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Microfinance in Southeastern Sierra Leone

[1]Sheku Mansaray, [2]Mansoor Maitah, [2]Tomas Hes and [2]Karel Malec
[1]Faculty of Tropical Agrisciences,
[2]Faculty of Economics and Management, Czech University of Life Sciences,
Prague, Czech Republic

Abstract: Microfinance institutions are primarily set up to avoid financial marginalization between poor people and formal banking institutions. Thus, it is suppose to be a social tool that is employed to mitigate poverty by providing access to financial services without unaffordable collateral securities but over the years this very purpose has been apparently called into question by the exploitative tendencies of its practitioners, especially in Sierra Leone. This study is set about to expose the inadequacies of microfinance activities in Sierra Leone and to warrant a rethink of the operations of the institutions, inorder to serve its core purpose. A sample group of 400 clients from Bari chiefdom in the Southern Province, Pujehun District are supported by a microfinance institution while the other sample group of 400 non-clients from Niawa chiefdom in the Eastern Province, Kenema District, a non microfinance-supported zone are compared using four key indicators of poverty assessment. The comparison, however did not show any significant difference in the welfare of the sample groups thus, emphasising the notion that microfinance apparently cannot mitigate poverty singularly and without the contributions of other poverty reduction mechanisms.

Key words: Collateral security, marginalization, formal banks, respondents, poverty indicators, poverty mitigation, stakeholders

INTRODUCTION

Microfinance as a poverty reduction tool is a common hype in recent years and is routingly making news headlines in Sierra Leone but does it feasibly translate into real situation on the ground or is it just another propaganda stunt are compelling questions that have warranted the purpose of this research. It is however important to establish the basis of the definition of poverty itself and then determine which of the characteristics of poverty this study will be looking at (Armendariz de Aghion *et al*., 2007; Morduch, 2000). To many people in the industralized countries, poverty is just an abstract term that is limited to the lack of such basic things as food insufficiency, illiteracy, lack of decent shelter and poor access to health care, water and sanitation (Yunus, 2003). Others define poverty as a lack of financial resources and essentials that eventually deprive people of enjoying the minimum standard of life and well being considered acceptable in society. Standard definition on the global stage maintains that poverty level is $ 1.25 US a day and therefore anyone living below this threshold is relatively poor. A combination of all the above features in poverty defination and even more, however, still fall short to define poverty. Thus, poverty is a complex concept to define and can truely be measured only by the very poor people living with the stigma on daily basis. Nevertheless, this study aims to limit its scope of poverty definition to four basic indicators: human resource development; food availability and vulnerability; income and access to financial services; sanitation, ownership of household assets and other related variables. It is worthy to note that while abundant literature on the success stories of microfinance poverty reduction are easy to come by many more contemporary writers have taken a step back to disagree. Proponents of microfinance still maintain that it has made people self sufficient in West Africa pointing to empowerment of women inculcation of financial training and discipline amongst the poor as beneficial side-effects of microfinance (Chowdhury, 2009). This is suggestive of a long term socio economic benefits. In Sierra Leone, improvement in education, health and overall living standards are most often erroneously attributed to the good hands of microfinance (Blakesley, 2010). A classical reference point is a local microfinance institution,

Corresponding Author: Sheku Mansaray, Faculty of Tropical Agrisciences, Czech University of Life Sciences, Prague, Czech Republic

Association for Rural Development (ARD) that has reportedly serviced sixteen thousand Sierra Leoneans out of poverty since, 1998. It is argued that even though the loans given to clients remain quite small yet it has savaged millions of people, not only in Sierra Leone but right across the African continent out of poverty. However, there still exists sceptics who argues that microfinance is less effective than we are made to believe and these opponents of microfinance have often questioned the link between microfinance and poverty reduction, especially in post war Sierra Leone. Many believes it is a question of exploitation and propaganda by the socio-economic political elites, a scenerio contrary to poverty mitigation. It is opined by others that microfinance infact does more harm than good to the very poor (Hulme and Mosley, 1996; Pollin, 2007). A recent wealth ranking exercise carried out among eighty three Self Help Groups (SHGs) in Sierra Leone do suggest that sixty nine of the women participants agreed to an improvement in their incomes but the report further indicated that this improvement can be attributed mainly to other factors rather than microfinance only (Turay, 2008).

