. A descriptive research design was used and data were collected from four commercial banks in Rwanda licensed by the National Bank of Rwanda (NBR). Secondary data covering a period of three years, from 2016 to 2018 were sourced from the published financial reports of the selected commercial banks and the National Bank of Rwanda. The study used a multiple regression analysis in examining how macroeconomic variables affect the financial performance of commercial banks in Rwanda.

The Findings of this study show that there is a negative correlation between the macroeconomic variables performance indicators and ROE and a positive correlation between the macroeconomic variables and the ROA. Based on the findings, the researchers conclude that macroeconomic variables factors are very fundamental to the profitability of the commercial banks therefore commercial banks should clearly analyse the macroeconomic environment where they operate.

KEY TERMS: GDP, ROA, ROE Inflation rate, Interest rate, unemployment rate

1.0 Introduction

Financial institutions globally facilitate the movement of funds from the surplus units in an economy to the deficit supply units (Eakins & Mishkin, 2012). Commercial banks form a part of these financial institutions. In Rwanda commercial banks are the major players in the financial system (NBR, 2016). Banks undertake their financial intermediation role with the goal of maximizing their returns, also; through improved financial performance. As such, they accumulate and deploy assets towards achieving the desired performance.

Banks also operate in the industry and national environment. This environment is often turbulent and volatile as a result of interaction between and among various forces, among them macroeconomic variables. Governments often enact legislation desired to achieve certain socioeconomic goals; these legislative enactments and other government intermediations in the market influence the macroeconomic environment (Osamwonji & Chijuka, 2014).

The agency theory (Jensen & Meckling, 1976) postulates that firm managers (agents) should be in a position to anticipate the macroeconomic environment changes and take adaptive measures for them to safeguard and maximize their firms' returns. This study sought to investigate how macroeconomic variables affect the financial performance of commercial banks in Rwanda.

Macroeconomic variables are the elements that typify the national economy and business environment.

In an economy, these macroeconomic factors are not within the influence of one individual firm (Brueggeman & Fisher, 2011). However the government often influences the macroeconomic variables through enactment of legislation and or policies. These factors include the inflation rate, GDP, interest rate, foreign exchange rate, money supply, and so on (Simiyu & Ngile, 2015). Macroeconomic variables influence the complexity and volatility of the business setting (San & Heng, 2013). Due to increasing globalization and technological advances, economic turbulence in other (international) economies might creep into the local business environment.

The government has a precarious role in enhancing stability of the macroeconomic variables. Businesses, among them commercial banks, prefer a stable macroeconomic environment; a stable environment is more predictable, risk is also lower under such stable conditions. Financial performance denotes the percentage or degree of attainment of economic goals, objectives and or targets by a firm. Financial performance is specified as at a stated point in time and refers to performance in a given time period (Pandey, 2009). Financial performance is measured in various ways.

The Financial performance of commercial banks is best measured using ratios such as return on assets, return on equity, net interest margin, equity multiplier, and non-performing loans (Eakins & Mishkin, 2012). Return on assets ratio is a ratio of net income to total assets; the return on equity is a ratio of net income and shareholders' equity;

net interest margin is the difference between interest expenses paid out and interest income earned by a bank.

Firms seek to improve continuously their financial performance for various reasons, among them to maximize shareholder returns (Brueggeman & Fisher, 2011). Returns to shareholders are largely dependent and linked to the financial performance registered by commercial banks. Good financial performance is essential as resources available to a firm are scarce; better financial performance leads to surplus inflow of resources to the banks, these resources are then available to be deployed for further growth, undertake expansion purposes, or to just sustain the commercial banks going concerns.

Macroeconomic variables are anticipated to influence the business setting (Brueggeman & Fisher, 2011). These variables affect the nature and intensity of the volatility of the operating environment. According to (Markowitz, 1952), the portfolio theory states that investors will make decisions on the risk-return tradeoff; such investors tend to prefer more returns to less returns, they also favor less risk to higher risk.

High volatility of variables in the macroeconomic environment creates and fosters an unstable and highly volatile environment, risk, thus becomes aggravated and in turn threatens returns. Good and healthy financial performance then becomes uncertain.

The theory of efficient market hypothesis (Fama, 1970) postulates that, in a market security price will reflect all the available information, always. Bank managers as such

therefore ought to react fast and accurately to actual and anticipated macroeconomic variable changes by adapting the said changes or planning for them well in advance. Such prudence assists to assure financial performance not only in the present, but also in future. Macroeconomic variables affect firms' profitability (Gerlach, Peng & Shu, 2005). Changes in macroeconomic variables present opportunities as well as threats to the industry players concurrently; those prepared for the changes, shall realize gains from the opportunities that arise, thus fostering their financial performance, while those who are unprepared might suffer from the threats and might in turn impact their financial performance negatively.

The Rwandan banking sector has faced a challenging macro-economic environment such as capping of interest rate that was affected, but the sector remains resilient. Other macro-economic challenges that affected the sector include; increasing levels of prices, unpredictability of interest rates and exchange rate variability. The Rwandan francs have greatly depreciated against most traded world currencies over the last few years, in addition to widening current account deficit.

These unfavorable macroeconomic variables may result to great problems in the banking industry, when management deeds are far-off reflecting the recurring nature of the economy in its decisions. Mounting stress within the banking system can be experienced due to extremely unexpected cyclical fluctuation. Nevertheless, the macroeconomic variables might well deliver good

indicators, but it's not always the case. (NBR, 2016).

In Rwanda the national bank through its monetary policy committee, sets the base lending rate and as such influences the prevailing lending rates in the economy (NBR, 2016). Banks in Rwanda have also showed growth in profitability over the previous few years, with the exception of a few that reported poor performance.

The Rwandan government also influences macroeconomic variables not only through economic and fiscal policies, but also through market activities such as issuance of government debt securities, capping of interest rates in the economy. Banks are left with the only option of adapting to macroeconomic changes in order to protect and safeguard their future financial performance.

A number of research studies (foreign & regional) have embarked on this research area. Osamwonji and Chijuka (2014) investigated how macroeconomic variables affect the profitability of commercial banks. The study finds a significant positive relationship between the return on equity and GDP, a significant negative relationship between return on equity and interest rate, and an insignificant negative relation involving inflation rate. San and Heng (2013) found macroeconomic variables like gross domestic growth and inflation do not have an effect on profitability.

Local study that has been conducted by Nkurikiye and Uwizeyimana (2017) in study called the effects of GDP, interest rate, and inflation on private investment in Rwanda, the research has revealed that gross domestic

products affects private investment and both in the long run and short run, and study has revealed that there is a positive impact of inflation on investment.

Another local empirical study that has been conducted by Gatsimbazi and Mulyungi (2018) in study called "effects of macroeconomic variables on stock market performance in Rwanda, the study has revealed that GDP growth rate, inflation and exchange rate are negatively significant in the Rwandan stock market.

Dukundane and Rukera (2016) in their research entitled the impact of credit risk management on financial performance of commercial banks in Rwanda, their research findings have revealed that there is a negative correlation between non performing loan and financial performance of banks.

Even though many researchers (local) worked on financial performance cases, but they didn't deepen on the relationship between the macroeconomic variable and financial performance, and many researchers have been putting the blame on internal control of commercial towards financial performance. Yet they are other factors that are beyond the control of internal control that can affect the profitability of commercial banks in Rwanda. This study sought to fill this gap by seeking to answer the research question: What are the effects of macroeconomic variables on the financial performance of commercial banks in Rwanda?

2.0 Theoretical and conceptual framework

Various theories have been discussed presenting arguments that guided this study. These theories include Schumpeter economic cycle theory, Keynesian liquidity preference theory and macroeconomic theory.

2.01 Schumpeter Economic Cycle Theory

The theory was propounded by Schumpeter (1939) who indicated the process of economic change or evolution that consists of two distinct phases, “prosperity” and “recession”. One under which the impulse of entrepreneurial activity, draws away from an equilibrium position, and the second of which it draws toward another equilibrium position. Schumpeter calls those fluctuations/ cyclical processes in the economic life business cycle. Schumpeter shows the intermediary role of the financial sector between those who save and invest, through a process referred to as credit creation by bank financing that leads to economic growth and development. The effect of this process leads to profit and loss generated by the lender and the borrower.

Certain macroeconomic variables, typically display a unique pattern of boom and recession in a business cycle. A crisis is said to occur at the peak of expansion when growth in real GDP and domestic demand decline leading to acceleration in inflation. During periods of economic expansion, firms and their respective sectors profits increases, asset prices rises aggregate sectoral demand for credit facilities, expands leading to growth in bank

lending resulting to increased interest income. Banks may underestimate their risk exposures, relaxing credit standards and reduce provisioning for future losses while the economy indebtedness rises.

As the downturn sets in individual's, firms and sector profitability deteriorates (Bikker and Hu, 2002). The theory assumes that recessions and periods of economic growth are an efficient response to exogenous changes in the real economic environment and that decline in profitability result in fall of asset prices, non-performing loans, lowers borrowers' financial capacity, fall in employment levels, and depresses the value of collaterals as a secondary mean of servicing debts. Banks' risk exposure increases, and consequently raises the need for larger loan provisions and higher levels of capital, exactly when it is more expensive or simply not available.

This may lead to banks reacting by reducing the amount of lending, especially if they have low capital buffers above the minimum capital requirement, thus increasing the effects of the economic downturn as well as increasing the lending rates.

Critics of the theory state that it is a common misconception that macroeconomic purely based on shocks to supply, as opposed to shocks on demand, and this leads to the common criticism of Schumpeter economic cycle theory by ignoring the demand side of the economy. However, in the real business cycles situation, consumers will change their intertemporal consumption and savings decisions based on the real interest rate available to them, which is a

shift in demand. In relation to the study, the theory views interest rate changes as normal economic occurrences which will affect commercial bank's performance. It disregards the argument that interest rates are determined by the liquidity in the economy, but is determined by the prevailing macroeconomic environment as determined by the business cycles. Hence, according to the theory, interest rates will keep on changing according to the prevailing macro-economic conditions.

2.02 Keynes's Liquidity Preference Theory

The theory was advanced by Keynes (2006). According to the liquidity preference theory, the interest rates are determined by the demand for and supply of money balances. The theory assumes that people's demand for money is not for transactions purpose, but as a precaution and for speculative purposes. The transaction demand and precautionary demand for money increases with income, while the speculative demand is inversely related to interest rates because of the forgone interest. The supply of money is determined by the monetary authority (the central bank), by the lending of commercial banks and by the public preference for holding cash (Were, Kamau, Sichei, Kiptui, 2013).

Therefore, interest rates are expected to increase as the maturity profile of securities increases. This is so because the longer the maturity, the greater is the uncertainty; and therefore the premium demanded by investors to part with cash increases as the maturity profile increases.

The expectation, therefore, is that forward exchange rates should offer a premium over expected future spot exchange rates for those who are risk-averse demand a premium for securities with longer-term maturities. A premium is offered by way of greater forward rates in order to attract investors to longer-term securities. Consequently, current interest rates reflect expected inflation rates, income (GDP) and expected money supply changes (Were et al., 2013).

Critics of this theory argue that the liquidity preference theory of interest suffers from a fallacy of mutual determination. Keynes alleges that the rate of interest is determined by liquidity preference.

In practice, however, Keynes treats the rate of interest as determining liquidity preference. The critics state that "The Keynesians therefore treat the rate of interest, not as they believe they do- as determined by liquidity preference- but rather as some sort of mysterious and unexplained force imposing itself on the other elements of the economic system (Were et al., 2013).

In relevance to the study, the theory views interest rates as being mainly driven by the liquidity level in the economy. The theory does not recognize the role of macroeconomic policies formulated by the central bank, but interest rates are purely driven by the demand of money in the economy. Therefore, interest rates will go up and down according to the level of liquidity in the economy and preference for the liquidity by the users of funds.

2.03 Macroeconomic Theory

The theory was proposed by Friedman, (1963). The theory has viewed interest rates as always and everywhere a monetary phenomenon (Friedman, 1963). Further, macroeconomic theory assumes that growing the money supply in excess of real growth causes interest rates to rise. This is also the result from the Harberger (1963) model, which assumes that prices adjust to excess money supply in the money market. It is on the basis of this assumption that it is possible to invert the real money demand and control interest rates.

Interest rate volatility in open economy results from different disequilibria in many markets specifically, the domestic money market, external/foreign markets and the labor market. Thus an increase in interest rates emanates from three main sources that include excess money supply, foreign prices and cost push factors (Were et al., 2013). The theory is related to Keynesian liquidity preference theory, but recognizes additional sources of interest rates not only demand for money but also foreign prices and cost push factors.

Critics of this theory base their argument on the grounds that governments would in practice be unlikely to implement theoretically optimal policies. According to them, the implicit assumption underlying the macroeconomic revolution was that economic policy would be made by wise men, acting without regard to political pressures or opportunities, and guided by disinterested economic technocrats. They argued that this was an unrealistic

assumption about political, bureaucratic and electoral behavior.

In relevance to the study, macroeconomic theory views growing money supply in excess of real growth as the cause of interest rates to rise. Interest rate volatility is seen by the theory as emanating from three main sources that include excess money supply, foreign prices and cost push factors. Interest rate volatility will also result from different disequilibria in many markets specifically, the domestic money market, external/foreign markets and the labor market. Hence, controlling interest rate volatility will involve dealing with disequilibrium in the markets.

Yuqi (2008) examined the determinants of 123 United Kingdom (UK) banks profitability and its implication on risk management from 1999 to 2006. The study utilized multiple regression models and panel data estimation. The econometric results indicate that capital adequacy has significant positive impacts on profitability, but inflation has insignificant positive impact on profitability. Liquidity and credit risk had significant negative impacts on profitability though; GDP and interest rate have insignificant negative impacts on the profitability of banks in UK.

Buyinza (2010) investigated samples of 23 commercial bank's profitability from 1999 to 2006 in Sub Sahara Africa countries. The study utilized panel data and the regression results revealed that capital, efficient expenses management, bank size, credit risk, diversified earning ability of the banks, per capital GDP, growth rate and

inflation have a significant and positive impact on banks' profitability. Ali, Akhtar, and Ahmed (2011) examined the bank specific and macroeconomic indicators of 22 public and private sector commercial banks profitability from 2006 to 2009 in Pakistan. The research made use of multiple regression models and panel data estimation. The study found that bank size, operating efficiency, asset management and GDP had positive effect on banks' profitability. However, capital and credit risk had a negative effect on banks profitability in Pakistan.

Gul, Irshad, and Zaman (2011) studied the factors affecting samples of 15 commercial banks profitability from 2005 to 2009 in Pakistan. The investigation utilized a regression model, panel data estimation and Pooled Ordinary Least Square (POLS) method of computation with the aid of an econometric package. The econometric result indicated both internal and external factors such as bank size, loan, deposit, GDP, inflation and market capitalization have significant positive influence on banks profitability measured by Return on Assets (ROA). Still in Pakistan, Gilchris (2013) examined the influence of bank specific and macroeconomic factors on samples of 25 commercial banks profitability from 2007 to 2011 in Pakistan.

The regression results indicated that bank size, net interest margin, and industry production growth rate had positive and significant impact on the profitability (ROA and ROE). Non- performing loan to total advances and inflation have negative and significant impact on ROA while GDP has positive impact on ROA. Capital ratio has

positive significant impact on ROE.

Saidu and Tumin (2011) investigated the performance and financial ratios on samples of four Malaysian and nine Chinese commercial banks from 2001 to 2007. The research made use of panel data and the regression results show that credit, capital and operating ratios have influence on the performance of banks in China which is not true for Malaysia. The study found that liquidity and size of the banks do not influence the performance of the banks in both countries. Khrawish, and Siam, (2011) investigated the determinants on samples of three Jordan Islamic banks profitability from 2005 and 2009.

The multiple linear regression results show capital, bank size, financial risk, GDP growth rate, inflation, and the exchange rate have significant negative relationship with profitability but credit risk has an insignificant positive relationship with the profitability of Islamic banks in Jordan. Rachdi (2013) examined what determines the profitability of banks during and before the international financial crisis. The study samples 10 Tunisian banks from 2000 to 2010.

The regression results indicate that, before the US subprime crisis, capital adequacy, liquidity, bank size and yearly real GDP growth affect positively the performance (ROA,ROE and NIM) of the Banks. However, cost-income ratio, yearly growth of deposits and inflation rate are negatively correlated across all measures of bank profitability. In crisis period, bank profitability is mainly explained by operational efficiency, yearly growth of

deposits, GDP growth and inflation.

Lucas and Anne (2010) examined the effect of macroeconomic developments on performance, credit quality and lending behavior of banks in Kenya, by estimating a dynamic panel data model using Generalized Method of Moments. The study suggested that banks needed to continue pursuing risk sensitive loan pricing policies to ease the extent of counter cyclical behavior during economic upswings/downswings respectively, which in turn reduces the chances of supply driven credit crunch effects. Macharia, (2013) studied the effects of global financial crisis on the financial performance of commercial banks offering mortgage finance in Kenya.

The study found a negative relationship between inflation, interest rates as a result of global financial crisis and financial performance of commercial banks offering mortgage finance in Kenya. A unit increase in inflation and interest rates led to a 0.543 and 0.425 decrease respectively in the scores of financial performance of commercial banks offering mortgage finance in Kenya.

The study further found that exchange rates, as a result of global financial crisis, had a positive effect on financial performance of commercial banks offering mortgage finance in Kenya. A unit increase in foreign exchange rates led to a 0.652 increase in the scores of financial performance of commercial banks offering mortgage finance in Kenya.

Otuori (2013) investigated the determinant factors of exchange rates and their effects on the performance of commercial banks in Kenya. The study found that exports

and imports Interest rates, inflation and exchange rates were all highly correlated. By manipulating interest rates, central banks could exert influence over both inflation and exchange rates, and changing interest rates impact inflation and currency values. Higher interest rates offered lenders in an economy a higher return relative to other countries which attract foreign capital and cause the exchange rate to rise.

