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Surveying the Socioeconomic and Business Dimensions of Microfinance Institutions in Rural Sierra Leone before the Ebola Outbreak: A Descriptive Statistical Approach

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Abstract

This mixed method paper is a survey of the socioeconomic and business dimensions of Microfinance Institutions before the Sierra Leone Ebola outbreak in 2013. A descriptive statistical analysis is used to describe the results obtained from structured questionnaires administered in four districts in Sierra Leone, from 2008 to 2014. Three important dimensions were considered for baseline analysis; access to finance, financial services and products and business performance. Both stratified and simple random sampling methods were used to select the clients for the interview. Results show that before the Ebola outbreak majority of the beneficiaries of microfinance were for business activities, while others did farming and small proportion for building and construction. The quality of support provided by the institution established to channel the goals of the programme was well-delivered with an average score of 8 on the extent to which they helped create easy access to credit facilities in the areas where the programme was implemented. However, training programmes on skills and community support were not effective. Living standards of beneficiaries improved, even though it does not translate to the communities in general.

Keywords

Socioeconomic Dimensions of Microfinance, Microfinance in Sierra Leone, Rural Finance, Business Dimension of Microfinance

1. Introduction

Immediately after the 11-year civil war in Sierra Leone, in 2013, the government and international development partners designed the Rural Finance and Community Improvement Programme (IFAD, 2013) document. This document was based on three national development fundamentals; rural community development, revitalization of the rural financial market and crop diversification, income generating activities and small scale rural enterprises. All these were geared towards financial inclusion in the country. After this period, lots of Microcredit Institutions (MFIs) were established to reduce post-conflict poverty, food security and improve livelihood and living conditions mostly through agricultural support interventions that were implemented in Kono, Kailahun, and Kenema in the East and Koinadugu in the North of the country. Some of these MFIs were established under the Rural Finance and Community Improvement Programme as Community Banks and Financial Services Institutions, while others were established by BRAC, Finance Salon and LAPO. The foregoing components were considered against the concern that in spite of the immense potential contributions of rural financial services such as employment creation, and poverty reduction in development economies, access to finance by the rural poor in Sierra Leone is limited and existing financial products are inappropriate for long-term investment in agriculture. According to IFAD (2013), RECIP implemented structural reforms to make finance more accessible, especially by the rural poor. The RECIP address these constraints through the following strategies strengthen the capacity of rural finance service providers to increase their outreach and offer appropriate financial products, facilitating access to financial services by rural communities, promoting farm and off-farm income-generating activities and, supporting communities in identifying and financing communities infrastructure for economic development and productive investment that enhance the income opportunities of the rural poor, improving the capacity of the participating communities in preparing, implementing and monitoring their action plan. Within 2002 to 2008, before this study, microfinance was given mostly to market women, as a means to ignite small scale business economic activities. Most of these loans were not effectively utilized, as most of the beneficiaries were either unable to pay back, or the institutions themselves lacked the capacity to ensure that monies were collected. These resulted in the closure of many microfinance institutions. The RECIP was therefore seen by governments as an intervention to not only establishes new MFIs across the country, but also to restructure existing MFIs that were initially under the supervision of Bank of Sierra Leone (BSL).

Microfinance in Sierra Leone

Microfinance has gone through several phases in Sierra Leone, which has also helped in stimulating the financial sector. The startup stage was early as 1989, when the Association of Rural Development (ARD) established itself as a mini microfinance entity and created branches in Freetown, Bo, and Makeni (Tucker and Kooi, 2003). ARD was giving loans between Le 200,000 to Le 5 million to individuals and groups. Because of the growing need of rural finance, the Bank of Sierra Leone established two Community Banks (CBs) by the end of the Civil war in 2000 (Tucker and Kooi, 2003). This was the time when most non-government organizations resorted into providing small scaled finance to especially women. The scheme expanded immediately after the civil war, even though it was not successful at the startup stage, as loan default rate was high and most MFIs were donor funded. This was a very strategic phase where most MFIs were adopting policies and practice to make them self-sufficient and sustainable. Consequently, A United Nations (2013) Report stated that MFIs need to ensure that beneficiaries of microfinance are given the right products at an affordable price, with the right training that will enable beneficiaries to improve their living standard and repay their credit. It was during this period that the RECIP programme established 36 Community Banks and financial Services Association in Rural Sierra Leone (IFAD, 2013). This is the period covered in this study, to enable policy makers to understand the socioeconomic, business challenges and implications of microcredit regimes during this period.