Inevitably, there are always bound to be arguments and counter-arguments for and against microfinance in such circumstances (Bateman and Chang, 2009). Thus, it is necessary to have a rethink of the principles that have been exploited, the values that have been discarded and the selfish agendas that have been added to the ethos of microfinance, especially in Sierra Leone. To say microfinance can reduce poverty is a common perception amongst many but mostly ignored are the problems that characterize the process itself and by extension, the many other factors that complement this success. It makes more factual argument to state that microfinance can reduce poverty in concert with other poverty reduction strategies (Khandker, 2005). A major challenge to microfinance poverty reduction startegy is the poor ability of clients to undertake investment ventures. In Sierra Leone and most other Least Developed Countries (LDCs) illiteracy level is so high in the rural areas that the concept of microfinance itself is misconstrued among the very locals it is suppose to serve. Ideally, loans are for investment purposes but when that entrepreneurial ability is non existent, the clients only resort to consumption of whatever loan acquired (Rahman, 1999).

This in turn generate another problem like the debt circle where clients borrow from other sources to settle previous debts or in some cases the clients are even likely to run away to other settlements altogether (Boudreaux and Cowen, 2008). From the statistics in Fig. 1, it is clear that the South Eastern part of Sierra Leone, especially the Pujehun and Kenema Districts are amongst the most accute poverty incidence areas and thus, suitable locations for microfinance operations. Hence, the sample areas for this study.

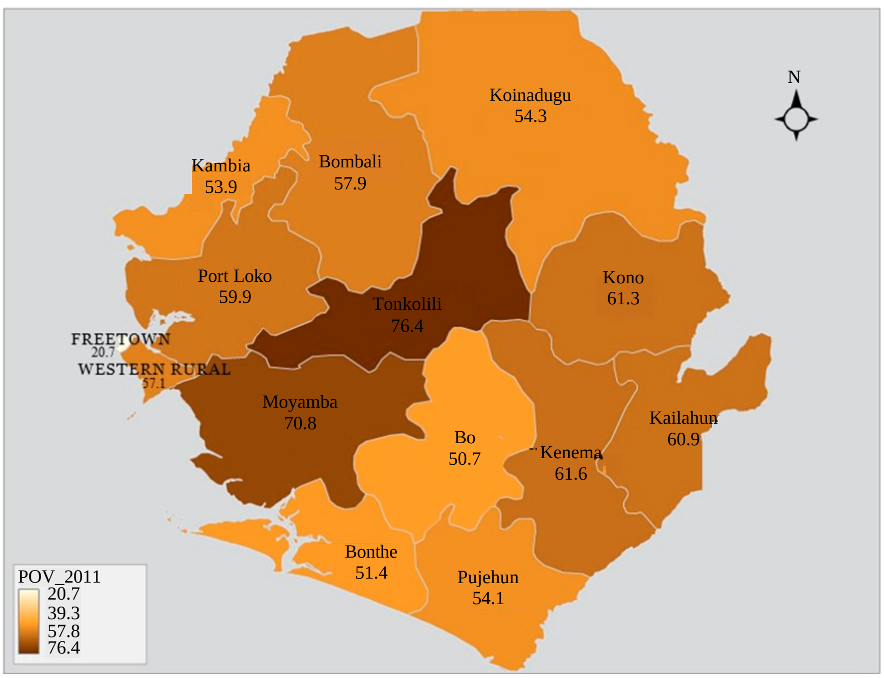

Fig. 1: Poverty headcount by District % (2011); Calculations based on SLIHS

The research covered Niawa Chiefdom, Kenema District in the Eastern Province of Sierra Leone and Bari Chiefdom, Pujehun District in the Southern Province of Sierra Leone. Niawa Chiefdom is completely without microfinance and it is estimated to be 190 km away from the capital city, Freetown. It is made up of twenty six towns and villages with a population of 1,500 inhabitants. It is part of the Kenema Rural District where incidence of poverty is quite rife. Bari Chiefdom is ~170 km from the capital city, Freetown and it is serviced by Advocacy Movement Network (AMNet) a Non-Governmental Organization with a Microfinance branch. The chiefdom is made up of twenty one towns and villages with a population of 1,300 inhabitants. It is part of the Pujehun Rural District with a high rate of poverty as well. Both of these chiefdoms are within the same geographical proximity and are separated by <50 km.