Mboka (2013) studied the relationship between macro-economic variables on nonperforming loans of commercial banks in Kenya. Data was analyzed by applying both descriptive and inferential statistics for a 10 year period (2003 to 2012). The study found a strong correlation between inflation and gross domestic product and current account deficit. GDP also correlated strongly with inflation and Money supply.

A significant and positive correlation was also found between nonperforming loans and GDP growth rate, exchange rate volatility, and banking sector development index. Kiruri and Olkalou (2013) studied the ownership structure on samples of 43 banks profitability from 2007 to 2011 in Kenya. The simple linear regression shows that ownership concentration and state ownership had negative and significant effects on bank profitability while foreign ownership and domestic ownership had positive and significant effects on bank profitability in Kenya.

3.0 Research Methodology

The section focuses the research design and methodology that was applied in conducting this study. It describes the research design, population of the study, sample size, sample frame, data collection methods and data analysis and presentation of the research findings.

3.01 Research Design

This research employed a quantitative research design. The quantitative research design method helped in gathering information about the existing status of the phenomena in order to describe what exists in respect to variable. This method is used because it addresses the objective of the study in investigating the relationship between the variables of the study (Kothari, 2008). The design takes into consideration aspects like the size of the sample in relation to the target population, the variables under the study, the approaches to the research, and the methods employed in data collection.

Multi-regression method was used to determine the relationship between interest rates and profitability of commercial banks. The study used time series empirical data on the Variables to examine the relationship between interest rate by establishing correlation coefficients between the variables and profitability of commercial banks.

3.02 Population of the Study

The target population for this study was 4 commercial banks in Rwanda (Bank of Kigali, CoGEBANK Bank, I&M Banks and ECO BANK). The commercial banks were selected because the accessibility of their financial data by the public. All the 4 banks constituted the study sample. A census design was applied where all the 4 commercial banks were studied. A census is a collection of information from all units in the population or a complete enumeration of the population. A census design is used where the population is small and manageable (Mugenda & Mugenda, 2003).

3.03 Data Collection

The data required for the study were obtained from secondary sources that were used to investigate the relationship between dependent and independent variables. In the study, 3 years data (2016 to 2018) were collected. The collected data related to dependent variable which is the commercial bank's profitability as measured by return on assets, return on equity, non-performing loan, net profit and the independent variables which was Interest rate. Documentation techniques were used to investigate, categorize and collect physical resources, mostly commonly written documents.

3.04 Data processing and Analysis

The secondary data that was collected from the reports were summarized using excel software. Data was imported in the Statistical Package for Social Sciences (SPSS) version 21 from where analysis was made. Inferential statistics was conducted using a multiple – regression which was also used to determine the relationship between macroeconomic variables and profitability of commercial banks. The variable was considered significant where the P-value is less than 5%

3.05 Operational definition of variables

The study analyzed two study variables which are macroeconomic variables and profitability of commercial banks. The macroeconomic variables were measured using Gross domestic product (GDP), Inflation (IF), Interest rate (IT), and unemployment rate (UP). On the other hand, the profitability of the bank was measured using the return on asset (ROA) and the return on Equity (ROE).

$$\text{Profitability (P)} = F(\text{GDP, IF, IT, UP}) + \alpha$$

$$P = \beta_0 + \beta_1\text{GDP} + \beta_2\text{IF} + \beta_3\text{IT} + \beta_4\text{UP} + \alpha$$

Parameters β_0 β_5 was estimated using a least square method which appropriate when one has used a multiple regression method. The covariance of the error terms α was assumed to be zero.

4.0 Results and Discussion

This section presents the results collected from the survey of the selected commercial banks and provides a discussion to the findings.

4.01 Multicollinearity test

In the following lines, the presence of linear relationship of all the predictors used in the model and their coefficient estimates is examined.

Table 1: Variance Inflation Factor values for each predictor

Coefficients^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	GDP	.953	1.049
	Interest rate	.950	1.053
	Inflation rate	.908	1.101
	Unemployment rate	0.902	1.113

Variance Inflation Factor (VIF) was analyzed to test for the existence of multicollinearity. This phenomenon occurs when “two or more independent variables (or combination of independent variables) in a multiple linear regression are highly correlated with each other” (Kothari 2000), meaning that one can be linearly predicted from the others with a substantial degree of accuracy. This leads to problems with understanding which independent variable contributes to the variance explained in the dependent

variable, as well as technical issues in calculating a multiple regression model. The VIF for each predictor is quite low compared to the maximum acceptable value of 5, hence absence of co-linearity among them.

4.02 Testing violation of the normality assumption of the error term in the model

In the line that follows, the assumption on the error terms in model is examined. These have been assumed to be normally distributed with constant variance. Reading from the two graphs below reveals that these are close to being normally distributed. In fact, the right hand side graph reveals that the standard deviation of the residual is small, since their density tends to conglomerate around the center or the mean.

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
GDP	.210	11	.189	.917	11	.291
Inflation	.171	11	.200*	.884	11	.118
Interest Rate	.231	11	.104	.815	11	.152
	.180	11	.200*	.854	11	.428
a. Lilliefors Significance Correction						

Table 2 tests on whether the study variables are normally distributed. A null hypothesis which state that at 5% level of significant the data are not significantly different from the normal distribution. Using the Kolmogorov -

Smirnov and Shapiro – Wilk significant test, the results from the survey shows that all the tested variables are not statistically significant as their P-value is more than 5%. The researchers therefore accepted the null hypothesis. This, therefore, means that the tested variables are normally distributed.

4.03 Effect of Macroeconomic Variable on Return on Equity

Table 2: Model summary on the effect of macroeconomic variable on ROE

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.889 ^a	.790	.788	7.46074

Source: Survey data 2019

Table 2 shows the correlation coefficient and the coefficient of determination. From the table the correlation coefficient is very high (0.889). This means that macroeconomic variable and profitability of commercial banks are highly positively correlated. This means when the macroeconomic variable improves, the profitability of the commercial banks will improve. The coefficient of determination is 0.790 which implies that 79% of the variation in ROE is explained by the macroeconomic variables. The study revealed that it is only 21% of the variation in the ROE that is caused by other variables.

Table 3: Significance of the model to determine profitability: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1		5.8 x 10 ⁷	3	1.92 x 10 ⁷	311.903	.000 ^b
	Residual	1.5 x10 ⁶	248	6.17 x 10 ⁴		
	Total	7.3 x 10 ⁷	251			

Source: Survey data 2019

ANOVA was conducted to assess whether the data are consistent with the model assumptions or not. This was done on the basis of the null hypothesis stated that “there is no difference between the model without independent variables and the model with independent variables”. From Table 3, the P-Value (0.000) is less than the significance level (0.05), thus there is enough evidence for rejecting the null hypothesis. This, therefore, implies that the coefficients used in the model are not zero.

Table 4: Coefficients of determinants of profit shifting

Model		Unstandardized Coefficients			t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2004136077.975	643387036.508		3.115	.002
	GDP	.995	.037	.818	26.834	.000
	Interest rate	-1.271	-.200	-.190	-6.373	.000
	Inflation rate	-.567	-.062	.096	-9.226	.000
		-0.455	-.004	-1.56	-10.22	.000

Source: survey data 2019

Table 4 shows the significance of the independent variables in predicting the relationship. This was done on the basis of the null hypothesis that “the independent variable has

no effect on the return on equity. The table above shows that the P-Values for GDP, interest rate, inflation rate and employment rate (0.000) which is smaller than the significance level (0.05). Thus there is enough evidence to reject the null hypothesis for these independent variables. We can therefore conclude that macroeconomic variables have significant effects on return equity. GDP has positive relationship with the ROE meaning that their increase leads to the increase in the profitability.

However, interest rate, inflation rate and the unemployment rate has a negative relationship with the ROE. This means that an increase in these variables leads to a decrease in the profitability. The study findings agree with Buyinza (2010) and Osamwanji and Chijuka (2014) who indicates a positive correlation between GDP and ROE and a negative relationship between inflation, interest rate and the ROE.

$$\text{ROE} = 2004136077 + 0.995(\text{GDP}) - 1.271(\text{IT}) - 0.567(\text{IF}) - 0.455(\text{UP}) \dots(3)$$

From the regression equation (3), the following conclusion can be drawn: A unit change in GDP increases ROE by 0.995 units keeping all other variables constant.

4.04 Effect of Macroeconomic Variables on Return on Assets (ROA)

Table 5: Model summary of effect of macroeconomic variables on ROA

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	-.874 ^a	.764	.681	6.773

Source: Survey data 2019

Table 5 shows the correlation coefficient and the coefficient of determination. From the table the correlation coefficient is -0.874. This means that macroeconomic variables and ROA are negatively correlated. The coefficient of determination is 0.764 which implies that 76.4% of the variation of ROA is determined by the variations in macroeconomic variables. This means that GDP, interest rate, inflation rate and unemployment rate explains 76.4% of the variation in the profitability of commercial banks. This implies that 23.6% of the variation in the ROA is unaccounted for by the model.

Table 6: Significance of the model: ANOVA^a test

Model		Sum of Squares	df	Mean Square	F	Sig.
1		5.58 x 10 ⁸	3	1.86 x 10 ⁸	40.575	.000 ^b
	Residual	1.11 x 10 ⁸	248	4.58 x 10 ⁸		
	Total	1.69 x 10 ⁸	251			

ANOVA was conducted to assess whether the data are consistent with the model assumptions or not. This was done on the basis of the null hypothesis stated that “there is no difference between the model without independent variables and the model with independent variables”. Table 6 shows that P-Value (0.000) is less than the significance level (0.05), thus there is enough evidence for rejecting the null hypothesis. We can therefore conclude that there is a significant statistical difference between the model without independent variables and the model with independent variables hence the model fits the data.

Table 7: Coefficients of the determinants of profit shifting

Coefficients ^a						
Model		Unstandardized Coefficients			t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-9.999	5.5556		-1.800	.073
		-.136	.032	-.233	-4.269	.000
	Inflation rate	-1.866	.172	-.579	-10.856	.000
	Interest rate	-.54	.0398	-.007	13.568	.000
	GDP	1.243	0.234	2.123	6.871	0.021

Source: Survey Data 2019

Table 7 shows the significance of the independent variables. This was done on the basis of the null hypothesis that “the independent variables have no effect on ROA. The table shows that the P-Values for unemployment rate, inflation rate and interest rate is (0.000) whereas GDP has a P-value of 0.021 which is less than the significance level (0.05), thus there is enough evidence to reject the

null hypothesis for these independent variables. We can therefore conclude that GDP, interest rate, inflation rate and unemployment rate have significant effects on ROA. The study findings agrees with Gilchris, (2013) report which identified a relationship between macroeconomic variables and profitability of commercial banks

$$\text{ROA} = -9.98 + 1.243(\text{GDP}) - 1.36(\text{UP}) - 1.866(\text{IF}) - 0.54(\text{IT}) \quad (4)$$

From the regression equation (4), we can say that: A unit change in GDP, the ROA will increase by 1.243. More still, a unit change in unemployment, inflation rate and interest rate the ROA will decrease by 1.36, 1.866 and 0.54 respectively.

5.0 CONCLUSION AND POLICY RECOMMENDATIONS

5.01 CONCLUSION

The results from the survey indicated a strong relationship between the macroeconomic variables and profitability of commercial banks. The results revealed that GDP, Unemployment rate, inflation rate and interest rate highly explains the variability in the profitability of commercial banks. The results revealed that there is a positive correlation between GDP and profitability of commercial banks and a negative correlation between inflation, interest rate, unemployment and profitability of the commercial banks. Improving the economic activities is very fundamental to the profitability of commercial banks. However, care should be taken while improving the economic activities on controlling the level of inflation, interest rate and unemployment as these factors negatively affect the profitability of the commercial banks.

5.02 Policy Recommendation

The research has revealed that there are some macroeconomic variable that affect financial performance of bank negatively (inflation rate, and interest rate), the increase in one of those variables leads into poor performance of commercial banks and inflation contribute to an increase in nonperforming loan (customer loan default).

The research has revealed that there is a strong negative correlation between lending rates and financial performance, this makes sense that the increase in the cost of borrowing it doesn't yield return on banks instead the increase in lending rate it create a heavy burden to borrower which final result in a total loan default. Commercial banks and central bank of Rwanda are advised to maintain a reasonable lending rate that is suitable for borrowers/ investors.

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**THE IMPACT OF NON- PERFORMING
LOANS ON THE PROFITABILITY OF
SELECTED COMMERCIAL BANKS IN
RWANDA:
A Multiple Regression Analysis
Approach**

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ABSTRACT

The purpose of this study was to determine the effect of nonperforming loans on the profitability of selected commercial banks in Rwanda. A descriptive research design was used and data were selected from three commercial banks operating in Rwanda. The second data covering a period of three years, from 2016-2018 were collected from the published annual reports of the selected commercial banks (bank of Kigali, COGEBANQUE and I&M bank- Rwanda). The study used multiple regression analysis (linear regression and correlation coefficient) in examining how non performing loan affects the financial performance of selected commercial banks in Rwanda. The research findings revealed that there a significant correlation between non-performing loans and financial performance of selected banks in Rwanda.

The correlation between NPLs and ROE is -960 which indicate a negative correlation thus the increase in NPLs decrease Return on equity, the correlation between NPLs and ROA was a 0.158 which indicate a positive correlation thus means that return on assets is influenced by other factors beyond the NPLs. The correlation between NPLs and Net profit was -0.995, which indicate a negative correlation, means the increase of nonperforming loan will decrease net profit.

Based on the outcome of this study the management of commercial banks in Rwanda is advised adopt feasible mechanisms to control the growing problem non-performing loan. Reforms may be required to address structural weakness in the banking sector, for instance, to remedy overbanking. Furthermore, as bank regulation can affect the conditions that gave rise to

the NPLs build-up and the boundaries of bank resolution, it may require a review to identify changes that will reduce the probability of future NPLs build-ups and support their disposal. Macroeconomic policies can also mitigate system-wide NPLs problems, by helping to restart credit growth.

Key terms: NPLs, ROA, ROA, Net income

1.0 GENERAL INTRODUCTION

In the contemporary banking business, increasing Non-performing loans (NPLs) is a very critical but frequent issue in bank fund management (Zeng, 2012; Banking & Trisakti, 2016; Haneef, Rana, & Karim, 2012). The situation of NPLs is not only a challenge worldwide, but also in Rwanda.

The situation of rising NPLs can damage the confidence of investors and might act as a contagious for financial malaise as it may drive away deserving loan borrowers out of the financial system (Havidz & Setiawan, 2015). The problem of rising Non-performing loans may be attributed to inadequate or weak monitoring & controls and supervision on the part of banks, weaknesses of legal infrastructure, lack of effective lenders' recourse and poor debt recovery strategies (Anayochukwu, 2016; John, 2018).

Since financial institutions generally serve as financial intermediaries (Kingu, Macha, & Gwahula, 2018), it is their function to mobilize fund savers by issuing to their own securities (Jha & Hui, 2012). This form of asset

transformation is requiring to ensure that funds are moved from surplus economics units to deficits economics units within the economy (Kingu et al., 2018; Antoine, 2015). These institutions, like every other business organizations, have some risk to manage before they can successfully achieve their aims and objectives, which are always 98% profit oriented (Tracey & Leon, 2011; Grosvenor, 2010; Klein, 2013). According to various studies such as Chege & Bichanga, (2017); Harelimana, (2017); Kattel, (2014); Narendra & Partha, (2003) ; Anayochukwu, (2016), Banks are a financial institutions whose business involves the management of assets and liabilities.

Unlike other business organizations such as the manufacturing firms that stock tangible goods as inventory, the stock of the banking industry is money; this means that banks trade on money (Cypher, 2019). By its nature banks face number of challenges within internal and the external business environment (Jha & Hui, 2012; Havidz & Setiawan, 2015).

Non-performing loans are those loan facilities which borrowers often have difficulties repaying (Weber, 2019; Cypher, 2019). Many researchers explained NPLs as bad debts whose recovery is highly doubtful because they are not being serviced as required (eg. Grosvenor, 2010 ; Kayode, Obamuyi, Ayodeleowoputi, & Ademolaadeyefa, 2015). In the banking system, the bad loan problems consist of a stock component (old debt) (KOLAPO, Funso, AYENI, Kolade & OKE, 2012) that is not performing and a flow component (new lending) that may become

non-performing (Weber, 2019). Hence, Loans are not necessarily annual events but happen at different periods of the year (Yao, 2018) and are often affected by seasonal performance of economy but importantly by short term inflation, lending rates, level of risk where the economy is not doing well (Sivathaasan, 2013;Tulsian, 2014). As indicated in finance theory (MYERS, 1984), The health of a bank is not reflected by the size of its statement of financial position (reading in billions and trillions) but rather by the return of its assets; thus, earning power is an important indicator of bank performance (Kumarasinghe, 2017;Kattel, 2014).

However, so many indicators can be used to measure bank performance on its financial statement if not manipulated. Several measures have been agreed and implemented in other to minimize the risk of Non- performing loans (eg. Amuakwa-Mensah & Boakye-Adjei Barclays, 2016;Messai, 2013). Among these is seven out of twenty-five core principles of effective banking supervision by BASEL Committee on banking supervision in 1997 which part of it says sustaining sound assets quality involves careful granting of loans. However, despite the creation of risk management department in all the banks (Akter & Roy, 2017;Chege & Bichanga, 2017), which is responsible for managing the banks risk including credit risk, available records shows that the spate of bad loans (non-performing loans) was as high as 35% in Nigeria deposit between 1999 and 2009, (John, 2018).

Several studies mentioned that the increasing level of NPLs rates in banks books, poor loan processing, undue interference in the loan granting process; inadequate or absence of loan collaterals among other things, are linked with poor and ineffective credit risk management that negatively impact on the bank's performance (Saba, 2012;Grosvenor, 2010;Tracey & Leon, 2011;Banks, Ismail, & Rahman, 2013;Klein, 2013).