2. Literature

Microfinance has been used as an important tool for poverty alleviation and the creation of social impact, especially in developing countries. While the scheme was used as a model to create social impact among low income earners, the economic dimension of MFIs is becoming increasingly relevant. Brau and Woller (2004) argued that MFIs can only create the impact when their operations are sustainable. Morduch (2000) outlined the institutional approach in support of the argument of sustainability, as the survival of MFIs hugely depend on its operational ability to cover costs and not receiving grants.

Social and economic impact is increasingly dominating the literature of microfinance schemes. This basically addresses income of households, access to finance, food, basic assets, education, and healthcare and skills development. The study conducted by Coleman (1999) investigated rural banking in Thailand, using a sample of 455 beneficiaries and non-beneficiaries; found no evidence of social impact as most microfinance beneficiaries used loans for consumption and not investment.

Newaz (2010) revealed that participants of the MFI programmes could improve their standard of living if the programmes are managed well. In Bangladeshi, beneficiaries of microfinance were able to make three meals a day and there was a 10% improvement in overall living standards after a poverty microfinance scheme was introduced. Meanwhile, living conditions of non-beneficiaries remain the same. However, other studies have proven otherwise. The study of Afrigu et al. (2017) and Hameed et al. (2018) reported that beneficiaries of MFIs invested their loans mostly on the micro-farming activities. These activities include crop farming, fishing and livestock. The study concludes that rural societies will benefit more if funds are invested in farming than other types of businesses Hameed et al. (2018). The position of Hameed et al. (2018) support the assertion of Newaz et al. (2012) who sampled a total of 200 clients of the scheme, and the focus was to assess their income levels after joining the scheme. Hossain (2012) concluded that there was a 250% increase in income level for those who benefited from the scheme, meanwhile, result shows lower income levels for those who did not benefit from the scheme. About 89% of income was also spent on food consumption, which is an important function of living standard Hossain (2012).

In a study of the effectiveness of microfinance programmes that focuses on household income, expenditure and saving; Afrigu et al. (2017) conducted a survey of MFIs beneficiaries in Bangladesh using a population of 3000 households of individuals that have benefited from microfinance. The study also uses multiple regressions to conduct an impact assessment of microfinance programmes on households income, expenditure and savings. The result shows a positive impact of microcredit programmes on poverty reduction. The study also shows that a well administered microcredit will help to enhance standing of living challenges.

ADB (2007) conducted a survey on the effect of Microfinance Operations on Poor Rural Households and Status of Women in Philippines, Bangladesh, and Uzbekistan. The study used both qualitative and quantitative tools to assess the extent to which selected Asian Development Bank microfinance projects have reduced the poverty of rural poor households and improved the social economic status of women in developing countries. The study covers 2274 households, in 116 barangays and 28 microfinance institutions, with 27 focal groups. The result of the economic estimates shows that the availability of microfinance loans has a positive and mildly significant impact on the capital income of the beneficiaries.

Literature Gap

The literature on microfinance and Poverty alleviation in sub-Saharan Africa is improving. Various scholars have discussed microfinance in Sierra Leone, most of them on impact and others on the effect of poverty alleviation. However, there is a gap on the business and socioeconomic dimensions in the microfinance literature. This study, unlike other studies, deals with a descriptive characteristic of the business of microfinance, using key indicators like access, cost and business performance of microfinance institutions, after the introduction of the RECIP structural adjustment programme. The limitation of this study is that it just concentrated on the period before Ebola and it is not an empirical test.

3. Methodology and Sampling

This survey assesses the challenges and implications of socioeconomic characteristics of MFIs in providing financial services for the period of 2008 to 2013 before the Ebola outbreak in Sierra Leone. However, some comments or findings are extended to the 2014 period. Questionnaires specifically designed as instruments for this study were administered to collect primary data from respondents. The study also used secondary data from MFIs within the sample areas in order to carry out a meaningful assessment. Secondary date includes loan interest for different periods, actual loans given to clients in the sample and investment size by category of clients. The survey population encompasses mostly clients who had been active in accessing finance for at least two loan cycles.