It is essential to note at this point that the overall goal of this study is not only to rally support for microfinance operations in Sierra Leone but also to profer recommendations with the aim of making the institutions of microfinance live upto to their core objectives, educate the very poor about microfinance inorder to avoid exploitation and to make the institutions themselves more efficient and effective (Jain and Moore, 2003). Seemingly, the poor are still being exploited, illiteracy level of the poor is still a cause for misplaced use of microfinance loans but if microfinance institutions have sufficient funds, apparently more and more poor people will have access to financial services. One will argue that it is only when some of these issues are addressed that measuring the real impacts of microfinance poverty reduction in isolation will be a reality, otherwise, it seem that a complex web of microfinance and other poverty reduction strategies remain the only viable means of impact measurement.

Literature review: In the last decade, microfinance sector in Sub-Saharan Africa recorded important evolution, through increased outreach and penetration with many MFIs reaching self-sufficiency. Sierra Leon forms part of this regional evolution. With population of 5,485,998 with 54.5% age distribution predominantly of 15-64 years, 38% urban split, 73% of rural household without formal education, agriculture being the most important income source for 55% of households, GDP per capita of $900, 70.2% of population below poverty line, 2.2 millions corresponding to 40% of economically active labor force, literacy rate of 35.1%, low 10% banking penetration of the population having access to formal financial services, remittances of 2.3% of GDP ($48 million) Sierra Leone represents small but very particular microfinance market, also due to the adverse impacts of the war in the past decated that led to demolition of rural financial systems (IMF, 2012).

Since, the end of civil war, Sierra Leone has recorded robust economic growth, however unemployment and poverty remained to be major development issues while limited infrastructure poses a challenge for the current financial system and the existing banking infrastructure is not distributed in an even way, also as a result of destruction of the extremities of the financial infrastructures during the war. Current MFI clients are belong to the poorest strata of the population with no or extremely limited access to financial services, low or non-existent financial literacy as well as a general lack of business acumen among the existing and potential MFI clientele. The 55% of the active labor force work in cash-earning sector but only 5% in formal sector. Women participate in the labor force, especially in the agricultural sector in crop farming sector by 65.8% and are dominant in the informal sectors with primitive working conditions without social protection when compared to men (ADB, 2011).

With 12 commercial banks governed by a regulator, one national credit bureau, 13 MFIs financed besides other sources by government by NaCSA/SAPA body and 7 community banks, Sierra Leone is an attractive market for post-crisis microfinance programmes, emerging savings and credit models focused on rural areas as well as research of microfinance-led postwar recovery models (Obara and Iben Hansen, 2008).

MATERIALS AND METHODS

The materials used for this study are mostly derived from primary field data. A structured questionnaire of twenty questions is used for both clients and non-clients. Except for questions relating to their sources of income and alternative sources of income, all the other questions remain the same for the two groups. Moreover, a sample of four hundred respondents were targeted from each group, thus making the total targeted respondents to eight hundred. The four main indicators, human resource; Income and financial accessibility; food security and vulnerability; sanitaion/dwelling, all had varied questions on the questionnaire aimed at extracting information for onward data processing. Each indicator had a number of variables as determinants and the questions were structured based on these groupings like: human resource (sex, No. of children per family, No. of school going children per family, educational level of family head and family head marital status); food availability (meals per day, meals served with fruits and vegetables per day, availability of food per family per day); dwelling, household assets ownership and related indicators (family house size, sanitation situation, type of WC, ownership of appliances, frequency of energy per household per week); microfinance institutions' interventions/non interventions (interest rate, income source of family members, monthly wages of family members, monthly expenditures of family members, alternative sources of income of family members, clients and non-clients' reactions to microfinance interventions).

In the microfinance chiefdom of Bari, the targeted respondents were mainly family heads who take the loans on behalf of their different families. Thus in a group lending of five people for instance, all five clients automatically qualified to respond to individual questionnaires. This is unlike the non-microfinance chiefdom of Niawa where households were mainly targeted. In an event where two or three family heads lived in the same house, then three individual questionnaires are responded to. Thus in both chiefdoms the target was the family head. The difference in the manner of executing the questionnaire was that the clients had to answer and return the questionnaires to the researcher within a week's period but in the non-microfinance area, researcher goes from house to house asking the questions and filling out the appriopate responses. In this way, a Participatory Learning and Action (PLA) Method was employed. Personal interviews with stakeholders in the microfinance industry in Sierra Leone, extracts from microfinance literature by practitioners in Sierra Leone and beyound, internet sources are all part of the materials and methods used in gathering data for this study.