According to Kumarasinghe, (2017);Nyarko-baasi, (2018);John, (2018), "lending policies should be clearly defined and set forth in such a manner as to provide effective supervision by the directors and senior officers. In as much as board of director of every bank has the legal responsibility to formulate lending policies and to supervise their implementation".

Within this in mind, Akter & Roy, (2017; Amuakwa-Mensah & Boakye-Adjei , (2016) added that management should maintain a written loan annually by the board of director's p description of the overall credit grading process and establish responsibility for the various loan review function.

1.2. Problem statement

The sources and causes of NPLs cover a multitude of mistakes a bank may permit a borrower to make, as well as mistake directly attributable to weaknesses in the bank's loans (Klein, 2013;Banks et al., 2013). Some administer well constructed loans may develop problems due to unforeseen circumstances on the part of the borrower,

however, bank management must endeavor to protect a loan by every means possible in order to preserve its performance measured return on assets, earnings per share, return on equity, dividend per share, market to book value ratio and others (Saba, 2012; Tracey & Leon, 2011).

Non-performing Loans have become contemporary issues in credit management and undoubtedly the new frontier in finance (Haneef, Rana, & Karim, 2012; Banking & Trisakti, 2016; Zeng, 2012). The accumulation of Non-performing Loans (NPLs) is generally attributed to a number of factors, including economic downturns and macro-economic volatility, terms of trade deterioration, high interest rate, excessive reliance on overly high-priced inter-bank borrowings, insider lending and moral hazard (Kingu et al., 2018; Antoine, 2015; Jha & Hui, 2012; Weber, 2019).

According to the IMF's Compilation Guide on Financial Soundness Indicators, NPLs is defined as "A loan is non-performing when payments of interest and/or principal are past due by 90 days or more, or interest payments equal to 90 days or more have been capitalized, refinanced, or delayed by agreement, or payments are less than 90 days overdue, but there are other good reasons such as a debtor filing for bankruptcy to doubt that payments will be made in full" (IMF, 2005). According to various studies, NPLs are loans that are outstanding both in its principal and interest for a long period of time contrary to the terms and conditions under the loan contract (MYERS,

1984;Kumarasinghe, 2017;Kattel, 2014). As defined by Saba, (2012);Kumarasinghe, (2017);Nyarko-baasi, (2018), Any loan facility that is not up to date in terms of payment of principal and interest contrary to the terms of the loan agreement is NPLs. Thus, the amount of nonperforming loan measures the quality of bank assets.

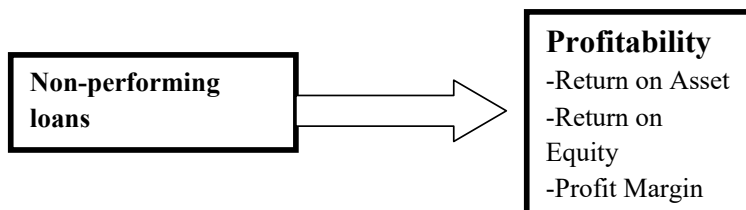
IMF, (2010) indicated a high incidence of credit risk reflected in the rising levels of non-performing loans by the deposit money bank in the last 10 years, a situation that has adversely impacted on their profitability. Although, this trend not only threatens the viability and sustainability of the deposit money banks, but also hinders the achievement of the goals for which they were intended which are to provide credit to the rural unbanked population and bridge the financing gap in the mainstream financial sector (Amuakwa-Mensah & Boakye-Adjei, 2016;Haneef et al., 2012;Banking & Trisakti, 2016).

Sound loan management is a per stability continuing profitability; while the deteriorating loan quality is the most frequent cause of poor financial performance and condition (Kingu et al., 2018;Jha & Hui, 2012). In Rwanda by 2017 The National Bank of Rwanda has raised concerns over the level of non-performing loans, which stood at 8.2 per cent as of June, the central bank attributed the increasing non-performing loan levels to a slowdown in economic activity as well as inadequate monitoring of some large facilities (BNR, 2017).

Therefore, while NPL has received much attention in previous studies, its impact on bank profitability is

not widely understood. A regression Analysis of NPL and profitability is still ambiguous and need more investigations. In this regard, the strength of this study lies on its specific focus on regression Analysis between NPL and profitability of selected banks in Rwanda.

Model



2. LITERATURE REVIEW

Learning is cumulative; each part of the research will contribute another piece to it. However, it is a prerequisite to begin research with a review of the related writings to identify some potential influences of the existing sources to the current issue which is also referred to as secondary data. In this context we tried to introduces an overview of each variable used in the study in this part. More specifically, this section starts with a discussion of the concepts used in this study namely; Non performing loans, Return on Asset, Return on Equity and Profit Margin.

2.1. Non-Performing Loans

According to Grosvenor, (2010), A non-performing loan (NPL) may be defined as a loan that has been unpaid for ninety days or more. In the same vein, Klein, (2013) that NPLs are indeed affected by both macroeconomic and bank-level factors. In the same view, Chege & Bichanga, (2017), argued that in the contemporary banking business, increasing Non-performing loans (NPLs) is a very critical but frequent issue in bank fund management. NPLs and its interactions with macroeconomic performances are grounded in theoretical business cycle models with an explicit role for financial intermediation (Amuakwa-Mensah & Boakye-Adjei, 2016). The existing literature on the determinants of NPL namely macroeconomic and bank-specific variables and the effect on the quality of loans (Messai, 2013).

2.2. Financial profitability

The word profitability is composed of two words, namely, profit and ability. The term profit has been explained above and the term ability indicates the power of a business entity to earn profits. The ability of a concern also denotes its earning power or operating performance. The profitability may be defined as the ability of a given investment to earn a return from its use (Tulsian, 2014). Profitability is one of the most important objectives of financial management since one goal of financial management is to maximize the owners' wealth, and, profitability is very important determinant of performance. A business that is not profitable cannot survive (Sivathaasan, 2013).

Profitability is a relative concept whereas profit is an absolute connotation. Despite being closely related to and mutually interdependent, profit and profitability are two different concepts. In other words, in spite of their generic nature, each one of them has a distinct role in business. As an absolute term, profit has no relevance to compare the efficiency of a business organization. A very high profit does not always indicate sound organizational efficiency and low profitability is not always a sign of organizational sickness. Therefore, it can be said that profit is not the prime variable on the basis of which the operational efficiency and financial efficiency of an organization can be compared. To measure the productivity of capital employed and to measure operational efficiency, profitability analysis is considered as one of the best techniques (Yao, 2018;Sivathaasan, 2013;Tulsian, 2014)

2.3. Modern Portfolio Theory Model

Modern portfolio theory was largely defined by the work of Markowitz 1927. In a series of articles published in the late 1950s. The theory was extended and refined by Sharpe (1934), Litner (1916 1983), Tobin (1918), and others in the subsequent decades (Muller, 1988;Marling and Emanuelsson, 2012). MPT is a theory of finance, which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets. The Modern Portfolio theory was introduced by Harry Markowitz in his paper

“Portfolio Selection,” which appeared in the 1952 Journal of Finance. The portfolio theory integrates the process of efficient portfolio formation to the pricing of individual assets. It explains that some sources of risk associated with individual assets can be eliminated or diversified away, by holding a proper combination of assets (Muller, 1988;Marling & Emanuelsson, 2012). The fundamental concept behind MPT is that the assets in an investment portfolio should not be selected individually, each on their own merits. Rather, it is important to consider how each asset changes in price relative to how every other asset in the portfolio changes in price (Mangram, 2013).

Investing is a tradeoff between risk and expected return. In general, assets with higher expected returns are riskier. For a given amount of risk, MPT describes how to select a portfolio with the highest possible expected return. Or, for a given expected return, MPT explains how to select a portfolio with the lowest possible risk (the targeted expected return cannot be more than the highest-returning available security, of course, unless negative holdings of assets are possible).

Therefore, MPT is a form of diversification. Under certain assumptions and for specific quantitative definitions of risk and return, MPT explains how to find the best possible diversification strategy (Grant, 2015;Mangram, 2013). The main benefit of forming portfolios is the potential to create combinations with lower risk and possibly higher expected returns that can be obtained from individual securities. Now consider the risk associated with individual security

as the sum of two parts. One part is represented by risk factors that are truly unique (unsystematic risk) to the specific security. The other part is represented by factors that are essentially common with all other securities. For example, the potential for a key employee to leave the firm unexpectedly or the possibility of discovering gold under corporate headquarters are unique factors that are not shared with other firms (Mangram, 2013; Grant, 2015); Maier-Paape & Qiji Jim Zhu, 2018).

On the other hand, risk factors concerning the potential for unexpected and rapid growth in the National (or International) economy that affect the operating costs for all firms represent example of common risk factors. While portfolio formation reduces the influence of unique risks associated with individual securities, it cannot eliminate exposure to common risk factors. Stated differently, properly constructed portfolios allow for diversification of unique risk, but not for systematic (market) risk (Maier-Paape & Qiji Jim Zhu, 2018). In summary, portfolio management theory assesses risk and return relationships for combinations of securities.

While the expected return of a portfolio is the simple weighted average of the expected returns of its component securities, portfolio risk must also consider the correlation among the returns of individual securities. Since part of the price fluctuation of a security is unique, it does not relate to price fluctuations of other securities held. This allows the investor to diversify, or eliminate a portion of each security's risk (Grant, 2015; Marling and Sara

Emanuelsson, 2012;Muller, 1988;Maier-Paape and Qiji Jim Zhu, 2018).

2.4. Capital Asset Pricing Model

The Capital Asset Pricing Model (CAPM) was first developed by Sharpe (1964) and Lintner (1965). Sharpe and Lintner version of CAPM was based on the one period mean variance portfolio theory of Markowitz (Marling & Emanuelsson, 2012). The Markowitz assumes that investors are risk averse and only care about risk (variance) and return (mean) of theory one period investment return. Therefore, investors chose mean variance –efficient portfolio, meaning that they either maximize the expected return, giving a certain variance of portfolio return or minimize the variance given a certain expected return (Nyarko-baasi, 2018). To obtain the CAPM in the basic form some assumptions need be fulfilled and are explained in the following:

Firstly, investors are risk adverse as in Markowitz Model and evaluate their investment only in terms of excepted return and variance of return measure over the same single holding period. The second assumptions are that Capital market are perfect meaning that all assets are indefinitely divisible, that no transactions cost, short selling restrictions or taxes occurs, that all investors can lend and borrow at the risk-free rate and that all information is costless and available for everyone. Thirdly, all investors have the same investment opportunities and finally, all investors estimate the same individual asset return, correlation

amongst assets and standard deviation of return (Muller, 1988; Maier-Paape & Qiji Jim Zhu, 2018). CAPM uses a measure of systematic risk that can be compared with other assets in the market. Using this measure of risk can theoretically allow investors to improve their portfolios and managers to find their required rate of return. The CAPM therefore is a demand-side model (Marling & Emanuelsson, 2012). Its results arise from the investors' utility function maximization problem, and from the resultant market equilibrium (Muller, 1988). As investors can be considered to be consumers of the asset, the demand approach is reasonable but the model does not really demonstrate how banks can manage its loan risks and for this reason the model cannot apply when managing credit risks in banks (Mangram, 2013; Grant, 2015).

2.5. Factors influencing level of Non-Performing Loans

Loans which are not performing results from low standards of credit assessment and appraisal than that which is desirable (Chege & Bichanga, 2017). This is further worsened by flaw in the financial reports, failure to disclose key information, and advancing excess credit. When determining current valuation of loan's position, the loanees' credit score and the current worth of security pledged in the market are not factored in thus making it hard to identify them. The reasons for failure to repay the loan amount vary per country (Zeng, 2012; Kingu et al., 2018).

Few of the loan defaults that make trouble for banks are as a result of giving less devotion to borrowers. The borrowers are more attentive to the loans they borrowed if they're aware that better attention is accorded to them. Financial institutions rarely lose money just because its decision of lending was inappropriate (Kingu et al., 2018). Even where banks identify bigger exposures, they only cause a loss after taking necessary care. Most banks lose money as they fail to continuously monitor collateral pledged against the loan, and fail to take into consideration the early warning signs of the likely loan default (John, 2018). Banks failure to monitor the borrowers and what they are undertaking with the loan 14 granted on a continuous basis, will not be able to predict the risk of loss of the money (Klein, 2013). The reason of overseeing a loan is to check, to begin with, if the base on which the loaning choice was taken stays to hold great. Secondly, whether the loan funds are being legitimately used for the reason they were allowed. (Jha & Hui, 2012).

Stable macroeconomic environment and soundness of the banking sector are inevitably connected. Both monetary hypothesis and observational proof emphatically show that macroeconomic precariousness is connected with uncertainty in the financial and banking sectors and instability in these sectors are associated with uncertainty in the macro economy (Akter & Roy, 2017). Most issues of poor advance quality confronted by banks were aggravated by macroeconomic instability (Messai, 2013;Kumarasinghe, 2017). This is for the most part shown by high inflationary rate and makes credit evaluation by

bank more troublesome since the prospective loanees feasibility relies on general improvement of inflation levels, interest rates, its individual segments, and financing costs (Anayochukwu, 2016;Nyarko-baasi, 2018). Macroeconomic uncertainty poses a myriad of challenges to the loan standards of banks in any nation (John, 2018). Volatile inflation rates increases the uncertainty of earnings because of the sharp fluctuation, and in the light of the fact that it regularly includes a high level of inconsistency in the rates of increment in the cost of the specific administrations and merchandise which make up the general value file (Chege & Bichanga, 2017;Saba, 2012). The probability that organizations will make misfortunes ascend; as does the chance that they will make bonus profits. General observation is that the unpredictable nature of the macroeconomic environment leads to the high amounts of loans which are not performing loans in the industry of banking and the sector of finance generally (Amuakwa-Mensah & Boakye-Adjei, 2016).

2. 6. Determinants of profitability

The financial performance of banks is expressed in terms of profitability and the profitability has no meaning except in the sense of an increase of net asset (Sivathaasan, 2013;Tulsian, 2014;Kumarasinghe, 2017). Profitability is a company's ability to earn a reasonable profit on the owner's investment (Amuakwa-Mensah & Boakye-Adjei Barclays, 2016;Kattel, 2014). Most organizations exist is to earn profit and profitability ratios show a company's

overall efficiency and performance (Klein, 2013;MYERS, 1984). We can divide profitability ratios into parts: Profit margin and returns. Ratios that show margins represent the firm's ability to translate sales dollars into profits at various stages of measurement (Banks et al., 2013). Ratios that show returns represent the firm's ability to measure the overall efficiency of the firm in generating returns for its shareholders (Saba, 2012). As mentioned by several studies (i.e. Zeng, 2012;Banking & Trisakti, 2016;Haneef et al., 2012;John, 2018;Kingu et al., 2018). The most popular profitability measurements are: Profit margin on sale, Return investment ratios, and return on equity.

Return on Asset = $(\text{Net Income} / \text{Total Assets}) * 100$

Return on Equity= $(\text{Net Income} / \text{Total Equity}) * 100$

Profit Margin= $(\text{Net Income} / \text{Net Sales}) * 100$

In line with the study by Jha & Hui, 2012;Hazrati Havidz & Chandra Setiawan, 2015), Profitability ratios are often used in a high stream as the indicators of credit analysis in banks, since profitability is associated with the results of management performance.

ROA and ROE are the most commonly used ratios, and the quality level of ROE is between 15% and 30%, for ROA is at least 1%. Measuring profitability is the most important measure of the success of the business (Weber, 2019;Cypher, 2019). Although, a business that is not profitable cannot survive. Conversely, a business that is highly profitable has the ability to reward its owners with a large return on their investment (Grosvenor, 2010;Yao, 2018). Increasing profitability is one of the most important

tasks of the business managers; these ones look for the way to improve profitability.

2.6. Related studies and Gap identification

Credit Risk Management is a serious threat to the performance of banks; therefore, various researchers have examined the effect of credit risk management on banks in varying dimensions. For examples, KOLAPO, Funso, AYENI, Kolade & OKE, (2012), mentioned that Compliance with the Accord means a sound approach to tackling credit risk has been taken and this ultimately improves bank performance. Therefore, an increase in loan loss provision indicates an increase in credit risk and deterioration in the quality of loans consequently affecting bank performance adversely.

Nyarko-baasi, (2018) examined the effects of Non-Performing Loans on the Profitability of Commercial Banks in Ghana. Although, the current study adds more insights on A Multiple Regression approach on the relationship between NPL and profitability of banks in Rwanda. In the same vein, Kayode, Obamuyi, Ayodeleowoputi, & Ademolaadeyefa, (2015) investigated Credit Risk and Bank Performance in Nigeria. However, the methodology used in this study is too basic to provide adequate knowledge on the subject matter.

In the same view, Kumarasinghe, (2017) examined Determinants of Non-Performing Loans in Sri Lanka. In this regard, this study provides deeper analysis on the potential effects of NPL on the profitability of commercial banks in

Rwanda. In the same vein, Harelimana, (2017) examined The Effect of Non-Performing Loans Management on the Financial Performance of Commercial Banks in Rwanda. However, this study used a case of one commercial bank which may bring generalization of the findings. In this regard, our study used three selected banks operating in Rwanda to avoid the possible generalizability of the findings. Amuakwa-Mensah & Boakye-Adjei Barclays, (2016) also examined the Determinants of non-performing loans in Ghana banking industry which generated our interest to know its impact on profitability in commercial banks in Rwanda.

Within the same context, Messai, (2013) examined Micro and Macro Determinants of Non-performing Loans. (Anayochukwu 2016), investigated the Impact of Non-Performing Loans on the Performance of Selected Commercial Banks in Nigeria. Akter & Roy, (2017) in his empirical study, found the negative Impacts of Non-Performing Loan on Profitability in Dhaka.