The survey considered MFIs and their clients in four 4 districts; Kenema, Kailahun, Kono and Koinadugu. These districts were selected on the basis that they belong to the first group of districts that benefited from post-war rural finance packages, with Koinadugu classified as the poorest of the districts slated to benefit from the core and support component of rural finance services and community development. Both stratified and simple random sampling methods were used to select the clients for interview. Firstly, data sets of clients are placed in strata of groups/cooperatives, enterprise/firms/companies and individual clients. Secondly, the clients were stratified into those with two loan cycles and above as at the survey period. Thirdly, the data set on individual clients is further separated into gender. Finally, the survey used a simple random sampling method in name alphabetical order to select the client for interview.

In all, two different sets of questionnaires were administered to respondents placed in two categories. The first set of questionnaires was administered to clients of MFIs comprising 21 percent of individuals that benefited from huge loan facilities and 79 percent to individuals of groups/cooperatives and enterprise/firms/companies that benefited from smaller credit facilities. The second set of questionnaires was exclusively administered to selected MFIs. The idea behind two different sets of questionnaires is to effectively track the business and social dimension of the effect of access to finance in relation to the performance of the implementing institutions as experienced by both large and small beneficiaries. The survey also attempts to capture individual and group performance of beneficiaries.

Key Features of the Sample

A total of 2953 respondents were selected for interview, in a population of about 9000. There were 2333 individuals selected from 123 groups that access smaller credit facilities and 620 individuals who benefited from larger amount of credit facilities selected from 14 enterprises or firms. Most of the groups were formed during period 2010 to 2012 when implementation for the programme was intensified. On gender basis, a group consisted of an average of 13 females and 11 males.

Similarly, 54% of the individual clients in the survey were female clients and 41% were in the age bracket of 26 to 35. Individual clients above age 55 comprised only 10% of the random sample indicate that the programme consisted mostly of clients in the active population of the communities. The clients interviewed had lived in the communities for more than 25 years. Further information of the demographic characteristics of the respondent in **Table 1** below.

Table 1. Demographic characteristics of the sample.

	Frequency	Percentage
	Gender	
Female	1594	54%
Males	1358	46%
	Age	
Below 26	207	7%
26 - 35	1211	41%
36 - 40	502	17%
41 - 50	738	25%
Above 50	295	10%

Source: Researcher's data.

The distinctive feature of the group/cooperative client was the high presence of women accessing finance and participating in income generating activities, which is extolled as essential for rural economic growth. The composition also revealed a semblance of an important fact that participation in income generation activities in rural communities is largely moving away from no-farm activities to rural based micro and small scale business taking onboard the youth and unemployed women.

4. Presentation and Analysis of Results

4.1. The Economic Dimension

4.1.1. Access to Credit and Finance Services

The study requested respondents to give a score on the scale of 1 to 10 on perceived extent of the socioeconomic performance of the microfinance scheme. These services include, accounts opening, access, cost and usage. The results show that IMFs performed well with an average score of 8 in the scale of 10 on the extent to which beneficiaries of microfinance were able to access the facilities on their first attempt.

About 80% of beneficiaries accessed credit facility on their first application, while 34.5% of the clients agree that they accessed their first credit facility from financial and non-financial institutions before 2008.

After the government restructuring programme, the credit portfolio of MFIs increase. Some clients complained about bureaucracy as a hindrance to accessing credit, while 6.5% disclosed that they could not access credit because they defaulted on pervious loan repayments.

Table 2 below shows distribution of scores on the extent to which MFIs helped create easy access to credit facilities as perceived by clients.

However, MFIs were poorly rated in terms of support in building capacity of women and youth in numeracy skills, community and ward development. This component was fundamental in the Rural Finance and Community Improvement Programme (IFAD, 2013) presented to the Government of Sierra Leone.

4.1.2. Access to MFIs

Table 3 shows how long it takes clients to access the nearest MFI. According to the date, MFIs were within reach of the communities as, it took less than 1 hour on the average to reach the nearest MFIs. This achieves the MFI proximity to beneficiaries according to the access to finance project, instituted by the Rural Finance and Community Improvement Programme (IFAD, 2013).