It is therefore, safe to state that a triangulation method, focussed on the traditional scientific approach, the humanities tradition and the Particicipatory Learning Action (PLA) are all employed to a greater extent in compiling the data. This will apparently ensure a more certain outcome based on observations, participation and practical experiments from the field that aims at the same goal; the premise that microfinance is seemingly misused and exploited and to expose the apparent inadequacies in the quest for a worthy route to poverty mitigation. A summary of the respondents views, total number of responses and researchers remarks for all four indicators are provided in Table 1.

From the analysis in Table 1, it can be observed that the non clients' respondents under the human resource indicator is hundred percent as all the questions were were answered. The food availability and vulnerability indicator registered the same positive corporation among the respondents and shows a great deal of interest among the non clients. It is almost similar situation for the Dwelling, household asset ownership and related indicators except that seven people stayed away from responding to the question regarding the supply of energy. It is just about 1.7% of the total respondents and so may not have any significant impact on the result itself. Under the indicator of income and microfinance interventions, the monthly wages and expenditure questions were fully answered but there is a zero response by non-clients for interest rates and certainly for obvious reasons. Apart from that only three people refused to answer the question related income source. The alternative source of income question showed the least response, either because they never wanted to discuss it or otherwise. However, despite few non responses, it was an encouraging result from the non-clients on the whole.

Table 1: Summary of non-clients responses to questionnaire

		Classifications			
Variables	#Respond	a	b	Percentage	Remarks
Sex ratio	400	M: 134	F: 266	34/66	Complete
#Children	400	10 or-: 264	11+: 136	66/34	Complete
#Sch chldn	400	4 or-: 335	5 or+: 65	84/16	Complete
FH edu sta	400	None: 183	Basic: 217	46/54	Complete
FH mar sta	400	Mar: 186	Unma: 214	46/54	Complete
Meals per day	400	1 or-: 216	2 or+: 184	54/46	Complete
Meals fruit	400	1 or-: 266	2 or+: 134	66/34	Complete
Food security	400	Yes: 198	No: 202	49/51	Complete
Fam hou size	400	1-8 Rs: 145	9Rs+: 255	36/64	Complete
WC facility	400	Pit: 169	None: 231	42/58	Complete
Sanitation level	400	Good: 124	Bad: 276	31/69	Complete
Appliance owned	400	yes: 6	No: 394	2/98	Complete
Energy supply per week	393	1 or-: 330	2 or+: 63	83/16/1	7 Nrespo
Inerest	0	0	0	0	0
FM income source	397	Agri: 355	Wage: 45	88/11	3 Nrespo
FM monthly wages	400	40 or-: 222	50 or+: 178	55/45	Complete
FM monthly expenditure	400	40-90: 289	100+: 111	72/28	Complete
Nclients react MF	400	pos: 92	Neg: 308	23/77	Complete
ltern. Income sou.	259	Yes: 226	No: 33	51/8/41	141 Nrespo
Fam size bracket	339	6-10: 213	11-15: 126	53/32/15	61Nrespo

+ = More; - = Number; FH = Family Head; FM = Family Member; Nrespo = Non respondent; researchers table and computation, July 2014

The clients responses under the human resource indicator fell short of hundred percent as three hundred and ninety nine and three hundred and ninety eight responded to the questions relating to the number of children per family and number of school going children per family, respectively. The question relating to the marital status of the family head was answered by all four hundred sample families but only three hundred and forty nine responded to the the question on family head educational status. The food security and vulnerability indicator registered a hundred percent corporation for the food availability variable but only three hundred and eighty two and three hundred and forty four responded to the meals per day and meals served with fruits variables respectively. Similarly, under the health, Dwelling and sanitation indicator, three hundred and nine responded to the question on family house size, three hundred and eighty on appliances owned and one hundred and eighty eight on weekly energy supply variables. The other two variables; WC/ latrine type and sanitation level registered a hundred percent respondent level. Under the indicator of income and financial services accessibility, a 100% response rate was registered for all the variables under this indicator except for the family monthly wages which showed three hundred and ninety eight responses. Overall, the respondents corporated morethan average (Table 2).

Comparing variables from four poverty assessment indicators (PAI) between clients and non-clients: The method used for this comparison is based on sampling of the two groups. A set of two variables were selected from each of the four indicators used to assess poverty evel and are compared between the clients and non-clients. This method is used for explicit explanation of the variables which are the determinants of the indicators. The entire questionnaire engages twenty questions and therefore each indicator is represented by three to six questions (variables). It will be quite unnecessarily ambiguous to use all the twenty parameters. This comparison is basically to determine the cause and effect relationship among the variables and thus determine whether this relationship is better amongst the clients or non-clients. A graphical illustration is thus shown in Fig. 2.