Chege & Bichanga, (2017) analyzed Non-Performing Loans and Financial Performance of Banks in Kenya. Klein, (2013) examined Non-Performing Loans in CESEE: Determinants and Impact on Macroeconomic Performance. Saba, (2012) examined the Determinants of Non-Performing Loans in US Banking Sector. Zeng, (2012) analyzed Bank Non-Performing Loans in china. John, (2018) investigated Effect of Non-Performing Loans on Bank Performance of Some Selected Commercial Bank in the Nigerian Banking Sector. Kingu et al., (2018) examined Impact of Non- Performing

Loans on Bank' s Profitability in Tanzania. Grosvenor, (2010) discussed about forecasting non-performing loans in BARBADOS. However, adding more knowledge on the case of commercial banks of Rwanda indicate the potential contribution of the current study in the literature.

3. METHODOLOGY

This section presents the specific procedures and techniques used to process and analyze the information under investigation which allows the authors to evaluate the validity and reliability of this study (Gashema & Gao, 2018). This research methodology is also employed to test the hypotheses developed in this study. This chapter presents; research design, population and Sampling Procedure.

1.1. Research design

In order to answer the research question and achieve the aim and objectives for this Research project, this research was carried out using the exploratory research design. Though, a study of literature on available research designs shows that there are three basic types of research designs that can be employed in a research. These Designs according to Pandey & Mishra, (2015) include the exploratory, descriptive and casual research designs. The choice of exploratory research design was informed by the submissions of (Williams, 2007). Furthermore , since secondary data is inconspicuous, economical, less problematic than actual data collection, and provides a source for comparison (Kothari, 1990), the current study

used secondary data sourced through the financial data from selected banks. The reason for this option is to allow the researcher gain familiarity with the financial contagion phenomenon in corroborating this design approach. According to Singh, (2006), secondary data is very effective when the purpose of research is to acquire new insight into a phenomenon in order to formulate a more precise hypothesis test.

3.2. Population of the Study

A population is defined as an entire group of individual or objects having common observable characteristic. It refers to the entire group of people, items or things of interest that the researcher wishes to investigate and from which the sample will be drawn and studied (Williams, 2007). It is generally a large collection of individuals or objects that is the main focus of a scientific query. It is for the benefit of the population that researches are done (Kothari, 1990). However, the target population for this study was 16 commercial banks operating in Rwanda where we selected 3 commercial banks randomly.

3.4. Data collection techniques and tools

Data collection refers to the means by which information is obtained from the selected subjects of an investigation or a study (Singh, 2006). It refers to the techniques applied in extracting the required study data for analysis (Williams, 2007). The data required for the study were obtained from secondary sources that were used to investigate

the relationship between dependent and independent variables. In the study, three years data (2016 to 2018) were collected from sampled commercial banks. The collected data related to dependent variable which is the profitability as measured by return on assets, return on equity, net profit and the independent variables which was non performing loans.

3.5. Validity and reliability tests

Reliability is the consistency of a set of measurement items while validity indicates that the instrument is testing what it should (Williams, 2007). Reliability is the consistency of the measurement, or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects (Mohajan, 2017). It is the probability of your measurement. A measure is considered reliable if a person's score on the same test given twice is similar (Singh, 2006). However, Reliability is not measured, but it is estimated and does not, however, imply validity because while a scale may be measuring something consistently, it may not necessarily be what it is supposed to be measuring (Kothari, 1990). To ensure that data validity and reliability, data analyzed was obtained from Central Bank of Rwanda (NBR) and form selected bank's official website.

3.6. Data processing and analysis

After the process of data collection, the data were analyzed by arranging and organizing them properly so as to be

easily interpreted. For this research, data were entered in the tables where they will be clearly viewed and checked for errors. After these, they were entered in the computer using SPSS software version 21 for analysis. The Pearson correlation was used to analyze the relationship between NPLs and the profitability of financial institutions. In line with the research paradigms identified above, namely Positivistic and Phenomenological paradigms and the choice of a combination of the two approaches, the research was carried out by collecting data using SPSS version 21 feeds on The subject of Nonperforming loan to obtain up-to-date information; as well as Google alerts to obtain secondary data by email.

Furthermore, a comprehensive search result on the subject was tracked over two months by the researcher using Google Trends to attract worldwide feedback on Nonperforming loans on the performance of a commercial bank.

3. FINDINGS AND DISCUSSION

The purpose of this study was to determine the effect of nonperforming loans on the profitability of selected commercial banks in Rwanda. A descriptive research design was used and data were from three commercial banks operating in Rwanda. This section presents the results collected from the survey of the selected commercial banks and provides a discussion of the findings.

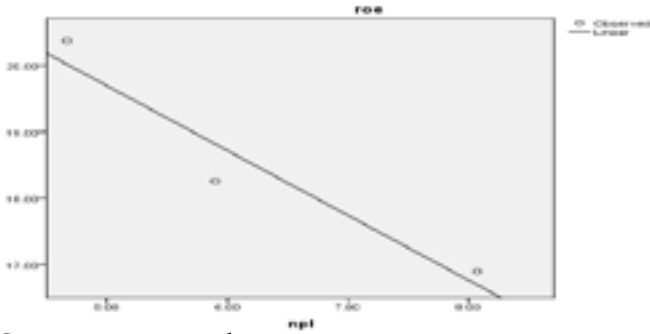
Table1. Correlation analysis between NPL and ROE in selected banks (2016-2018)

		NPL	ROE
NPL	Pearson Correlation	1	-.960
	Sig. (2-tailed)		.180
	N	3	3
ROE	Pearson Correlation	-.960	1
	Sig. (2-tailed)	.180	
	N	3	3

Source: survey data, 2019

Table 1, shows Pearson correlation between non performing loan and return on equity, and Pearson correlation is -.960, the Pearson of two variable are below this means that the two variables have a negative correlation of -.960 which is perfect negative correlation, according to (Samuels, 2015;Gogtay & Thatte, 2017), a Negative correlation is a relationship between two variables in which one variable increases as the other decreases, and vice versa. In statistics, a perfect negative correlation is represented by the value -1, a 0 indicates no correlation, and a +1 indicates a perfect positive correlation. This implies that the increase in loan default will decrease operating income which will then affect the return on equity of Rwandan commercial banks.

Figure 1: presentation of linear regression between non performing loan and return on equity



Source: survey data, 2019

The figure 1 shows the least-squares regression line of y on x is the line that makes the sum of the squares of the vertical distances of the data points from the line as small as possible, the linear line on the graph shows that it falls from left to right downfall, simply the figure shows that The increase in nonperforming loan will result in the decrease in return on equity, whereas the decrease in nonperforming loan leads to increase in nonperforming loan.

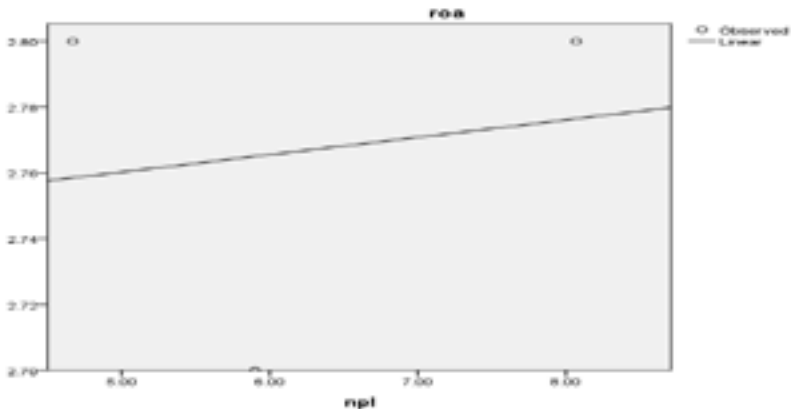
Algebra: $y = -x + y$, ($Y = +X - 0.96$)

Table 2. Correlation analysis between NPL and ROA in selected banks (2016-2018)

		NPL	ROA
NPL	Pearson Correlation	1	0.158
	Sig. (2-tailed)		0.899
	N	3	3
ROA	Pearson Correlation	0.158	1
	Sig. (2-tailed)	0.899	
	N	3	3

Source: survey data, 2019

Table 2 shows the Pearson correlation of non-performing loan ratio and return on assets ration and the Pearson



The figure shows the coefficient correlation between the 2 variables (return on assets and non performing loan) the increase in nonperforming loan leads to increase in return on assets, We say that there is a positive linear correlation if y increases as x increases and we say there is a negative linear correlation if y decreases as x increases. There is no correlation if x and y do not appear to be related.

Equation; $y = X + 0.15$

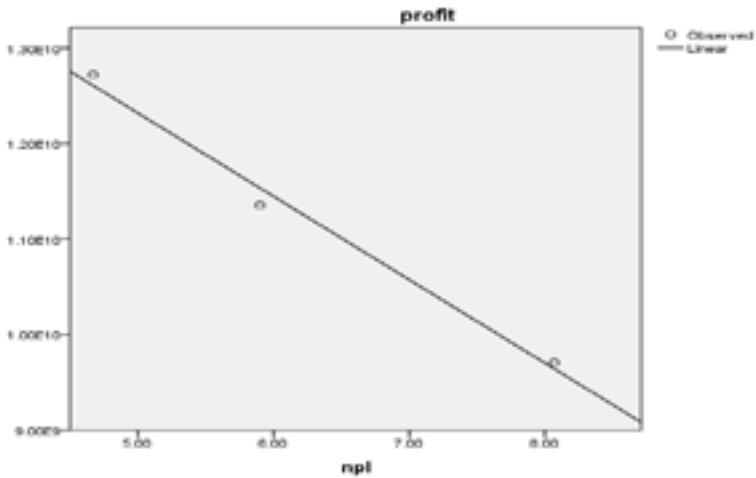
Table3. Correlation analysis between NPL and Net profit in selected banks (2016-2018)

		NPL	Net profit
NPL	Pearson Correlation	1	-.995
	Sig. (2-tailed)		0.066
	N	3	3
Net profit	Pearson Correlation	-0.995	1
	Sig. (2-tailed)	0.066	
	N	3	3

Source: research survey; 2019

The table 3 shows the Pearson correlation of non-performing loan ratio and net profit, a Pearson correlation is -0.995, which is a negative correlation, means the non performing loans and net profit are inversely related, thus the increase in nonperforming loan will decrease net profit. However, in line with the following studies in the literature namely ;Yao, (2018);Sivathaasan, (2013);Tulsian, (2014);Kattel, (2014). It concluded that banks' profitability is inversely influenced by the levels of loans and advances, non-performing loans and deposits, thereby exposing them to great risk of illiquidity and distress.

Figure 3: presentation of linear regression between non performing loan and net profit



Source; research survey; 2019

The figure 3 present the linear regression between non performing loan and net profit of selected banks was (0.995); this means that non performing loans as independent variable and net profit as dependant variables re inversely related, the increase in nonperforming loans(x) will leads to decrease in net profit (y)

Financial figures analyzed in this study

Table4: COGEBANQUE

Interest exp.	Periods	ROE	ROA	Net income	Npl'r	assets	equity	loans	interestinc.
2016	8,967,528	11.6%	2.10%	2,560,945	12%	175,970,372	21,913,728	107,327,363	10,945,735
2017	9,782,494	16%	2.20%	4,203,022	9.60%	200,996,525	26,307,160	115,006,967	22,341,510
2018	9,655,167	12.6%		3,335,028	6%	204,573,632	26,436,833	123,818,397	22,481,412

Source: financial reports, 2019

Table5: I&M RWANDA

Interest exp.	Periods	ROE	ROA	Net income	Npl'r	assets	equity	loans	interestinc.
2016	5,836,180	19.1%	2.8%	5,803,151	2.70%	206,451,275	30,423,125	134,152,364	20,483,000
2017	6,918,428	18.6%	2.5%	6,513,401	2.49%	260,174,192	35,064,526	177,422,108	24,483,000
2018	10,734,531	18.9%	2.5%	7,462,572	3.12%	294,165,633	39,567,498	169,032,838	30,960,821

Source: financial reports, 2019

5. CONCLUSION AND SUGGESTIONS

The deliberate and sustainable reduction of NPLs in banks' balance sheets is beneficial to the economy from both a micro prudential and a macro prudential perspective. At the same time, it is acknowledged that economic recovery is also an important enabler of NPL resolution. The study revealed that there is a negative correlation between non performing loan and the profitability of selected commercial banks in Rwanda. Within this context, understanding the full context of the operating environment, both internally and externally, is fundamental to developing an ambitious yet realistic NPL strategy.

There are a number of key internal aspects that influence the bank's need and ability to optimize its management of, and thus reduce, NPLs and foreclosed assets (where relevant). A thorough and realistic self-assessment should be performed to determine the severity of the situation and the steps that need to be taken internally to address it. Banks should perform a thorough self-assessment to determine strengths, significant gaps and any areas of improvement required for them to reach their NPL reduction targets. Within this in mind, we suggest commercial banks to address the challenged of loan portfolio coupled with selective and responsible lending strategies, including but not limited to below:

- Ensuring the borrowers cash flows are enough to meet future loan repayment.
- Proper assessment of collaterals and applies a

haircut as per regulation.

- Strengthen the credit department with appropriate lending and financial analysis skills.
- Ensuring the implementation of recovery strategies since inception of the loan.
- Timely and correct presentation of impaired credit assets to ensure proper information is available to bank management in charge of credit risk assets.

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**PUBLIC INTEREST LITIGATION AS
A PILLAR TO INSTIGATE POLICY
REFORM IN RWANDA**

By : Dr. Murangira B. Thierry

Abstract

Public Interest Litigation (PIL) means litigation for the protection and in interest of public. It is lawsuit introduced in a court of law, not by the aggrieved party but by the court itself or by any other private party. It is not necessary, for the exercise of the court's jurisdiction, that the person who is the victim of the violation of his or her right should personally approach the court. PIL is the power given to the public by courts through judicial activism. However, the person filing the petition must prove to the satisfaction of the court that the petition is being filed for a public interest and not just as a frivolous litigation by a busy body. PIL is an important pillar in shaping laws and policies and it widens the approach of human rights protection and promotion in the sense that it opens a wider opportunity to access to justice by interested third party.

Recently, in a case MUGISHA Richard filed a case in Supreme Court of Rwanda challenging law N°68/2018 of 30/08/2018 determining offences and penalties in general, in its articles 136, 138, 139, 154, 233 and 236 that are unconstitutional. This case has created a doctrine of precedency, wherein legislation in Rwanda should authorizes public interest litigation and remove restrictions on legal standing to allow interested third party to challenge illicit decisions, policies, lack of regulation to ensure fulfillment of peoples' rights and to challenge the constitutionality of legislation passed.

This paper intends to illustrate how PIL can be utilized as tool to widen access to justice, serve as tenet of development and pillar to instigate policy reform in Rwandan legal system.

Key words: Public Interest Litigation, Locus Standi, Policy Reform, Access to Justice

1. Introduction

One of the overarching aims of law and legal systems has been to achieve justice in the society and public interest litigation has proved to be a useful tool in achieving this objective. Its focus is not on vindicating private rights; but on matters of general public. PIL is an important tool for social transformation. It is a vehicle for legislative and policy reform. It enables third party to challenge the constitutionality of legislation passed, unlawful decisions, policies, lack of regulation to ensure fulfillment of peoples' rights and serve as tool to instigate policy reform.

This system has been used in African countries using common law legal system to enforce civil and political rights for instance challenging the death penalty, torture and degrading treatment, restrictions on the right to bail, enforcing rights of prisoners, refugees and to fight discrimination. Nevertheless, it has also been used to enforce socio-economic rights, such as right to education, to shelter, to land, to name few.¹

1. Broadening Access to Justice in Rwanda: Analysing the opportunity for Public Interest Litigation: A paper for the Legal Aid Forum by Jennifer R Escott, Published by The Legal Aid Forum, 2011.

Public interest litigation is a tool when used strategically and as part of a general program of advocacy for social change. Indeed, this is what makes public interest litigation different from any other legal case; public interest litigation should always be a part of a broader campaign to bring social change on a particular issue.²

The present article has been methodically organized into following section. It starts with general introduction which is followed by the concept of *locus standi*. The concept deals with right of the individual to stand for filing a case in the court. The third section elucidates how Judges are competent to give effect to social rights claim. The fourth section explains how public interest litigation can be used as means to access to justice. Whilst fifth section deals with public interest litigation as tenet of development. The final section is the conclusion. Subsequently, the author has offered general conclusion of whole paper.

Through informal interactions with Advocates, Prosecutors and Judges and eminent individual working in justice sector, majority are of the views that PIL should be admitted in Rwandan legal system after of course a judicial discussion to assess how to make the Constitution and other Rwandan laws more relevant, the usefulness of PIL in identifying and closing gaps between domestic legal standards and international human rights standards, as well as the attitude of judges towards a public interest

2. Surya Deva Public Interest Litigation in India: A Critical Review, Reprinted from Civil Justice Quarterly Issue 1, 2009 ,Sweet & Maxwell,100 Avenue Road, Swiss Cottage London NW3 3PF (Law Publishers). Electronic copy available at: <http://ssrn.com/abstract=1424236>. Visited on 24/05/2018.

cases. The purpose of the author to write this article is to depict how PIL can be utilized as tool to widen access to justice, serve as tenet of development and pillar to instigate policy reform in Rwandan legal system.

2. The Concept of Locus Standi

*Locus standi*³ means the right or capacity to bring an action or to appear in a court. The right of a party to appear and be heard before a court. It is the test used in most jurisdictions to decide who can go to court to enforce an obligation being disregarded by a fellow citizen or a public authority. In matters of public interest litigation what is of concern then is whether an interested member of the public as opposed to a victim or injured party can make a claim or indeed an organization with an interest in the issue. The former can be termed “*citizen standing*” and the latter may be seen as a kind of “*representative standing*”. Standing is used in many countries to decide who can file the case in court. Usually the right to stand requires one to be the victim of “injury” or “invasion of a legal right” or that the party be “aggrieved” or have had their “interests affected.”⁴ As it has been mentioned in a paper for the Legal Aid Forum by *Jennifer R. Escott*, whatever the term used and whether in common law or civil law, it meant that this element had to be present for a party to seize the court.⁵

3. Merriam Webster Dictionary: <http://www.merriam-webster.com/dictionary/locus%20standi>

4. Bonine, J. E. (1999). ‘Broadening “Standing to Sue” for Citizen Enforcement’, Fifth International Conference on Environmental Compliance and Enforcement, at page 249.