4.1.3. Loan Processing Time

MFIs were not however effectively rated on loan processing time. About 45.9% respondents said their loan application was never processed. According to the data presented in Table 4 below, it took an average of 5 weeks and maximum 24 weeks between completing, processing and obtaining loans from MFIs. Most of the applications were processed within 4 weeks, as the applicants who received loans within 4 weeks falls within the 75th percentiles of the results obtained in the survey.

Table 2. Perception of institutions' performance.

Extent of RFCIP 1	Mean	Percentiles		
		25	50	75
Building capacity of women and youth in financial literacy	5	2	5	8
Building capacity of women and youth in numeracy skills	5	1	5	8
Helping share business information	6	4	6	9
Support toward development communities	5	1	4	8
Help creating easy access to credit facilities	8	7	9	10
Helping people transfer and receive money	5	2	6	8
Providing financial services (accounts opening and keeping deposits)	7	5	8	9
Training on business planning, reporting and marketing skills	5	2	5	8
Training women and youth in income generating	5	2	5	8
Professionalism of staff and customer care services	7	4	8	9
Helping communities to manage business risk and crises	5	2	5	8

Source: Researcher's data.

Table 3. Access to MFIs.

		FSA/CB within reach	Less than 1 hour	1 hour to 2 hours	More than 2 hours
Valid	Yes	85.9	83.9	13.1	3.0
	No	14.1	16.1	86.9	97.0
	Total	100	100	100	100

Source: Researcher's data.

Table 4. Loan processing time.

	Mean	Std. Error of Mean	Mode	Min	Max	Percentiles		
						25	50	75
Processing time and getting the loan	4.84	0.432	4	0	24	1	4	4

Source: Researcher's data.

Further analysis revealed a positive though weak association between institutions that granted the loans and the time of completing the process and disbursement of loan. The result shows that although MFIs were the fastest to disburse after processing, they were also guilty for late disbursement. Waiting time for disbursement by MFI depended on the accumulation of funds normally distributed according to a client's number on a waiting queue of application. The table above shows institution by waiting time for loan disbursement.

However, sampled MIFs were collectively able to provide about 80% of amount required by clients. The average amount provided by the MFIs was SLL 7.31 million with median of SLL 2.65 million indicating an unequal distribution in the sizes of loans support received by the various clients. Notably, the sizes of investment varied among clients and possibly by type of investment activity undertaken. Figure 1 below shows that a good number of the clients interviewed received less than SLL 2.0 million from MFIs, with almost 50% received between SSL 100,000 and SSL 1.0 million, however, very few applicants received more than SLL 5.0 million, indicating that MFIs were not too attractive to large loan applicants. In other words, the investment size was negatively skewed towards groups and cooperative client requesting for larger amounts.

The average duration of the most recent loans granted was 6.63 months with 25% of clients taking at least 8 months to settle their loans. About 78% of clients said they received loans for business activity, 18% for farming/agriculture, 3% for building and construction and 1% for school fees/expenses.

The study went further to investigate the use of loan by the client. There were 165 valid interviews. It was found out that 21.8% of the client comprising 28 groups/cooperatives, 6 individuals and 2 enterprises/firms utilized the loan as business start-up while 53.3% used the loan to expand an existing business, and 21.2% of respondents used the loan on farming/agriculture purpose. Table 5 below shows the use of loan by clients. The study also shows that microcredit programmes perform well when they are given to groups in the form of companies and cooperatives.