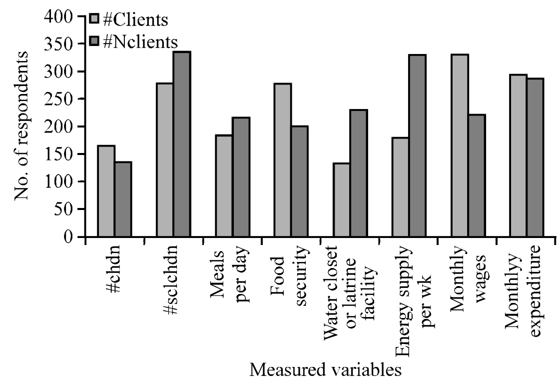

Fig. 2: Comparison of two variables between clients and non-clients in USD. #chdn No. of children per family: 11 or more; #sclchdn No. of school going children: 1-4; (Meals per day): once or none; Fdsecur (Food security): Not at all; Wcfacil (Water closet or latrine facility): None; (Energy supply per week): Once or none; (Monthly wages per family): 40 or less; (Monthly expenditure per family): 40-90; researchers chart and calculation, July 2014

Table 2: Summary of clients responses to questionnaire

Variables	#Respond	Classifications a	b	Percentage	Remarks
Sex ratio	388	M: 174	F: 214	45/53/2	12 Nrespo
#children	399	1-10: 234	11+: 165	58/41/1	1 Nrespo
#Schchldn	398	4 or -: 278	5 or+: 120	69/30/1	2 Nrespo
FH edu sta	349	None: 214	Basic: 135	53/34/13	51 Nrespo
FH mar sta	400	Mar: 117	Unma: 283	29/71	Complete
Meals per day	382	1 or-: 184	2 or+: 198	46/50/4	18 Nrespo
Meals fruit	344	1 or-: 222	2 or+: 122	56/30/14	56 Nrespo
Food security	400	Yes: 123	No: 277	30/70	Complete
Fam hou size	309	1-8Rs: 123	9Rs+: 186	31/46/23	91 Nrespo
WC facility	400	Pit: 266	None: 134	67/33	Complete
Sanitation level	400	Good: 208	Bad: 192	52/48	Complete
Appliance owned	380	yes: 8	No: 372	2/93/5	20 Nrespo
Energy supply per week	188	1 or- :180	2 or+: 8	45/2/53	212Nrespo
Inerest	400	10 or-: 20	20 or+: 380	5/95	Complete
FM income source	400	MFI: 348	Wage: 52	87/13	Complete
FM monthly wages	398	40 or-: 330	50 or+: 68	82/17/1	2 Nrespo
FM monthly expen.	400	40-90: 294	100+: 106	74/26	Complete
Clients react MF	400	pos: 104	Neg: 296	26/74	Complete
Altern. income sou.	400	Yes: 162	No: 238	41/59	Complete
Fam size bracket	400	6-10: 242	11-15: 158	61/39	Complete

+ = More; - = Less; # = Number; FH = Family Head; FM = Family Member; Nrespo = None respondent; researchers table and computation, July 2014

Figure 2 shows a comparison of eight variables from four indicators. The worst case scenerio is used to determine the option used here. For instance, food security indicator had the number of meals per day and food availability as its determinants. The selected option for meals per day is not those who gets three square meals but those who struggle to even get one meal or likely to go without. The number of families amongst the clients who only gets one meal a day or nothing at all is one hundred and eighty four families and two hundred and sixteen amongst the non-clients. Similarly, two hundred and seventy seven families amongst the clients are food insecured while only two hundred and two among the non-clients are food insecured. With regards to the health and sanitation indicator, the option chosen for the Water Closet (WC) facility is not those who have pit latrines and a relatively better sanitary situation but those who goes without and have to resort to the bush as their only option, making their case worse off. The number of families that resort to this unhealthy sanitary situation is one hundred and thirty four amongst the clients and two hundred and thirty one for the non-clients. The other variable under this indicator is the energy supply per week and here one hundred and eighty clients reported having electricity once or nothing per week but three hundred and thirty non-clients had electricity once or nothing per week. The human resource indicator has the number of children per family and the number of school going children as its own determinants. Here also, families with lesser number of school going children are used as sample than those with higher numbers. The number of families who have four or lesser number of children going to school amongst the clients is two hundred and seventy eight and three hundred and thirty five amongst the non-clients. Moreover, the number of clients with children ranging from eleven and more is one hundred and sixty five but amongst the non-clients this number is one hundred and thirty six. This is the same for the income and financial accessibility as an indicator. The lesser income earners and lesser spenders in the market are taken as selected variables for this comparison. Here, three hundred and thirty families from the clients earn forty United States of America Dollars (US$) or less per month and the number of clients whose expenditure ranges from forty to ninty US$ per month is two hundred and ninety four. Comparatively, two hundred and twenty two non-clients earn forty US$ or less and monthly expenditure ranging between forty and ninety US$ is two hundred and eighty nine. It must be noted that this is a deliberate decision because microfinance is all about the deprived and less privileged and therefore will make better sense to deal with these categories of people. It can be better reflective than having the well-offs as a sample.