5. Broadening Access to Justice in Rwanda: Analysing the opportunity for Public Interest Litigation: A paper for the Legal Aid Forum by Jennifer R Escott, Published by

Article 2 of the Civil, Commercial, Labor and Administrative Procedure Code⁶ states that “*the plaintiff must have the status, interest and capacity to bring the suit*”. Under article 3 of same law it is stipulated that only the interested parties can bring an action, unless the law provides otherwise.⁷

The power to the Rwandan National Commission for Human Rights under article 9⁸ has been given the power to seize the courts for the issues relating to human rights violation and it shall be exercised in case of violation of public and individual interests or if other relevant institutions fail to fulfil the requirements as required by laws. Unfortunately, this has not yet yielded remarkable results.⁹ In Rwanda, Public Interest Litigation is recognized to be useful but due to historical factors, it has not been used.

The Legal Aid Forum, 2011.

6. Law N° 21/2012 of 14/06/2012 relating to the civil, commercial, labour and administrative procedure. Official Gazette N °29 of 16/07/2012. Article 2 portrays the conditions of admissibility of a claim. It says that a claim cannot be accepted in court unless the plaintiff has the status, interest and capacity to bring the suit. The provisions of the Paragraph One of this Article shall also apply to the associations, organizations and institutions without legal status which cannot file cases before courts without precluding their possibility to be sued.

7. *Ibid*,

8. Article 9 of Law N° 30/2007 Of 06/07/2007 Determining the Organization and Functioning of the National Commission for Human Rights. Article 10 also states that: “The Commission shall have powers to seize civil, commercial, labour and administrative courts in case of violation of human rights as provided by the Constitution, international conventions ratified by Rwanda and other laws. In that regard, the Commission may be represented by state attorneys or Lawyers of its own choice. While exercising its powers, the Commission shall respect the Rwandan laws without prejudice to attributions of other institutions, and it shall employ such powers in case of violation of public and individual interests or if other relevant institutions fail to fulfil the requirements as required by laws.”

9. Broadening Access to Justice in Rwanda: Analysing the opportunity for Public Interest Litigation: A paper for the Legal Aid Forum by Jennifer R Escott, Published by The Legal Aid Forum, 2011.

Chief Justice, *Sam Rugege* pointed out that Rwanda law can accommodate public interest litigation, thus, NGOs, universities and other stakeholders should sensitize people about public litigation so that they can use it.¹⁰

As it has been mentioned by *Justice Krishna Iyer*, public interest is promoted by an open construction of *locus standi* in the socio-economic circumstances and conceptual freedom particularly when they are weaker.¹¹ He added that the practical attempts to counter injustices combined with a struggle over access to justice and the assertion of public rights against the state.

It is worthy to mention that the consequence of limiting *locus standi* rules tends to discourage some individual to assist the courts in asserting and enforcing the law. Like any legal case, PIL has a core focus on obtaining a specific result for the client who brings the case. However, because PIL is at the same time focused more broadly, there are many other possible beneficial outcomes such as getting justice for the individual or group that brought the case, set important precedent by establishing a legal principle that will be binding on similar cases in the future, create constructive changes in the policies, initiate a procedure of policy reform, increase an official platform to speak out on issues when government may be trying to silence voices on the issue.¹²

10. This statement was stated by Chief Justice Sam Rugege during symposium organized by the judiciary in partnership with Great Lakes Initiative for Human Rights.

11. Iyer, V R Krishna, *Human Rights and the Law*, (Vedpal Law House, Indore, 1986) at 7.

12. In the case of *Hadijatou Mani v. Republic of Niger*, ECW/ICCJ/JUD/06/08 of 27 October 2008, ECOWAS Community Court of Justice held Niger Government responsible for failing to protect a 12 year-old girl from being sold into slavery where she was

During two-day *East African Public Interest Environmental Law and Litigation Workshop & Seminar*, East Africa Law Society, President challenged lawyers in EAC increased filing of public interest litigation suits in the region to seek legal redress towards protecting the threatened environment in the wake of discovery of minerals and natural resources running into billions of US Dollars in the region. Lawyers have a duty to keep the Government on toes over the Rule of Law.

3. Judges' Competence to Give Effect to Social-Economic Rights Claim

The competence of the judge to handle social and economic rights is of paramount importance. Court performance in the sense of finding effective legal remedies for violations of social and economic rights is influenced by the way in which the claims are voiced, but also by a number of other factors, including the law and the legal system, jurisprudential resources and by the political context.¹³ Judges play an important role to give effect to social claim done through PIL.

▪ *Win in Losing and Lose in Winning*

It is also important to understand that in PIL cases it can

physically and sexually abused over many years. The government of Niger paid the court-ordered USD \$19,000 in compensation to the victim, but the case had broader implications. It raised international and national awareness around the issue of slavery and human trafficking and also set important precedent on human rights in the region, specifically addressing states' commitments to modify harmful cultural norms, the right to dignity, right to life, and the integrity and security of the person.

13. Siri Gloppen, Christian Michelse, Public Interest Litigation, Social Rights and Social Policy, Arusha Conference Paper, 2005.

be that one '*wins in losing*' or even '*lose in winning*'.¹⁴ The former (*win in losing*) can be because although the case is lost the cause is well understood worthy that due to press and public pressure action is taken by the government and if relevant the private parties involved. The Kenyan case of Maathai¹⁵ can serve as good example of this where the case was dismissed but the construction on the public park in question was dropped. However, what is more difficult for PIL and its clients is the latter (*lose in winning*), when the case is won and then the judgment is not enforced and there is no remarkable change. Consequently, this can be taken as a limitation of public interest litigation.¹⁶

For instance in India, before entertaining a PIL, the Judge asks the petitioners to disclose in an official declaration their concern and purpose for filing the case.

The Judge then thereafter decides whether it should take up the cause at the instance of those petitioners or appoint *amicus curiae* to assist it.¹⁷ This was done by the Supreme Court of India when a PIL was filed by two petitioners alleging large scale of corruption in the functioning of the *Garhwal* Water Institute constituted to provide potable drinking water to the hilly towns and villages of the *Garhwal* region in Uttar Pradesh.¹⁸ The court has

14. Mati, M. (2001). 'Public Interest Litigation as a vehicle for legislative and policy reform', presented at the *10th International Anti-Corruption Conference*

15. *Wangari Maathai v. Kenya Times Media Trust Ltd*, (1989) H.C.K. 5403 (Kenya).

16. Jennifer R Escott, *Broadening Access to Justice in Rwanda: Analysing the opportunity for Public Interest Litigation*, Published by The Legal Aid Forum, Kigali, 2011.

17. S. Muralidhar, *India: Public Interest Litigation Survey 1997 – 1998*; published in 33-34 *Annual Survey of Indian Law* 525 (1997-98)

18. *Mahesh Chand Bisht v. Union of India* 1997 (7) SCALE SP-22.

also stressed that organizations that do not disclose any material regarding their nature and function should not be allowed to undertake litigation in the name of public interest particularly since it could cause a lot of harm to others.¹⁹

Social, economic, and political conditions create different pressures and opportunities for public interest litigation, which is further affected by the nature of the existing legal regime,²⁰ the independence and prestige of the judicial system,²¹ and forms of professional organization.²² Governments also differ considerably in their support of nongovernmental groups pursuing public interest litigation. In some countries and on some issues, courts will be able to help forge a social consensus in favor of reform; elsewhere, courts will be disabled from precipitating change unless the public already displays some measure of receptivity to reform.²³

4. Importance of Public Interest Litigation in Social

19. *Bharatiya Homeopathy College, Bharatpur v. Students' Council of Homeopathy*, (1998) 2 SCC 449. Although the court doubted the bona fides of the PIL petitioner, the students council of the Jaipur College, it did not examine the matter further since it was rejecting their plea even on merits. See also *Dr. Meera Massey v. S.R. Mehrotra*, (1998) 1 SCC 88, the court rejected the challenge to the locus standi of a history professor who challenged the legality of certain appointments to the Himachal Pradesh University. It said: "He had all the details, fully equipped with facts and the law pertaining to the University. It was not for any personal gain."

20. Symposium: *Lawyering in Repressive States*, 20 L. & SOC. INQUIRY 339 (1995).

21. Vyas, *The Independence of the Judiciary: A Third World Perspective*, Third World Legal Studies, 1992.

22. Dias, Luckham, Lynch, & Paul eds., *Lawyers in the Third World: Comparative and Developmental Perspectives* (1981).

23. Helen Hershkoff, *Public Interest Litigation: Selected Issues and Examples*. Available at: <http://siteresources.worldbank.org/INTLAWJUSTINST/Resources/PublicInterestLitigation%5B1%5D.pdf>. Visited on 15/08/2018.

Change

Public interest litigation generally involves civil cases. These types of cases are much more diverse, involving any legal matter outside the realm of criminal prosecution. By trying to clarify the importance of public interest litigation, in English House of Lords, *Lord Diplock* stated that: *“There would be a grave lacuna in our system of public law if a pressured group, like the Federation, of even a single public spirited tax-payer, were prevented by outdated technical rules of locus standi from bringing the matter to the attention of the court to vindicate the rule of law and get unlawful conduct stopped.”*²⁴

Civil cases include for example claims that a law is unconstitutional, contract has been violated, property has been wrongly transferred, someone is entitled to compensation based on violations of their rights, to state a few. Civil cases can also include claims for reparation or compensation based on a criminal act. PIL is a legal case that has a broader social change as part of its purpose.²⁵ While most legal cases focus on obtaining a certain result for a specific client, it focuses on achieving social change that will impact the lives of many people through a single case.

24. *IRC v National Federation of Self-Employed and Small Businesses Ltd*, [1981] 2 All ER 93, at 105.

25. Thelton Henderson, Social Change, Judicial Activism, and the Public Interest Lawyer, 12 Wash. U. J. L. & Pol’y 33 (2003), http://openscholarship.wustl.edu/law_journal_law_poli_cy/vol12/iss1/4. Visited on 24/05/2016.

According to “Ford Foundation” of U.S.A.,²⁶

“Public interest law is the name that has recently been given to efforts that provide legal representation to previously unrepresented groups and interests. Such efforts have been undertaken in the recognition that ordinary marketplace for legal services fails to provide such services to significant segments of the population and to significant interests. Such groups and interests include the proper environmentalists, consumers, racial and ethnic minorities and others.”

PIL is applied as a significant instrument of social change in the sense that it is used for the welfare of every section of society. The advance of this justifiable instrument proved to be useful for the developing countries. PIL can be utilized as a scheme to contest the violence prevailing in society. It is an institutional initiative towards the welfare of the needy class of the society. This strategy has been used in India to fight bonded labor. In the case of *Bandhu Mukti Morcha*, the Supreme Court of India ordered for the release of bonded labourers.²⁷

26. Public Interest Litigation, Dr. B. L Wadehra, 2nd ed. (New Delhi: Universal Law Publishing Co. Pvt. Ltd, 2009) p 144

27. *Bandhu Mukti Morcha v. Union of India*, 1984 AIR 802, 1984 SCR (2) 67. Public Interest Litigation (PIL) in India began in the late 1970s. For the first time the rights of prisoners, bonded labourers, other neglected peoples and issues were considered in the judicial forum. Using their inherent powers under Articles 32 and 226 of the Constitution, a few judges of the Supreme Court and High Courts made access to justice easier. Anyone acting in the public interest was permitted to file a petition on behalf of those unable to do so themselves, or for issues of grave public importance. Lawyers, social activists, concerned individuals and even judges approached the courts. Aside from *locus standi*, other procedural norms were relaxed, including the need to file a proper petition.

PIL uses the justice sector to achieve legal and social change through test cases. It seeks to have an impact beyond the actual outcome of the case. Public interest litigation can be used to change laws or policies that violate the constitution or international human rights norms, to address gaps between domestic legal standards and international human rights standards, to ensure that laws are interpreted and enforced properly.²⁸ PIL is a creative and powerful means for quickening social change. It can be used in a wide variety of ways and some of them are enumerated below:²⁹

a. Rule of Law

The rule of law in its basic form is the principle that the law is supreme and should be respected by all.³⁰ PIL has been used extensively to enforce constitutional and legislative provisions with the aim of translating legal rights and entitlements into practical reality. It is within this process of enforcing the law that PIL plays the important role of protecting and promoting the rule of law.³¹ In some nations, legal liberalism and “rule of

28. ProRights Consulting, Public Interest Litigation: An Overview: Available at: www.prorightsconsulting.com. Visited on 26/05/2016.

29. Joseph Otteh, Litigation for Justice, A Primer on Public Interest Litigation (PIL) Produced by Access to Justice, 2012.

30. The Constitution of The Republic of Rwanda of 2003 Revised in 2015, Article 10 portrays fundamental principles, wherein The State of Rwanda commits itself to upholding. In its article 10 (4) it states that” building a State governed by the rule of law, a pluralistic democratic Government, equality of all Rwandans and between men and women which is affirmed by women occupying at least thirty percent (30%) of positions in decision-making organs; (5) building a State committed to promoting social welfare and establishing appropriate mechanisms for equal opportunity to social justice”....

31. See also, Upham, Ideology, Experience, and the Rule of Law in Developing Societies, Presented at the Unrisd Conference in Bangkok, Thailand, May 12-14, 2000

law” values have been necessary conditions for public interest litigation, although elsewhere causes lawyering flows from indigenous practice and professional norms, fostering a broader project for democratic reform.³²

b. Clarifying Law

In certain instances PIL is instrumental in the clarification of existing laws. It offers the Courts an opportunity to make various pronouncements that explain or spell out the law and its resultant effects. This clarification can help strengthen the legal system by providing better understanding of the legal rules themselves.³³

c. Challenging the Law

The most common use of PIL has been in the challenging of laws and or policies that violate fundamental rights.³⁴ Using PIL one can also prevent the enforcement of inappropriate law, strike them from the statute books and force governments or other defendants to change policies and practices.³⁵

(Unpublished manuscript on file with the author at New York University School of Law).

32. Lev, *Lawyers' Causes in Indonesia and Malaysia*, in *Cause Lawyering: Political Commitments and Professional Responsibilities* (Sarat & Scheingold eds., 1998).

33. James A. Goldston, *Public Interest Litigation in Central and Eastern Europe: Roots, Prospects, and Challenges*. Available at: https://www.justiceinitiative.org/uploads/45d6f644-5810-4154-9b92-eee39ffe466f/publicinterest_20060601.pdf. Visited on 15/08/2018.

34. *Mugisha v. Government of Rwanda*, N° RS/INCONST/SPEC 00002/2018/SC. Official Gazette no. Special of 10/05/2019

35. James A. Goldston and Mirna Adjami, *The Opportunities and Challenges of Using Public Interest Litigation to Secure Access to Justice for Roma Minorities in Central and Eastern Europe*. Prepared for World Justice Forum, Vienna, July 2-5, 2008.

d. Building laws

PIL can reveal gaps in existing laws and offers the judiciary an opportunity to fill in those gaps and correct inconsistencies. It can both lay the groundwork for future cases and speed up the development of new practices and policies to address violations of rights or other protections on the ground.³⁶

e. Advocacy

PIL is an excellent advocacy tool and may be instrumental in advancing causes or goals. One case can have a dramatic impact as it affords litigants an opportunity to send a message out to the media, the public and government. One such example where PIL has been used as an advocacy tool is the famous *Case of Pretty v. The United Kingdom, European Court of Human Rights*³⁷ in which the Voluntary Euthanasia Society of England was also active. The case

36. *Ibid*,

37. Application no. 2346/02, Strasbourg, April 29, 2002. Diane Pretty was dying of motor neurone disease, a degenerative disease affecting the muscles, for which there is no known cure. The disease was at an advanced stage; the applicant was paralyzed from the neck down and her life expectancy was very poor. But her intellect and capacity to make decisions were unimpaired. Given that the final stages of the disease were distressing and undignified, she wanted to be able to control how and when she died and to be spared suffering and indignity. Although it is not a crime to commit suicide in English law, the applicant was prevented by her disease from taking such a step without assistance. It is a crime to assist another to commit suicide under 2(1) of the Suicide Act of 1961. Mrs. Pretty wished to be assisted by her husband in committing suicide, but the Director of Public Prosecutions had refused her request to guarantee her husband freedom from prosecution if he did so. Her appeals against that decision were unsuccessful. The application was lodged with the European Court of Human Rights. The Court held a public hearing on the admissibility and the merits of the case. The Court unanimously found the application admissible and held that there had been no violation of the European Convention on Human Rights Article 2 (right to life), Article 3 (prohibition of inhuman or degrading treatment or punishment), Article 8 (right to respect for private life), Article 9 (freedom of conscience), and Article 14 (prohibition of discrimination).

related to an application to the Attorney General for a guarantee that a terminally ill patient's husband would not be prosecuted under the Suicide Act of England if he helped her to terminate her own life.³⁸

f. Documenting Injustice

In many jurisdictions, PIL is used to document or expose institutionalized injustice even when the lawsuit is unlikely to succeed. For victims of human rights violations, this process of having their case heard by a court can often be a very important form of redress in and of itself. In certain legal systems rulings in individual cases may build a body of legal precedent that can help other victims of injustice. India's Supreme Court, for example, has exercised strong judicial leadership in establishing epistolary³⁹ jurisdiction, allowing any person to write to the court to seek judicial help in resolving social problems. This procedure has generated a tremendous demand for legal services on behalf of disadvantaged groups.⁴⁰

38. *Ibid*,

39. Epistolary jurisdiction of the Indian Supreme Court is a unique feature of Indian Supreme Court. Supreme Court can convert any letter addressed to itself by anybody into a writ and hear the matter. Court usually appoints an Amicus and hears the matter. Famous example of use of epistolary jurisdiction was in Mathura case. In that case, High Court had overturned the verdict of guilty in case of a rape of teenage tribal women by a police constable. Four eminent law professors, Vasudha Dhagamvar, Lotika Sarkar, Upendra Baxi, and Kelkar had written an open letter to the Supreme Court. The Court converted the letter into a writ and heard the matter again, after it had already upheld the verdict of the High Court.