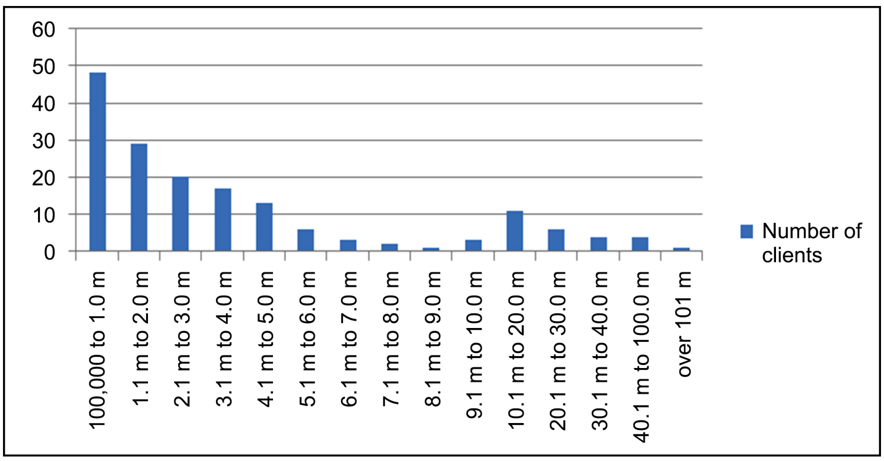

Figure 1. Investment size distribution and number of client. Source: Researcher's data.

Table 5. Use of MFI Loans.

		RFCIP Client			Total
		Individual	Group/Cooperative	Enterprise/Firm/ Company	
Use of the loan	Start a new business	6	28	2	36
	Expand an existing business	27	59	2	88
	Small scale farming/agriculture	0	33	2	35
	School fees	1	0	0	1
	Building construction	4	0	1	5
Total		38	120	7	165

Source: Researcher's data.

Notably, differences existed between the types of client in the use of loan. Individual client used the loan mostly for business expansion and start-up whereas group/cooperative were dominant in farming/agriculture.

4.1.4. Loan Interest

Client had an average of 2 and maximum of 5-loan cycles, amounting to an average of SLL 1.25 million at varying interest within the last years of survey period. The rates of interest charged by the sampled MFIs were not fixed over a period. For instance, in 2008, some MFIs charge between 25% to 27% rate of interest; in 2009, while others charged in the range of 15% to 17% and reached the highest rate of 31% in 2010. Comparatively, the low profile MFIs had been charging higher interest rates on several facilities of above 20% except on a few cases. Table 6 shows the loan interest of MFIs from 2008 to 2013.

4.1.5. Repayment Performance

When questioned on compliance with the repayment schedule, 6.5% disclosed that they missed-out on some instalment payment and 48% said they had not paid all amounts outstanding on previous loans. About 31% revealed that though current in payment, they had not been paying on time according to repayment schedule. On average, there were instances of 2 and a maximum of 6 late settlement of instalment per loan received by clients with 25% missing at least 3 installments. In all there were 182 instances of late instalments among the sample clients. Several reasons were provided by clients for defaulting in payments including the following: 58% blamed it on poor business; 10.3% said it was due to poor harvest; about 9% said illness hampered repayment of the loan; and the rest 32% gave a range of other reasons including bereavement of group member and money stolen by thieves.

4.2. Business Performance

One of the target groups of the study is micro and small-scale entrepreneurs who may be in business with or without any knowhow of what the business entails. The study tries to identify how clients developed initiative; 12.1% were assisted by initiative of bank staff; 7.6% got business initiative by MFI staff; 4.2% from a family member and 3% from other institutions including the ministry of Agriculture Forestry and food security (MAFFS). About 68% revealed that after receiving loan from MFIs, sales had been about twice as much as before, while 16.5% did not experience any change. Response shows in Table 7 below concludes that beneficiaries, especially group/cooperative clients agreed that sales more than doubled after receiving loans from MFIs.

The survey went further to reveal some positive though weak association between the type of client and growth in profit levels. Group/cooperative clients formed the highest earners while about 34% of women were in the highest profit levels of SLL 700,000 above.

Various aspect of recording transaction was listed and clients were requested to tell which form of reporting they maintained over the years as shown in Table 8.

Table 6. Interest rates.

Year	Inst.	1st	2nd	3rd	4th	5th	1st	2nd	3rd	4th	5th
2008	CB	1	1	0	0	0	0.25	0.27	0.00	0.00	0.00
	FSA	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00
2009	CB	0	0	0	0	0	0.00	0.00	0.00	0.00	0.00
	FSA	6	2	0	0	0	0.15	0.17	0.00	0.00	0.00
2010	CB	3	0	1	0	0	0.24	0.00	0.20	0.00	0.00
	FSA	11	3	3	0	0	0.31	0.24	0.21	0.00	0.00
2011	CB	6	2	0	0	0	0.21	0.25	0.00	0.00	0.00
	FSA	21	12	4	0	0	0.29	0.24	0.23	0.00	0.00
2012	CB	16	5	2	0	0	0.22	0.17	0.23	0.00	0.00
	FSA	32	16	10	0	0	0.20	0.23	0.24	0.00	0.00
2013	CB	20	24	6	6	2	0.18	0.24	0.22	0.17	0.18
	FSA	21	40	14	30	13	0.18	0.19	0.20	0.22	0.24

Source: Researcher's data.