RESULTS AND DISCUSSION

This study describes the results that were obtained from the analysis above and the software used is the Special Package for Social Sciences (SPSS). Figure 2 shows the comparative analysis of two variables from each of the four selected Poverty Assessment Indicators (PAI). Figure 3 and 4 further shows th percentage representation of selected variables in terms of the comparison between clients and non-clients.

Using SPSS Software for statistical and percentage analysis that informed this comparative method of data analysis, it was found out in the case of the human resource indicator that whilst the clients had one hundred and sixty five families with eleven or more children, the non-clients had one hundred and thirty six families with such number of children. This represents 41 and 34% of clients and non clients' families, respectively. Furthermore, the clients had two hundred and seventy eight families with four or less (4 or less) number of school going children while the non-clients had three hundred and thirty five families with four or less (4 or less) number of school going children. This also represents 69 and 84% for clients families and non-clients families, respectively. With reference to the food security and vulnerability indicator, one hundred and eighty four

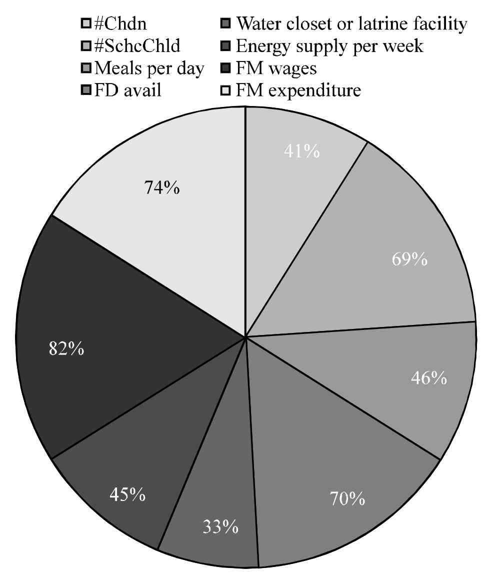

Fig. 3: Percentage representation of clients' responses to selected variables in USD and about families; researchers chart and computation, July 2014; #Chdn: percentage of families with 11 or more children; #Schchld: Percentage of families with 1-4 schoolgoing children; FM: Family member

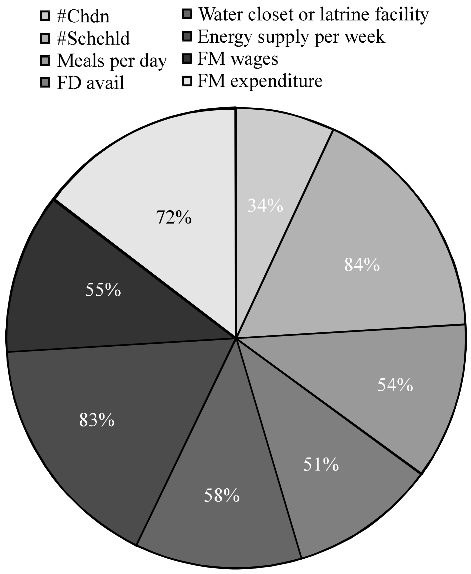

Fig. 4: Percentage representation of non-clients responses in USD and about families; researchers chart and computation, July 2014; #Chdn: percentage of families with 11 or more children; #Schchld: Percentage of families with 1-4 schoolgoing children; FM: Family member