40. Many Roads to Justice :The law-related work of Ford Foundation grantees around the world / Mary McClymont, Stephen Golub, editors, The Ford Foundation, USA, 2000

g. Fostering Government Accountability

Government action and policy is by nature subject to legal challenge if it is outside the realm of legality. PIL is particularly suited to encourage the Government to ensure that its actions and policies are in conformity with the law. This view was expressed in the case of *Dr. D.C. Wadhawa v. State of Bihar*⁴¹ where the court stated that “exercise of the power by the government, whether it be the legislature or the executive or any other authority, should be within the constitutional limitations and if any practice is adopted by anyone of them which is in blatant and systematic violation of its constitutional limitations, the petitioner as a member of public would have sufficient interest to challenge such practice by filing a writ petition and it would be constitutional duty of the court to entertain the writ petition and adjudicate upon the validity of such practice”.⁴²

h. Creating Positive Pressure

PIL even if unsuccessful promotes government accountability. In many cases, the mere fact that a matter is brought before the courts initiates positive change. The extent to which a government will feel pressured by the filing of a suit largely will depend on the attitude of the government and its respect for the rule of law. In some instances the pressure created by the suit can result in change even when the matter its self is unsuccessful in court.

41. 1987 AIR 579, 1987 SCR (1) 798

42. *Ibid*,

i. Public Awareness

PIL can bring a cause or issue into the limelight, sometimes at far less expensive cost than mounting an elaborate media campaign. This attention raises general awareness and fosters public discussion and debate. In China in the case of *Xu Jianguo vs. the Public Security Bureau*,⁴³ the petitioner challenged the practice of the Chinese Police who used to stop anyone and demanded to see identification without them showing the concerned individual any identification or furnishing a reason for stopping them. Although the petitioner later withdrew the case the suit put into the public eye the arbitrary nature of Police power in China. In case of *Pandev v. the State of West Bengal*,⁴⁴ the Supreme Court held that:

Public Interest Litigation is a weapon, which has to be used with great care and circumspection, and the judiciary has to be extremely careful to see that behind the beautiful veil of public interest an ugly private malice, vested interest and/or publicity seeking is not lurking. It is to be used as an effective weapon in the armory of law for delivering social justice to the citizens. The attractive brand name of public interest litigation should not be used for suspicious products of mischief. It should be aimed at redressal of genuine public wrong or public injury and not publicity oriented or founded on personal vendetta. The Court must be careful to see that a body of persons or member of public, who approaches

43. Public Interest Litigation in China: A New Force for Social Justice, Research Reports, China Labour Bulletin, 10 October 2007, Available at: www.clb.org.hk. Visited on 15/08/2018.

44. AIR 1954 SC 660

the Court is acting bona fide and not for personal gain or private motive or political motivation or other oblique consideration."

j. Legal Education

Because of its cutting-edge nature, PIL raises the level of legal literacy by educating the legal profession as well as the general public on the issues and intricacies of social justice. Most individuals are unaware of their rights and PIL, and the publicity that usually surrounds it, goes a long way in raising public awareness on various social rights issues.⁴⁵

5. Public Interest Litigation as a Means to Access to Justice

PIL has often been used as another existing legal tool that facilitates access to justice and increases the public profile of the petitioner. The growing concern for access to justice, and the provision of constitutionally guaranteed rights, led to the relaxation of procedural rules such as *locus standi* and the form in which a petition was filed. PIL aims to remedy injustices or wrongs suffered by particular groups of people through the judicial process. PILs leverage the power of judicial review which courts possess and invoke those powers to determine complaints by particular persons who act for themselves or for others in order to remedy infringements of the rights which the affected groups suffer. Often, PILs turn courts into

45. Tawanda Zhuwarara, "Public Interest Litigation Manual" Available at: <http://www.scribd.com/zhuwi/d/60522716-Public-Interest-Litigation-Manual>. Visited on 29/05/2015

arenas where otherwise disadvantaged people engage and challenge the government and question policies which adversely affect them; by doing this, they expose the errors, biases, unreasonableness, illegalities, bad faith, or unconstitutionality of such policies or actions and inactions. PILs often provide disadvantaged group of minorities who suffer some difficulties to access to justice and create opportunities to protect collective rights.⁴⁶ They aid public participation in governance and enhance transparency and accountability in governance. In *S. P. Gupta v. Union of India*,⁴⁷ Justice *Bhagwati* emphasized that:

“Where a legal wrong or a legal injury is caused to a person or a determinate class of persons, ... and such a person or determinate class of persons is by reason of poverty, helplessness or disability or socially or economically disadvantaged position, unable to approach the court for relief, any member of the public can maintain an application for appropriate direction.”

He pointed out that the purpose of the Public Interest Litigation is to promote the public interest which mandates that violation of legal or constitutional rights of poor, down compressed, socially and economically disadvantaged sections of the society should not go unattended. In this context Justice P.N. *Bhagwati* observed that:

“Public Interest Litigation is brought before the Court not for the purpose of enforcing the right of one individual against another as happens in the case of ordinary litigation, but it is intended to promote and

46. Joseph Otteh, *Litigation for Justice, A Primer on Public Interest Litigation (PIL)* Produced by Access to Justice, 2012.

47. AIR 1982 SC 149, 1981 Supp. (1) SCC 87, 1982 2 SCR 365

*vindicate public interest which demands that violations of constitutional or legal rights of large number of people who are poor, ignorant or in a socially or economically backward position should not go unnoticed and unattended.*⁴⁸

He added that before the introduction of PIL in India, the courts were inaccessible to the illiterate and poor people of his country. With the introduction of the PIL, however, the courts have become more accessible to the underprivileged people also. Even if these people do not complain about the violation of their rights, a third party can take up their issues and file legal petition before the courts. The PIL can be filed by a third party if the constitutional rights of an individual or group of individuals are violated. In such case the individual or groups of individuals is not able to move court personally for justice because of poverty, helplessness, lack of awareness or socially and economically disadvantaged.⁴⁹

PIL therefore enables the judiciary to recognize the voice of the marginalized, examine the legality of policy decisions, promote human rights and resolve controversial issues.⁵⁰

48. *Ibid*,

49. In *Banwasi Sewa Ashram v U.P.* (1986) 3SCC 753 and *Municipal Council, Ratlam v Vardhichand*, 1980 AIR 1622, 1981 SCR (1) 97 the court moved towards formulating a right to balanced and sustainable economic development. In the former case, the court had to consider the claims of tribal and other backward peoples living within the forest reserves, who used the forest area as their habitat. When the state government decided that a super thermal plant of the National Thermal Power Corporation Ltd. would be located in these lands and considered acquisition proceedings against these peoples, the court held that depletion of forests disturbed the ecology and the climate cycle, but "at the same time we cannot lose sight of the fact that for industrial growth as also for the provision of improved living facilities there is great demand in this country for energy such as electricity.

50. Amartya Sen, *Development as Freedom* (Oxford: Oxford University Press, 1999). In Sen's view, what people can positively achieve is influenced by economic

In developing countries, or countries where access to courts are difficult for ordinary citizens because of prevailing conditions, PIL is a particularly attractive form of litigating to remedy violations of the rights of large and vulnerable groups, or oppose dictatorships (in the case of tyrannical or undemocratic governments) as was the case of Nigeria under military rule. Justice *Benjamin Odoki*, Chief Justice of Uganda⁵¹ reasons that;

“Effective enforcement of human rights in Courts is hampered by the high cost of legal services, complexity of litigation and the procedural restrictions on the right to bring actions in Courts. These constraints affect the poor and vulnerable groups more adversely than the rich and affluent. It is for this reason that in many countries judicial and legislative innovations have been developed to increase access of the poor to justice so that they may realize their God given entitlements which no one, not even the state has the right to take away.”

He added that:

“Why do we need public interest litigation? Public interest litigation gives more hope for the people than

opportunities, political liberties and social powers, and the enabling conditions of good health, basic education and cultivation of initiatives. Political liberties are directly important on their own, and do not have to be justified indirectly in terms of their effects on the economy. People deprived of such liberties are deprived of important freedoms in leading their lives, even if they do not lack adequate economic security. Political liberties are thus constitutive elements of human freedoms along with economic rights. Thus, for Sen, the success of a society in achieving development and enriching human life is to be evaluated primarily by the substantive freedoms that the members of that society enjoy. Substantive freedoms are a principle determinant of individual initiative and social effectiveness. Substantive freedoms included avoiding starvation, under nourishment, being literate, enjoying freedoms such as free speech etc

51. Odoki “Public Interest Litigation and Enforcement of Human Rights” in *Commonwealth Judicial Journal* (London, 2003), pp.20, 21

any other strategy given the current socio-economic conditions in our developing societies. Many people are illiterate and unaware of the law and their rights. The vast majorities of the people are poor and cannot afford the services of a lawyer. There is also apathy because of mistrust of the legal system. Therefore, it is necessary and healthy to allow public-spirited individuals to take up worthy causes on behalf of others who are not in a position to do so.”⁵²

According to *Soli Sorabjee* “the main objective of PIL is to secure easy and effective access to justice for disadvantaged classes and groups, for the meaningful realization of their guaranteed fundamental rights.”⁵³

As per the opinion of *Prof. Siri Gloppen*, the aim of public interest litigation is to transform the situation not only for the litigants but also for all those similarly situated: that is, *to alter structured inequalities and power relations in society in ways that reduce the weight of morally irrelevant circumstances, such as socio-economic status, gender, race, religion, or sexual orientation. Thus, the success of litigation should be judged not only in terms of how a case fares in court but also on whether the terms of the judgment are complied with. Even more important is the systemic impact the broader effects on social policy, public dialogues on social rights, and the development of jurisprudence.*⁵⁴

52. *Ibid*,

53.S.J. Sorabjee, “Protection and Promotion of Fundamental Rights by Public Interest Litigation in India” 51 (1993) 31 at 33; cited in Agbakwa and Okafor, *op.cit.* Page 233.

54. Siri Gloppen, “Public Interest Litigation, Social Rights and Social Policy” in Anis Dani and Arjan de Haan (eds.) *Inclusive States. Social Policy and Structural Inequalities.* Washington DC:World Bank (2008) 343-368.

6. Public Interest Litigation as Tenet of Development of Law

The present mechanism is very important in terms of development and reform of a particular legal system.⁵⁵ This system is mostly used in common law system. Rwanda like some other countries of EAC, PIL has not yet well understood due to the historical factors and the fact that Rwanda uses civil law system which requires the petitioner to have *locus standi*. PIL can be an important tool for any individual or group interested in social change and human rights protection. Litigation in the public interest should be part of a holistic strategy to bring about social change.⁵⁶ It has been used in many different countries to advance civil and political rights, women's rights, the rights of indigenous people and other minorities, the rights of prisoners, the rights of children, housing rights, and many other human rights issues.⁵⁷

Public interest litigation serves as an important instrument for exposing human rights abuses and for helping to provide protection to marginalized groups. Even if a lawsuit fails to change an unjust law, the act of going to court can influence or even change attitudes about the law and contribute to a climate for reform. Nonconformist

55. Rekosh, Ed, Public Policy Advocacy: Strategic Litigation and International Advocacy, Public Interest Law Initiative, Columbia University Budapest Law Center (2003).

56. Steven Budlender, Gilbert Marcus SC and Nick Ferreira, Public interest litigation and Social Change in South Africa: Strategies, tactics and lessons. Available at: <http://www.atlanticphilanthropies.org/app/uploads/2015/12/Public-interest-litigation-and-social-change-in-South-Africa.pdf>. Visited on 25/05/2016.

57. Rasmusen, Jennifer and Richard J. Wilson, Promoting Justice: A Practical Guide to Strategic Human Rights Lawyering, International Human Rights Law Group (2001).

arguments can serve to suggest innovative uses of the law; complaints can present an increasing record that documents mistreatment.⁵⁸

Through informal interactions with Advocates, Prosecutors and Judges and eminent individual working in justice sector, majority are of the views that PIL should be admitted in Rwandan legal system after of course a judicial discussion to assess how to make the Constitution and other Rwandan laws more relevant, the usefulness of PIL in identifying and closing gaps between domestic legal standards and international human rights standards, as well as the attitude of judges towards a public interest cases.

7. CONCLUSION

PIL is a powerful tool that can be an important part of advocacy for social change and access to justice. Public interest litigation has many potential benefits, including wide reaching legal and policy changes. The decision to engage in public interest litigation should always be a consultative one, taking into account the risks involved and the other options available to achieve the goal. As part of a broad strategy to protect human rights, PIL can be one of the most important tools available for social change. Whatever its shortcomings, PIL shows that it is a tool of social change and access to justice.

58. Helen Hershkoff & Aubrey McCutcheon, "Public Law Litigation: Lessons and Questions," 10 *Hum. Rts. Rev.* 157 (2009).

It can contribute to national and international endeavors to provide collective access to justice. As it has been mentioned during symposium organized by the judiciary in partnership with Great Lakes Initiative for Human Rights, Chief Justice *Sam Rugege*, reasoned that, public litigation is important because it avails an opportunity for public interests to take precedence. There are several cases in EAC wherein Rwanda can take as precedence in this matter of public interest litigation. For instance application N° 9 of 2007 by *EALS and 4 others v. Secretary General of EAC and 3 Other Attorney Generals*,⁵⁹ the court examined the law on *locus standi* when the respondents in that case contended that the applicants did not have *locus standi* as their rights and interests had not been violated nor infringed.

The applicants were Law Societies who were bringing the action on behalf of the citizens of East Africa. The court, after examining the developments in *locus standi* in India, England and Tanzania found that as they were “satisfied that the applicants are genuinely interested in the matter complained of. They had *locus standi* to make the application. It stated that:

“Finally, we must clarify that the locus standi that is granted to residents of EAC Partner States under Article 30(1) of the Treaty mandates such persons to file a reference before this Court as a party thereto, but would not form a basis for them to appear as amicus curiae in a

59. Available at: <http://kenyalaw.org/kenyalawblog/wp-content/uploads/2016/06/East-African-Law-Society-v-Secretary-General-of-the-East-African-Community.pdf>. Visited on 12/05/2018.

matter before the Court."

The researcher opined that, there are many things which are needed to be done to scale up public interest litigation. Most prominent are to see how to make the Constitution and other Rwandan laws more relevant, the usefulness of PIL in identifying and closing gaps between domestic legal standards and international human rights standards, as well as the attitude of judges towards a public interest case.

Secondly, Rwandan legal system should set up procedure to allow interested third party access the court. The general rule of *locus standi* should be relaxed so as to enable the court to look into the grievances and complaints on behalf of the poor, deprived, illiterate and the disabled who cannot vindicate the legal wrong or legal injury caused to them for any violation of any constitutional or legal right.

The researcher submit that, the dark side of it is that there is no precedence in terms of *locus standi* wherein the Judge would refer to, to interpret and make flexible and accommodate this system. Therefore, there shall be a legal recognition or binding precedent of public interest litigation and broad interpretation of rules of *locus standi* and court be accorded the jurisdiction to receive the suit for the public interest. This will be an important pillar in shaping laws and policies, harmonizing domestic laws with EAC Treaty and it will widen and extend the approach of access to justice by citizens of EAC. The court should eliminate restrictions on legal standing in cases

involving public interest.⁶⁰

From this reasoning it can be pointed out that Rwandan legal system can no longer be as deliberately and comprehensively exclusionary as it was before 1994. The adoption of PIL should be encouraged through judicial activism, since Rwanda is committed to protecting human rights, as well as social-economic and legal opportunities of all. Delaying introducing public interest litigation denies collective justice and the Court's opportunity to play a very important role in addressing the various legal issues through this mechanism.

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60. For more detail to know how PIL is pillar in shaping law see; *SP Gupta v. Union of India, 1981*. In the landmark Indian case Justice Bhagwati declared that "any citizen who is acting bona fide and who has sufficient interest has to be accorded standing". Lawyers, law professors, journalists and motivated citizens should have those rights to lodge a complaint on behalf of those who cannot or in the name public interest.

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**THE CONTRIBUTION OF STUDENTS'
DEBATES TO THE ENHANCEMENT
OF THE QUALITY OF EDUCATION
IN RWANDA'S HIGHER LEARNING
INSTITUTIONS**

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ABSTRACT

The link between students' debates and the quality of education is worth drawing. Students who actively take part in debate clubs have always proven to have a good command of English, the medium of instruction in Rwanda's higher learning institutions. Also, the mastery of the medium of instruction is arguably linked in one way or another to the assurance of the quality of education since quality is assessed through this language. Still here, the researcher thought to find out whether what is generally hypothesized is trustworthy or not. Besides, the study will be very significant as both directors of education and managers of higher learning institutions will have to borrow a leaf from its findings to enhance the quality of education.

Key words: *Debate formats, higher learning institutions and quality of education.*

1. INTRODUCTION

Rwanda as a country that was first colonized by Belgium, a French speaking country, finds it an uphill battle to effectively switch from Francophone system to Anglophone system. Some lecturers and students still find it hard to confidently communicate using English since they were trained in French. It is good to remind that the introduction of English language as a medium of instruction in Rwanda's academic institutions goes back to 2008. Before this year, the academic program was entirely run in French. Still here, it is hard to talk about quality

education in higher learning institutions when students do not master the medium of instruction.

Things such as assignments presentations, dissertation defense, job interviews after graduation and many others are held in English. The students who have not had enough time to sharpen their speaking skills find it a tall order to convince the examiners or panelists, hence leading to the questionability of their institutions' quality education. There is no way one can claim to be offering quality education while their students fail to answer confidently the questions asked by interviewers or examiners. How can someone fail to answer questions asked using the medium of instruction, a language they studied in for three years?