Table 7. MFIs Clients Sales after receiving the Loan.

		Sales after compared with sales without CB/FSA Loan					Total
		A bit less	Much less	About the same	About twice as much	About 3 times and more	
RFCP Client	Individual	1	0	14	18	2	35
	Group/Cooperative	1	4	11	88	13	117
	Enterprise/Firm/Co	0	1	1	2	2	6
Total		2	5	26	108	17	158

Source: Researcher's data.

Table 8. Records kept by client.

	Responses			Percent	
	No	Yes	Total	No	Yes
General Accounts reporting trading and profit and loss	135	27	162	0.8	0.2
Records and details of customers	51	116	167	0.3	0.7
Records of sales and purchases	70	97	167	0.4	0.6
Records and details of debtors and creditors	89	78	167	0.5	0.5
Total	**345**	**318**	663	**1.0**	**1.0**

Source: Researcher's data.

The most form of record kept was details of customers, 70% said they did, which involved keeping track of the market information on goods requested frequently; 60% said they key sales and purchases recording; 50% maintained records and detail of debtors and creditors and only 20% kept general accounts reporting profit and loss.

Before the Ebola, 46% of the clients interviewed said they had an account with a financial institution. After the government's structural adjustment programme was implemented, about 60% of the clients opened accounts with the MFIs and most of the account were opened in 2013.

4.3. Assets Accumulation and Well-Being

The primary objective of this part of the study is to determine the clients' capability to accumulate assets and afford basic needs over the period of microcredit. The study specified eight types of assets likely to be acquired by people in the communities either for own use or for business purpose as income levels grow.

According to the survey, mobile phone was the commonly owned assets by clients, 85.4% of the clients acquired mobile phone; 51.2% said they acquired either a piece of land or land and building; 2.9% of the clients interviewed said owned a motor vehicle. A total of 141 clients owned an average of about 2 and a maximum of 130 farm equipment. The total number of 1003 farm equipment owned was valued at SLL 29.4 million with average value SLL 57,802.00 about 51% (72) of those having the farm equipment said they used loan or loan proceeds from MFIs to acquire them; and only 63% disclosed that the farm equipment acquire are generate income.

Clients owned an average of about 43 and maximum of 1200 tree crops with total and average value of SLL 5.03 billion and SLL 9.9 million respective. The fourth widely acquired asset was livestock; 113 of the sampled clients acquired an average of about 0.57 and maximum of 20 livestock during the years of the programme. The total number of 290 livestock was acquired during at an estimated value of SLL 241 million. According to the survey, 49.6% said they used SLL 136.53 million (56.6%) from loan or proceeds of loan MFIs; about 73% used livestock for generating income.

4.4. Summary of Findings

The first set of sample included mostly groups, individuals and firms. A large number of the groups were registered. The unregistered group to some confirmed the fact that most groups were formed to meet requirement by some MFIs that client should come together to provide a sort of group guarantee collateral. However, there were several other reasons for forming group; 59.1% said it was to raise capital for members in the group to do business, 24% were formed to raise money collectively for group and community/ward development, and 16.4% for farming purpose.

Before Ebola the major income generating activities of the communities were small scale businesses and farming. The loans received were used as business start-up, to expand an existing business and a small proportion for farming/ agriculture purpose. In some MFIs, especially Community Banks and Financial Service Associations. Some beneficiaries participated to deposited monies for safekeeping and to become shareholders.

The quality of support provided by the institutions established to channel the goals of the programme was well-delivered with an average score of 8 on the extent to which they helped create easy access to credit facilities in the areas where MFI programme were implemented. However, the programme scored the basic average of 5 on seven other important aspects including all that related to training, 75 of the clients rated the institutions at most 2 in most aspects with minimum score of 1 on the programme's support for building capacity of women and youth in numeracy skills and support to community and ward development.