clients families only had one square meal or nothing per day while two hundred and sixteen non-clients families had only one square meal or nothing. This represents forty six and fifty four percents of clients and non-clients families, respectively. Moreover, two hundred and seventy seven clients families reported food insecurity (non-availability, accessibility and affordability) while only two hundred and two non-clients families were food insecured. This is translated into percentage terms to mean 70 and 51% food insecurity, respectively. The availability or non availability of latrine and weekly energy supply were used as variables for the health and dwelling indicator. One hundred and thirty four clients were virtually without a latrine while two hundred and thirty one non-clients had none as well. This means 33 and 58%, respectively were without any form of latrine. Similarly, one hundred and eighty clients, representing 45% of clients' families only had energy supply once or nothing at all per week. As for the non-clients, three hundred and thirty of them representing 83% had energy supply once or nothing at all on weekly basis. The income and financial accessibility indicator had the monthly wages and monthly expenses as its selected variables. Here, three hundred and thirty clients families had a monthly wage of forty US$ or less and the non-clients in this same bracket numbered two hundred and twenty two. In percentage terms, this is 82% client and 55% non-clients, respectively. In terms of monthly expenses, two hundred and ninety four clients spent between forty to ninety US $ whilst two hundred and eighty nine non-clients spent within the same bracket on monthly basis. Thus, the monthly expenditure of clients in percentages is seventy four and that of the non-clients is seventy two the closest call between the two sample groups from all the comparative analysis.

Comparing clients to non-clients based on these selected variables from four indicators, it is evident enough that microfinance impact on the lives of its clients is nothing to write home about. One would expect to notice a substantial difference between these two groupss but looking at the statistics, the non-clients are even better off with certain indicator. For instance, the non-clients have more school going children than the clients interms of percentages and also have lesser percentage of families with more children. There is no doubt that the number of children per poor household families is a recipe for poverty entrenchment. In the case of the food security and vulnerability, it is safe to say the non-clients are more food secured than the clients. Atleast 54% of non-clients families have a meal per day while only 46% of clients' families can boast of that. However, 70% of clients families do have their meals with fruits as against 51% of non clients' families. Ofcourse, anyone familiar with poor people in rural areas, especially in Sierra Leone will be tempted to overlook the importance of this variable because fruits are most often eaten randomly at their convinience. Interms of the health and sanitation, the clients are better off that as fewer percentage as 33% only go without some form of latrine while 58% of non-clients go without. However, the second variable about energy supply do favour the non-clients on 83% as against 45% for the clients. Atleast getting energy supply once per week, thanks to the solar enefgy projects is a huge boost in the rural areas for obvious economic reasons. Income and financial accessibility has 82% clients >55% non-clients but this is quite understandable as they at worst can turn to AMNet microfinance institution but when it comes to the expenditure, there is a close call as only 2% more of clients spend extra than the non clients. This therefore means without microfinance, the non-clients are more resourceful in alternative sources of income. Thus, given the enormous advantage of the presence of a microfinance institution itself in the clients areas and looking at the statistics, one would seem to agree that the non-clients are even better off than the clients. This is hugely debatable but looking at it from any statistical or logical angle will suggest the fact that it is a big plus for the non-clients.

In a country like Sierra Leone where there are hardly state sponsored social security system (a common feature of LDCs) it is very much true that microfinance fulfils an important safety-net task. For example, the communal bond between poor families is so strong that in times of difficulties, neighbours and family friends become the first pot of call but in a situation where the problem is a generalised one, rogue money lenders and microfinance becomes their only realistic option. Infact this is one of the problems of MFIs in Sierra Leone because loans are mostly not acquired for investment purposes but for mere consumption. Interest rate do not seem to be any better with MFIs today in Sierra Leone than that of money lenders because they all operate with apparent intent of distortion. It is obvious that although, funding capacity is the reason for lesser clients, one cannot rule out the fear factor amongst the locals. Microfinance is mostly used by the locals in emmergency situations like settling hospital bills, offsetting initiation rites for recalcitrant children or worse as it is now, the speedy treatment of the deadly ebola disease if a family member is contracted. Amidst all these though, most microfinance institutions do not target the very poor for their loans as they are deemed to be of higher risk thus, lacking to fulfil their core target. Nonetheless, like the impact of the economics concept of invisible hand on buyers and sellers, microfinance is having a modernizing impact on the lives of few in Sierra Leone, even if inevitably unacknowledged and unsung.