In actual fact, most of the problems impinging on the lives of human beings are surmountable. This is the case of inability to confidently react to answer questions in the medium of instruction. With the establishment of strong debate clubs which convene regularly to debate motions of great interest, the students are likely to overcome their fear of speaking in public and hence master the medium of instruction. It is worth reiterating that language learning or acquisition has no shortcut. It is a process that solely requires regular practice of the target language. With regular debates therefore, the students will be in a position to speak their minds, with ease and think critically, thus leaving nothing to question about the quality of education offered by their institutions.

2. PROBLEM STATEMENT

More than a decade has gone by since Rwanda found it worthwhile to join the English speaking world by shifting from French to English with the latter being the new medium of instruction. Efforts have been made to make sure that lecturers and students at higher learning institutions operating in Rwanda confidently use English while they are speaking. However, notwithstanding all the already made efforts, it is easy to find out with naked eyes that some lecturers and students still cannot communicate with ease in English. Their verbal expression remains questionable as most of them tend to resort to Kinyarwanda, the mother tongue to make their views heard.

Not only does this challenge stand as stumbling block for lecturers and students but it always hinders the provision of the quality of education among Rwanda's higher learning institutions. Rwanda as a country that seeks to build a strong knowledge-based economy needs to make sure that the quality of education offered at the level of higher learning institutions is unquestionable. Of course there is no smoke without fire. Indeed, when one has realized that there is something hindering the progress of their endeavors, they look for possible solutions to see how the obstacles can be done away with.

This being said, one of the problems hindering the provision of the quality of education among Rwanda's Higher Learning Institutions is the lack of strong students'

debate clubs which organize regular debate sessions to improve their speaking skills, critical thinking skills, research skills and instill public speaking confidence in them. You will find some higher learning institutions having students' debate clubs but with no clear operating plan. Some are there by name with no tangible deeds. This deficiency therefore stands as a hiccup towards the provision of the quality of education at the level of Higher Learning Institutions operating in Rwanda. Hence, the move to attend to this impediment is worth saluting and proves to be the right way to go.

3. RESEARCH OBJECTIVES

The study had both general and specific objectives as clearly stated below:

3.1. General objective

The general objective of the study was to assess the contribution of students' debates to the enhancement of the quality of education in Rwanda's Higher Learning Institutions.

3.2. Specific objectives

The specific objectives of the study were the following:

- To find out whether students' debate clubs impact on the quality of education in Higher Learning Institutions in Rwanda,

- To assess the extent to which students' debate clubs contribute to the quality of education in Rwanda's Higher Learning Institutions;
- To suggest ways through which Students' debate clubs should be managed to better contribute to the quality of education.

4. RESEARCH QUESTIONS

The study at hand tried to answer the following questions:

- Do students' debates enhance the quality of education in Rwanda's Higher Learning Institutions?
- To which extent do students' debates enhance the quality of education in Rwanda's Higher Learning Institutions?

5. HYPOTHESES OF THE STUDY

In a bid to answer the questions, two hypotheses were formulated as anticipated answers:

- Students' debates contribute to the enhancement of the quality of education in Rwanda's higher learning institutions;

- Students' debates contribute significantly to the enhancement of the quality of education in Rwanda's higher learning institutions;

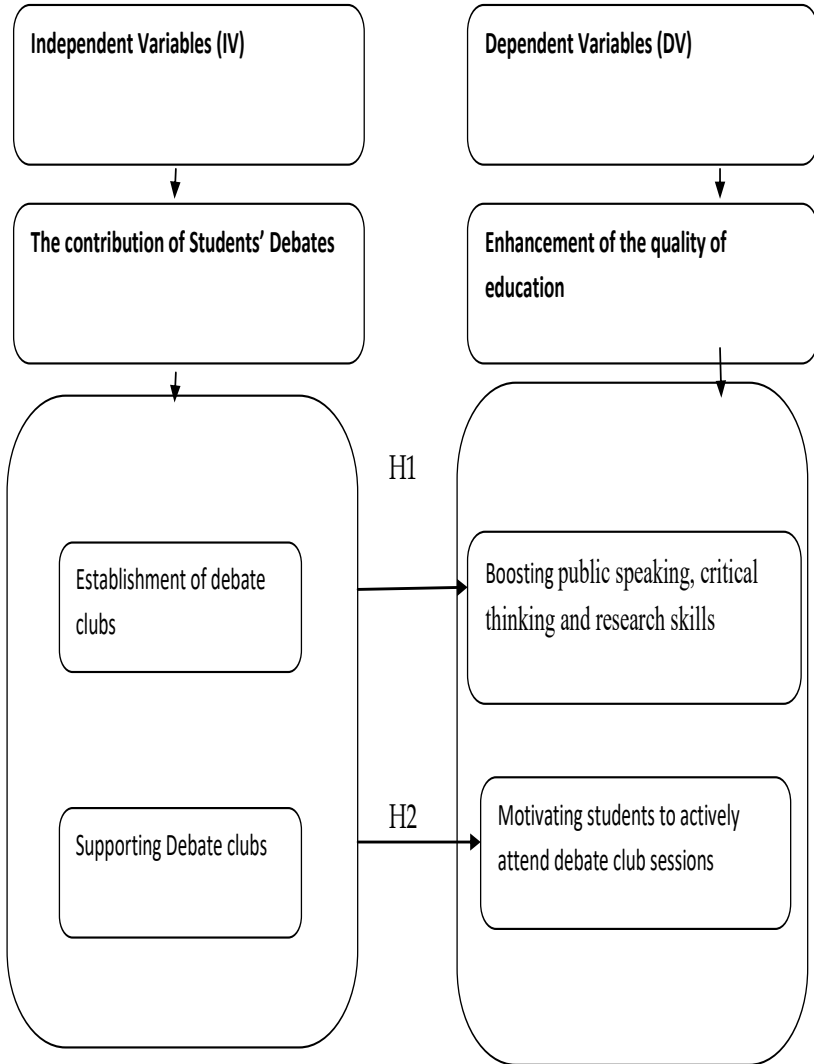
6. SIGNIFICANCE OF THE STUDY

This study is worthy conducting in that it will enable Higher Learning Institutions (HLIs) in Rwanda to know one of the strategies to usher quality education at their campuses. Quality education has been a subject of debate for many years in Rwanda with different people echoing their views on what they think is making quality education dwindle. With the present work therefore, the researcher believes that the decision to explain how debates can contribute to the quality education is a move in the right direction. Indeed, the tips to be discussed herein will inspire and guide managers of higher learning institutions in Rwanda, and hence the quality of education will have a seat at their campuses.

7. LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

The conceptual framework expresses the reason to conduct this study. The figure below shows two variables: the independent variable on the left side which is *the contribution of students debates* with its sub variables being *the establishment of debate clubs* and *supporting debate clubs*; while on the right hand, there is the dependent variable, *the enhancement of the quality of education* with its sub variables

being improvement of public speaking, critical thinking and research skills as well as motivating students to actively attend debate club sessions.



Key: **H1:** First Hypothesis

H2: Second Hypothesis

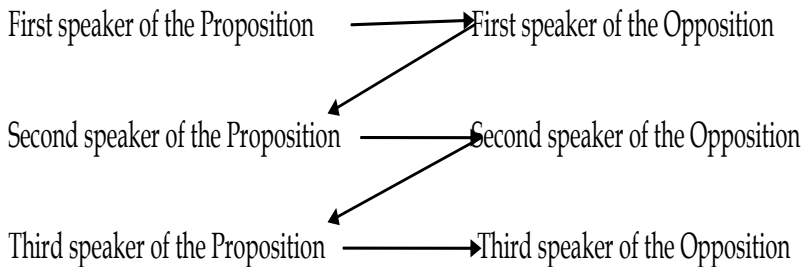
Source: Researcher's compilation

7.1. World Schools Debate style (WSD)

Speaking order

As far as the WSD is concerned, speakers take the floor as follows: The first speaker from the proposition side kick-starts the debate and then he/she leaves the floor for the first speaker from the opposition who in return gives the floor to the second speaker from the proposition side and the latter gives it to the second speaker from the proposition side. Then the floor goes back to the last speaker from the proposition side before winding up the clash with the last speaker from the opposition side. (Retrieved from <http://howtodebate.blogspot.com> on 25th November 2019)

The structure below throws some light on this speaking order:



Roles of each speaker in the World Schools Debate Style

First speaker of the Proposition

The role of the first speaker is to open up the case of the proposition. That means they present their side's opinion and arguments. Furthermore, they give a definition of that motion, in order to prevent any confusion caused by the motion, which might lack clarity. The first speaker also sometimes gives a status quo or an analysis of the current situation regarding that issue (mostly in policy-debates) to show the problem the side Proposition wants to solve, or the situation the side wants to improve et cetera. The first speaker may also give the case to show their aim of supporting the given resolution. (Retrieved from <http://howtodebate.blogspot.com> on 25th November 2019)

First speaker of the Opposition

His/her duty is to rebut the arguments given by the Proposition, meaning to show why it isn't or can't be true what "they" claimed. He/she can either give a counter-case regarding that motion or just decide to try to argue against the motion. While ~~When~~ arguing against the motion, it is optional to give own arguments, as it would be sufficient to just rebut the arguments or the case well enough. (Retrieved from <http://howtodebate.blogspot.com> on 25th November 2019)

Second speaker (Opposition or Proposition)

His/her role is to rebut the arguments given by the other side. Eventually, he/she can continue with his team's case

and gives more arguments.

Third Speaker (Opposition or Proposition)

The third speaker has to re-structure the whole debate, filter the key issues of the debate and give a rebuttal. As this position is also called the “rebuttal-speaker”, his/her main objective is to prove the other team wrong. He should preferably deepen the analysis of the rebuttal. A good speaker also does case rebuild in the end. There they go into the rebuttal of the other side and show why the rebuttal was wrong or didn’t touch their own arguments. (Retrieved from <http://howtodebate.blogspot.com> on 25th November 2019)

Reply speeches

World Schools Style debates include an additional speech from each team, called the reply **speech** (sometimes known as the “right of reply”). This is a short, four-minute speech given by either the first or second speaker from the team, and presented in the opposite speaking order to the rest of the debate (i.e. the Opposition delivers the first reply speech, followed by the Proposition).

Roles of the reply speech

The reply or right speech plays the following roles:

- Outlining one or more points of contention that the debate has centered on;
- Evaluating the course of the debate;

- Declaring the reasoning of their team's victory.

It is good to note that the reply speech is sometimes referred to as being a "biased adjudication" of the debate, because its format is similar to that of an adjudicator's oral feedback on the debate, but with the purpose of convincing the audience that the speaker's team was victorious. The retrospective nature of the reply speech means that no new material may be introduced in this speech.

Points of information

During any speech except the reply speeches, members of the opposing team may offer points of information to briefly interject a point that the speaker must immediately respond to. The speaker holding the Floor is not obliged to accept all the points of information offered to them, but is likely to be marked down by adjudicators if they do not accept any. Speakers delivering points of information are expected to keep them to 15 seconds or less. Although a speaker's points of information do not have a direct effect on their mark, a mechanism named the "POI Adjuster" has been introduced in recent years: when the quality of a speaker's POIs is significantly different (better or worse) from the quality of their speech, the judge may add or subtract one or two marks from their overall speaker score. (Retrieved from <http://howtodebate.blogspot.com> on 25th November 2019)

The first and last minute of each main speech, as well as the entire duration of reply speeches, are "protected time", meaning that no points of information may be offered.

7.2. British Parliamentary Debate style (BPD)

Unlike the World Schools Debate Style, the BPD counts eight (8) debaters; notably, four (4) on the affirmative side (Government side) and four (4) others on the negative side (Opposition Government side).

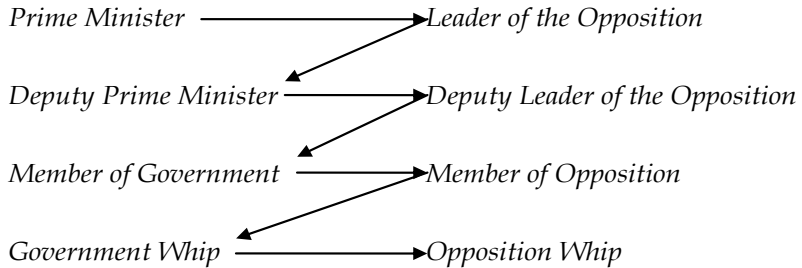
Terminology used in British Parliamentary Debate Style

- Because of the style's origins in British parliamentary procedure, the two sides are called the *Government* and the *Opposition Government*. Each side is made up of two teams of two members each. The Government side is made of the Opening Government (Prime Minister and Deputy Prime Minister) and the Closing Government (Member of Government and Government Whip); whereas the Opposition Government is made up of the Opening Opposition (Leader of Opposition and Deputy Leader of the Opposition) and the Closing Opposition (Member of Opposition and Opposition Whip). (Retrieved from <http://howtodebate.blogspot.com> on 25th November 2019)

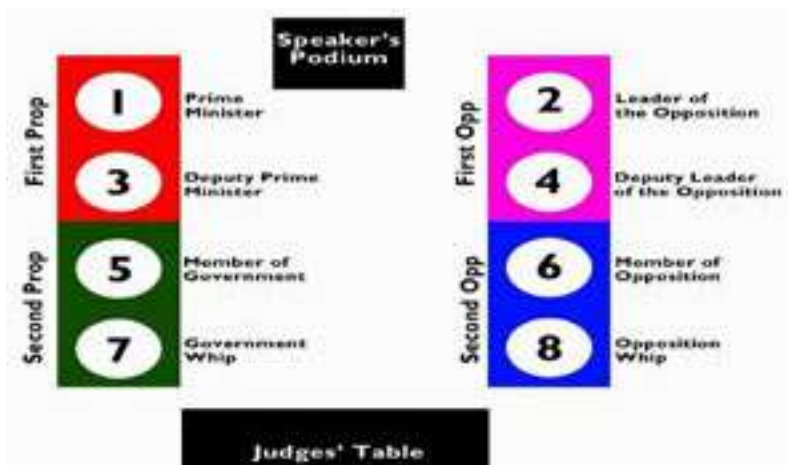
It should be noted that even though there are two teams of government or opposition, it does not mean they are on the same side, technically they are, but they still could not see each other's arguments and also, they are trying to knock each other out.)

Speaking order in BPD

Speaking alternates between the two sides and the order of the debate is therefore:



The table below throws some light on the speaking order and it unequivocally explains the technical terms used while referring to BP speakers:



Source: Retrieved from <http://howtodebate.blogspot.com> on 25th November, 2019.

Team roles

As *British Parliamentary* debates take place between four teams their roles are split into two categories, those for the *Opening* factions, and those for the *Closing* factions.

Opening factions

The first two teams on each Government and Opposition team are known as part of the *Top Half*. Each has four basic roles in a *British Parliamentary* debate. They must:

- Establish clear definitions of terms that may be variously interpreted. For example, defining “this house” in the context of a debate on drug policy might include establishing the primary actor is a country, international organization, or specific policymaker.
- Present their case.
- Respond to arguments raised by the opposing teams.
- Maintain their relevance during the debate by asking points of information.

The Opening Government team has the *semi-divine right of definition*, preventing the opposition from challenging their definition of the motion unless it is either a truism or clearly unreasonable.

Closing factions

The second two teams are known as the *Bottom Half*. The roles of the second two factions are to:

- Introduce a *case extension*.
- Establish and maintain their relevance early in the debate.
- Respond to the arguments of the first factions.
- Respond to the case extension of the opposing second faction.
- The government whip and the opposition whip may not introduce new arguments for his faction. This is a relatively new standard that has become the standard at the Worlds University Debating Championship, as well as the European University Debating Championship;
- They must respond to both opposing factions' arguments;
- They should briefly sum up their Opening Faction's case;
- They should offer a conclusion of their own faction's case extension.
- They should distinguish the arguments that their partner made from the arguments of opening government or opening opposition. (Retrieved from <http://howtodebate.blogspot.com> on 25th November 2019)

As far as the link between students' debates and the quality of education is concerned, the section below provides some literature on this.

John and John in Shindler (2010) say, "There are many reasons to decide that cooperative learning is worth the

effort. First, it has been shown to have a positive effect on students' learning when compared to individual or competitive conditions." Of course, Of course, when learners meet in their debate teams to discuss topics of their interest, they are valuing cooperative learning.

Laine, S. et al. (2011), argue, "Reasonable workloads promote effective instruction by creating time for teachers to properly plan, prepare and reflect. By hiring a sufficient number of teachers and other school support personnel, teachers can focus on their most important tasks: engaging learners and increasing students' achievement." On this, one can add that one of the ways of engaging students is debate activities for them to be familiar with the medium of instruction.

Apps (1991), states, "in fact the public schools, in most instances, have redefined what 'teacher' means and what teachers do. Indeed, we can learn much from teachers working today in elementary and secondary education. Many of those teachers involve learners in extremely creative ways; they incorporate educational technology in an interesting manner, and they work toward applying what learners learn to real life situations.

Unfortunately, a more enlightened teaching approach is often less evident at the college and university level where many teachers cling to eighteenth century teaching approaches." The author is criticizing the university teaching approach which he describes as outmoded by linking it with the one used in 18th Century. In the same

perspective, the author commends teachers at elementary and secondary school level who involve learners in creative ways. In other words, an appeal is made to university lecturers to also give enough time to their learners to be more creative. Thus, space for debates comes in handy for this specific purpose.

Schwebel (1969) underscores, "Education is important to a large number of Americans.

More than twenty-five percent of them are directly engaged in it as a full-time occupation, either as students, teachers, principals, custodians or professors. Many more – especially the parents of the students are so much involved that it occupies their thoughts during many waking hours and disturbs not a few of their sleeping ones. Employers who hire school graduates or dropouts, and the general public itself, whom these former students serve as mechanics or ministers, policemen or pediatricians are affected by what goes on in the schools."