It took an average of about 5 week maximum 24 week between completing the process and getting the loan disbursed, and interest charged by the sampled MFIs were faced over a period and normally above the average conventional banks interest rates. Between 2008 and 2009 average interest rates charged by MFIs was between 25% to 27% usually higher than conventional commercial banks.

About 6.5% disclosed that they missed-out on some instalments payment and 48.9% said they had not paid all amounts outstanding on pervious loans. About 31% revealed though current in payment, they had not been paying on time according to repayment schedule. This is a string indicator that loan repayment was good among MFIs client.

According to the survey, mobile phone was the owned asset by client, 85.4% of the client owned mobile phone; 51.2% said they owned either a piece of land or land and building; 29.8% owned farm equipment; 23.7% owned livestock; and motor cycle. The least owned asset was motor vehicle, only 2.9% of the clients interviewed said owned a motor vehicle.

The survey further found out that 63.3% (262) of mobile phones were purchased using loan or loan proceeds from MFIs and 82.4% of mobile phone were used by clients for business purpose; 60.2% (50) of motorcycles were acquired with loan or proceeds from loan and 96.3% used for business purpose; and

66.7% (8) of motor vehicles were bought by loan or loan proceeds and 80% were used for business purpose.

About 464 of 475 (97.7%) valid interviewees said accessing loan facility improved their well-being and only 11 (2.2%) felt otherwise.

On difficulties faced by the MFIs, 10 (76.9%) of the valid interviews said customer delinquencies was the most challenging: followed by 6 (46.2%) the said establishment acceptable and affordable interest rate for loans given out difficult.

On extending the products line, about 46% (6) of the institutions recommended mobile banking; 38% (5) suggested agricultural loan; 15% (2) requested seld-owned money transfer system similar to the Western Union; 15% (2) also suggested linkages between CBs and FSAs in operations; and 8% (1) wanted introduction of consumer finance and lasting scheme.

According to the sample institutions, it took an average of about 29 hours (2 days 5 hours) to complete an ideal loan application process where all documentation requirements may have been fulfilled. Also, the institutions revealed that on average, it took about 12 hours to complete a money transfer transaction.

There was on uniformity among similar institutions types of collateral requested from clients on granting loans. Joint liability was the most frequently requested collateral by MIs; conveyance or little of land was the second most frequent.

5. Discussion and Recommendations

Technical assistance on capacity building of women and youth numeracy skills and support for community and ward development were emphasized by beneficiaries of MFIs. On that note, in order for MFI project to be more beneficial, it would pay-out in improving clients knowledge in managing business and reduction of rate of delinquency and bad loan written off.

It was observed that the safekeeping services of MFIs were becoming very attractive, such that deposit held for longer period of time could be used as credit to other clients coupled with the growing number of clients and loan portfolio size, it is becoming extremely important for some MFIs to be upgraded to a deposit taking institution like CBs. It was also noted that the Bank of Sierra Leone "Agency Agreement" has already approved some MFIs for deposit taking and to serve agents for large MFIs in retail banking products.

On the other hand, stringent measures such as penalty for performance taken by the end of pervious year had substantially improved the outlook of the MFIs. In order to consolidate the alleged against, MFIs should design and consistently follow clearly defined performance management benchmarks for monitoring performance of the FIs spelling out necessary strategy to address credit and other operational risks.

Also, MFIs should develop and consistently monitor a comprehensive policy dealing with provisions of bad loans and bad loans written-off that should be uniformly applied right across these operation. There were extremely weak information management system and poor capacity to administer database system in MFIs. On this note, it is advisable for action to taken to improve the information technology infrastructure and the reporting system of MFIs.

The terms and structures of the current finding facility offered MFIs clearly show that such funds were not structured for agriculture lending purpose. Hence, they were mostly accessed by clients trade and commerce including those supporting agriculture value chains rather than crop production. In order to address perhaps one of the reasons for rural financing, it is important for MFIs to create an opportunity for refinancing with special funding line for agriculture exclusively directed towards improving crop production in the rural community.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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