This quotation compares the quality of education offered in schools with the realities on the marketplace. Students who were poorly trained tend to lead to the companies' poor performance. This therefore serves as a wakeup call to academic institutions to be engaging their students in more practical sessions before going to the job market. By establishing debate clubs, students will be able to practice their reading, writing, speaking and research skills which will justify their prowess upon joining the job market.

Kyriakon and Marshall in Kyriakon (1991) put it, “active learning is sometimes used to refer to the mental experience of learning by discovery. Nevertheless in the sense of activities such as small group work, teachers are generally expected to make use of such activities as well as teacher talk activities.” This statement stresses the relevance of group work approach in effective learning. It also adds that teachers need to resort to speaking activities to enable their learners to learn effectively.

Hence, the use of debates will be a move in the right direction as in debates students form groups before echoing their opinions on given motions.

Talking about active learning, Overall and Sangster (2007), opine, “The intellectual dialogue that goes on when anyone learns anything is important. Making this explicit to learners is really important. Recognize that your subject has its own metacognition (intellectual dialogue, the talk that goes on in the head). One way of modeling this is to let them talk about what they are learning. Working in pairs and small groups to solve particular problems is a powerful way of achieving this.” In this quotation, the authors are calling upon teachers to allow their learners sufficient time to discuss in groups what they have learnt. The students who regularly take part in debate activities will find this exercise a piece of cake.

Talking about accountable talk, Costa (1989) argues, “Talking with others about ideas and work is fundamental to learning. But not all talk sustains learning. For

classroom talk to promote learning, it must be accountable to the learning community, to accurate and appropriate knowledge and to rigorous thinking. Accountable talk seriously responds to and further develops what others in the group have said. It puts forth and demands knowledge that is accurate and relevant to the issue under discussion. Accountable talk uses evidence appropriate to the discipline (e.g., proofs in mathematics, data from investigations in science, textual details in literature, documentary sources in history, etc.) and follows established norms of good reasoning. Teachers should intentionally create the norms of skills of accountable talk in their classrooms." In a broader context, accountable talk is similar to effective debating. This is true of any case because both need to use facts from science, history, literature, etc. to be more effective.

Lazear (1991), states, "We have the ability to enhance and amplify our intelligence. No longer is intelligence seen as fixed at birth. In our past thinking, intelligence was something with which you were born and with which you were stuck for life. There was really nothing you could do about it. Today, however, we know that the only limits to our intelligence are self-made and related to our beliefs about what is possible." In this quotation, the author insinuates that learners can become anything if they want to. By deciding to join the debate clubs, learners acquire more skills which serve as the catalysts for exceptional performance in class and at the job market. Contrary to this, those who decide to fold their arms and do nothing

only wait for their academic year to be declared over and they join the marketplace half-baked since they did not complement their courses with discussions in groups such as debates.

8. METHODOLOGY

The study used a questionnaire, unstructured interview and documentation during data collection stage. The structured questionnaire used was designed in terms of five Likert Scale where 1=Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree. Besides, the unstructured interview enabled the researcher to also interview some of the respondents with a view to directly get their views on the topic at hand. Some respondents were interviewed and their inputs were used to supplement the findings of the study. Besides, the researcher went through inked documents, i.e. books in hard copy format and electronic sources as vindicated by the references of the present work.

9. PRESENTATION OF FINDINGS, ANALYSIS AND INTERPRETATION

The researcher used 62 respondents as study population. They were 40 debaters (18 female and 22 male debaters) from ten (10) universities and 22 judges (3 female and 19 male) who were attending the Inter-Universities Debate

Championship held at Kigali Independent University ULK under the auspices of Health Development Initiative (HDI) in conjunction with Aspire Debate Rwanda (ADR) from 24th to 25th October, 2019. All of them were given copies of the questionnaire to share their views on questions set beforehand. The participating universities were Kigali Independent University ULK, University of Rwanda Huye Campus, University of Rwanda Remera Campus, University of Rwanda Rukara Campus, Mount Kenya University, University of Kigali, Akillah Institute for Women, INES Ruhengeri, University of Kibungo and the University of Lay Adventists of Kigali (UNILAK). This section discusses in depth the answers given by respondents, hence disclosing whether the hypotheses of this study were conformed or rejected.

Gender distribution of respondents

Any research attains commendable findings when men and women echo their views on the research topic. For this reason, the researcher found it worthwhile to make sure that both men and women were part of the respondents. The table below provides information on the gender distribution of respondents.

Table 1: Distribution of respondents according to their gender

Gender	Number of respondents	Percentage
Male	41	66
Female	21	34
Total	62	100

Source: Field survey results, October, 2019

From table 1, it is clear that the majority of the respondents were male represented at 66% of all the respondents, while the female were represented at 21%. Though there is some imbalance in terms of gender representation, it is clear that both female and male students and adjudicators enjoy taking part in debates.

Age distribution of respondents

Knowing the respondents age remains something impeccable as it enables the researcher to rely on information from different age categories as their perception may vary from age to age.

Table2: Presentation of respondents according to their age

Age group	Number of respondents	Percentage
Between 20-25	32	52
Between 26-35	26	42
Above 36 years old	4	6
Total	62	100

Source: Field survey results, October, 2019

Table 2 shows that 32 persons corresponding to 52% of

the respondents are aged between 20 and 25. This age group is followed by those aged between 26 and 35 who are represented at 42%. Besides, 4 respondents out of 62, i.e. 6% of the respondents are aged above 36 years. The implication from these findings is that the respondents were all mature enough to provide reliable information towards the completion of the study.

Marital status distribution of respondents

Knowing the marital status of respondents is a prerequisite requirement in any research. In the research at hand, it was deemed necessary to inquire about the respondents' marital status since people's perceptions may vary depending on their marital status among other parameters.

Table 3: Presentation of respondents according to their marital status

Marital status	Number of respondents	Percentage
Single	59	95
Married	3	5
Divorced	0	0
Widowed	0	0
Total	62	100

Source: Field survey results, October, 2019

The data from table 3 reveal that the majority of the respondents (95%) are single and this is obvious since the respondents were predominantly young people who are yet to complete their university studies. However, this cannot deter them from giving very helpful data that can

help in finding out the way students' debates affect the quality of education since they are academically mature to tell the loopholes in the sector of education.

Position of respondents

It was deemed necessary to ask the question related to the position of respondents so as to make sure every department or service was represented.

Table 4: Presentation of respondents according to their position

Position	Number of respondents	Percentage
Judges	22	35
Debaters	40	65
Total	62	100

Source: Field survey results, October, 2019

It is clear that 22 respondents out of 62, i.e. 24.2% were judges, whereas 40 respondents out of 62, i.e. 65% were debaters. This representation implies that the expected results of this research were to be undoubtedly embraced since key individuals, i.e. debaters and judges, any debate in the world needs to take place were there.

10. VERIFICATION OF HYPOTHESES

Before verifying the hypotheses of the study, it is imperative to have a glance what the informants have to say as far as students' debates are concerned.

Causes leading to debate clubs' inactiveness

In the first instance, it was deemed necessary to know the respondents' views about the root-causes of debate clubs' failure to shine.

Table 5: Respondents' opinions on debate clubs' failure to shine

Variable	Lack of committed club committees		Inadequate cooperation with debate promoters	Lack of administrative support
The root-causes of inactive debate clubs at some Rwandan universities	SA	62 (100%)	62 (100%)	62 (100%)
	SD	0	0	0
	Total	62	62	62 (100%)

Source: Field survey results, October, 2019

The results presented in table 5 reveal that all respondents (100%) are of the view that the lack of committed club committees, inadequate cooperation with debate promoters and the lack of administrative support are some of the leading causes behind the poor performance of debate clubs.

Strategies to establish and strengthen debate clubs

The researcher found it worthwhile asking about the respondents to mention the strategies they think can help to establish sustainable and strong debate clubs.

Table 6: Strategies to establish sustainable and strong debate clubs

Variable	Possible answers	Frequency	Percentage
The strategies of establishing sustainable and strong debate clubs in all universities	The role of debate promoters in raising students' awareness on the relevance of debates	62	100
	Allocation of budget to fund debate club activities	62	100
	Instruction by the government for all universities to have debate clubs	62	100
	The need for passionate debaters	62	100
	Others	3	5

Source: Field survey results, October, 2019

The results in table 6 overtly reflect that 100% of the respondents agree upon the same strategies of establishing sustainable and strong debate clubs. Such indicators include the role of debate promoters in raising students' awareness on the relevance of debates, allocation of budget to fund debate club activities, instruction by the government for all universities to have debate clubs, and the need for passionate debaters. As the respondents confirmed, those strategies are likely to strengthen the

clubs within Rwanda’ higher learning institutions once resorted to.

Gains from debate clubs

The researcher found it worthwhile gathering information on the gains debaters get from their respective debate clubs.

Debate clubs’ gains

Debaters and judges revealed what their take on the gains provided by debate clubs. The mastery of English language, the medium of instruction in all Rwanda’s higher learning institutions is one of the gains.

Table 7: English fluency

Variable	Answer	Number of respondents	Percentage
Expressing easily in English	SD	0	92
	D	0	0
	N	0	0
	A	5	8
	SA	57	0
TOTAL		62	100

Source: Field survey results, October, 2019

Table 7 indicates that 92% of the respondents strongly agree that by actively taking part in the debate club, one’s level of English is likely to improve. In other words, the debate club member is likely to have a good command of English.

Critical thinking

Debaters and judges also disclosed what their views on the improvement of critical thinking are. Details are indicated

in the table below.

Table 8: Debates improve critical thinking skills

Variable	Answer	Number of respondents	Percentage
Critical thinking skills drastically improve	SD	0	0%
	D	0	0%
	N	0	0%
	A	0	0%
	SA	62	62%
TOTAL		62	100

Source: Field survey results, October, 2019

As revealed by table 8, all respondents strongly agree at 100% that those who actively take part in debate clubs end up becoming people endowed with critical thinking ability.

This is true of any case as debates aim at among other objectives improving people’s critical thinking skills.

Improvement of Public speaking skills

Respondents were also requested to tell what they think about the improvement of public speaking skills and below are their views as shown in the table.

Table 9: Debates improve public speaking skills

Variable	Answer	Number of respondents	Percentage
Effective public speaking skills	SD	0	0%
	D	0	0%
	N	0	0%
	A	0	0%
	SA	62	100%
TOTAL		62	100

Source: Field survey results, October, 2019

As shown in table 9 all respondents unanimously agreed that active involvement in debate clubs leads to the acquisition of effective public speaking skills. Indeed, public speaking stands for the ability to speak fearlessly with the language flowing spontaneously.

Research skills improvement

The researcher also wanted to know what the respondents had to say on the ability to conduct research among debaters. The table below throws some light on this.

Table 10: Debates improve research skills

Variable	Answer	Number of respondents	Percentage
Research ability improve	SD	0	0%
	D	0	0%
	N	0	0%
	A	0	0%
	SA	0	100%
TOTAL		62	100%

Source: Field survey results, October, 2019

As statistically shown in table 10, the respondents strongly agree at 100% that those who actively take part in debate clubs find it easy to carry out research. This is undeniably true since debating and research go hand in hand. You cannot win a debate competition without showing convincing facts and statistics related to the debate motion. Again, those facts and statistics can solely be reached through browsing written documents such as books, newspapers, internet sources, and the like.

10.1. Verification of the first hypothesis

H1: Students' debates contribute to the quality of education among Rwanda's higher learning institutions.

Question: Do students' debates contribute to the quality of education among Rwanda's higher learning institutions?

Objective: To find out whether students' debates contribute to the quality of education in Rwanda's higher learning institutions.

The data presented in the tables clearly show at a higher percentage (100%) that the mastery of English language, which is the medium of instruction in Rwanda's higher learning institutions, becomes easier for students who regularly attend debate club sessions.

This insinuates that a university whose debate club is vibrant with its students being passionate about debate club activities is likely to have unquestionable quality education because when students master the medium of instruction, they find it a walk in the park to understand other subjects taught in their respective departments. Contrary to this, students with no good command of the medium of instruction are likely to find it a tall order to understand the contents of the subjects in their respective departments because the medium of instruction is a channel through which course delivery is made.

Besides, the respondents confirmed 100% that their affiliation to the debate club has enabled them to see their

public speaking and critical thinking skills leapfrog. In the same perspective, their ability to search for information in a number of sources has improved as affirmed at 100%. This therefore justifies that the quality of education is likely to be at a satisfactory level at universities where such students study.

This is true of any case because you cannot have students who confidently speak in public, students who think critically and students whose ability to search for information in various sources is unquestionable, and fail to have commendable quality education. Indeed, this is in total harmony with higher learning institutions 'mandate which rotates around teaching and conducting research.

This firsthand information can be corroborated with the argument by Holt(1967), " if we tried to teach our children how to speak by introducing them to speech sounds, word formation techniques and sentence formation as well as rules of grammar, they would become baffled, discouraged, humiliated, and fearful, and would quit trying to do what we asked them."

This quotation implies that students need more time to freely practice their lessons with their peers. Indeed, for this to materialize, the students need to master the medium of instruction to be able to discuss their lessons in groups. Hence, this calls for the need to join debate clubs where students sharpen their minds in speaking the medium of instruction.

Therefore, the findings clearly show that students' debates contribute to the quality of education among Rwanda's higher learning institutions. To this, the role of students' debates should not be belittled if the quality of education is to prevail among higher learning institutions in Rwanda. Hence, the first hypothesis which goes *students' debates contribute to the quality of education among higher learning institutions in Rwanda* was verified and confirmed.

10.2. Verification of the second hypothesis

H2: Students' debates significantly contribute to the quality of education among Rwanda's higher learning institutions.

Question: To which extent do students' debates contribute to the quality of education among Rwanda's higher learning institutions?

Objective: To find out the extent to which students' debates contribute to the quality of education among Rwanda's higher learning institutions.

It was deemed necessary to know the extent to which students' debates contribute to the enhancement of the quality of education among higher learning institutions in Rwanda.

Using the Likert Scale, respondents shared their views on the extent to which debates contribute to the quality of education. The scale had shortened answers such as **SD**, standing for *strongly disagree*, **D**, standing for *disagree*,

N, standing for *neutral*, A, standing for *agree*, and SA, standing for *strongly agree*. Results in the table below as well as the information from written materials led to the verification of the second hypothesis.

Table 11: Linking students’ debates to the quality of education

Variable		Number of respondents	Percentage
Debates very significantly contribute to the quality of education	SD	0	0%
	D	0	0%
	N	0	0%
	A	8	13%
	SA	54	87%
TOTAL		62	100

Source: Field survey results, October, 2019

The results from this table clearly indicate that the majority of the respondents (87%) *strongly agreed* that students’ debates very significantly contribute to the quality of education while 13% *agreed* to the statement. It should be noted that no single respondent disagreed to the statement that students debates very significantly contribute to the quality of education among higher learning institutions in Rwanda.

To supplement these primary data, Bennet(1999), states, “ Good schools recognize that vocabulary enrichment makes students more articulate. Learning new words should be emphasized both through reading and vocabulary exercises. Children practice choosing the right words when they speak.” This quotation stresses the need for enabling

students to learn more vocabulary so as to study and speak effectively. Indeed, the best and trustworthy platform that can make this possible is the debate clubs. In debate clubs, students acquire new vocabulary from one another. They also borrow a leaf from their colleagues on how to properly speak with ease. Of course, when one's vocabulary load is commendable, they are likely to understand the contents of various subjects taught to them because all subjects are taught in a given medium of instruction. Thus, this justifies the unwavering contribution of debate clubs to the quality of education.

This therefore stands as the proof beyond reasonable doubt that pushes the researcher to confirm the second hypothesis after its thorough and careful verification.

11. CONCLUSION

The work at hand aimed at assessing the contribution of students' debates to the enhancement of the quality of education. To achieve this main objective, the researcher set questions and hypotheses which were verified and confirmed. A questionnaire whose respondents were 62, i.e. 40 debaters and 22 adjudicators, was distributed and through the Likert Scale, the respondents revealed their take on the statements thereon. The scale required them to show whether they strongly disagree, agree, neutral, strongly agree. Both the hypotheses were confirmed. The first one had it that students' debates contribute to the enhancement of the quality of education among Rwanda's

higher learning institutions. As the statistics revealed, 98% of the respondents confirmed that the contribution of students' debates is unquestionable when it comes to enhancing the quality of education. In the same perspective, the second hypothesis which stated that students' debates significantly contribute to the quality of education was conformed after 95% of the respondents said that they strongly agree to the statement that students' debates significantly contribute to the enhancement of the quality of education.

Therefore, it is beyond any doubt that students' debates are some of the strategies to enhance the quality of education among Rwanda's higher learning institutions. Rwandan universities have been using different strategies to embrace the quality of education but little did many of them know that resorting to students' debates would lead to the materialization of their aspirations. Some universities have students' debate clubs but the clubs work in a deplorable condition with limited facilities to make them vibrant. Besides, some clubs seem to have facilities but without competent mentors to show them how to effectively debate.

Worse still, some universities do not work closely with debate promoters to instruct their students on different debating formats. Hence, the researcher believes that the survey has thrown some lights on what is needed to make all students' debate clubs strong and vibrant. Once the findings and recommendations of this survey are heeded, Rwanda's higher learning institutions will be producing quality students endowed with creativity,

ability to conduct research, public speaking skills and critical thinking skills; thus the enhancement of the quality of education.

12. RECOMMENDATIONS

Given the loopholes in the sector of students' debates and quality of education, the researcher finds it good to recommend the following to a number of individuals and institutions:

- ❖ The ministry of education should make it a must for all higher learning institutions to have well equipped debate clubs in which their students will be practicing a number of skills;
- ❖ All higher learning institutions should allocate tangible budget and resources for the effective performance of their debate clubs;
- ❖ Higher learning institutions should work closely with debate promoters to help them shed more light on how debates work for tangible results;
- ❖ All students at higher learning institutions should find debate clubs the keys that open all doors of knowledge and hence join them massively;
- ❖ Debate club committees should organize weekly debate sessions and encourage the whole campus community to attend.

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