A whole some contribution microfinance is making on uneducated and uncut business minded locals in Sierra Leone is affording them the learn-by-doing opportunity. They do seem to benefit from basic principles of business and financial discipline that otherwise would not easily be acquired. It is like an apprentice who usually works very hard but paid a smaller wage but in exchange for a training in a particular trade. Perhaps, with luck and some help from local MFIs like AMNet-SL, these locals turned apprentices might just be able to open their own businesses and even expand beyound estimation.

Microfinance cannot be deprived of its significance in giving the unemployed and marginalised poor the opportunities, hope and self esteem it affords. To paraphrase the words of George Young, the Chief Executive officer of AMNet-SL microfinance scheme while making a presentation in a workshop in Freetown in May 2014 to be employed by an employer or even self employment gives a person a lot of self respect and dignity. The microfinance scheme is a way for the financially marginalised to show that they are credit worthy and perhaps influence formal financial institutions to invest in them. Thus, this will lead to more economic activity, a recipe for long term poverty mitigation' there is no better apt way to put it than thus.

It can also be argued that microfinance is a successful business venture in Sierra Leone that help to reduce the problem of unemployment. This might just have positive multiple effects on the national economy as a number of good paying jobs becomes available in situation hitherto thought to be unemployable. Development economists Roodman and Qureshi (2006) wrote we should not lose sight of the fact that commercially successful microfinance institutions are remarkable organizations, employing hundreds or thousands of people at tasks once thought impossible. This might just have multiplier effects.

Despite all these inroads made by microfinance in Sierra Leone, the argument against the institution is overwhelming. Irrespective of the apparent fact that 5% of Grameen microfinance clients exit poverty every year (Yunus, 2003) there are surprisingly few credible literature on the extent to which microfinance mitigates poverty. The few that are easy to come by are not devoid of methodological limitations or controversies. It is therefore, no shock that the debate about the efficiency and impact of microfinance on poverty mitigation, continues to date. Despite the world acclaim of the achievements of microfinance embodied in the Nobel Peace Price winning Dr. Muhammed Yunus, sceptics still exists.

It is ideally possible to determine the impact of microfinance but for counterfactual arguments. It is not known and shall not be known what would have happened to a client's financial status had microfinance not being provided. Like this research in the South Eastern Sierra Leone many other studies had compared borrowers to non borrowers but unlike this research, the earlier comparisons tend to either underestimate or overestimate the effects of microfinance. Some tend to ignore crucial factors like cultural differences, income status and sources of income or even religious differences. In a field research, especially one done with questionnaires and other techniques, these differences can be huge and very crucial. This research attempts to nullify this problem by choosing research sample areas of very similar socio-cultural and economic harmony. However, many of the borrower non-borrower comparatives do ignore these differences including the enterpreneurial mismatches. Basically, non of these studies have clearly spelt out that microfinance mitigates poverty and certainly not on health, education or even women's empowerment (Banerjee *et al*., 2013; Karlan and Zinman, 2009).

There is another set of sceptics who offer a whole different argument. They do not deny the impacts of microfinance on the lives of poor people but do believe that whatever impact is there to measure must be equally attributed to other factors. They opined that most clients do not have the enterpreneurial capacity, basic trainings in business operations and are mostly risk averse and often scared of losing what they have. However, this does not imply that they do not want to better themselves but the confidence of undertaking a business is completely absent and this continues till they consume all that is taken as a loan, another factor for debt circle. Thus, microfinance is a necessary tool for poverty reduction but not a sufficient one as other imputs are certainly required. This point of view cannot be summarised better than this; most people do not have the skills, vision, creativity and persistence to be entrepreneurial. Even in developed countries with high levels of education and access to financial services, about 90% of the labor force are employees, not entrepreneurs (Karnani, 2010). Even in the words of the originator of microfinance, the above views are re-echoed when he said that micro-credit is not a miracle cure that can eliminate poverty in one fell swoop. But, it can end poverty for many and reduce its severity for others. Combined with other innovative programs that unleash people's potential, micro-credit is an essential tool in our search for a poverty-free world (Yunus, 2003).

CONCLUSION

To sum up, it is important to note that the greatest achievement of microfinance ever since its recognition has been the credit worthiness of poor people and this is partly related to the dynamism of micro-enterprises. The real discovery remains the concept of group lending and peer monitoring which has almost averted the problem of collateral security. However, based on the results of this research and others before this one can easily make factual assumptions that until microfinance institutions are fully scrutinised and made accountable to Government through pragmatic national policies, it will remain a mere hype and an exploitative tool in Sierra Leone. Until microfinance institutions and other line departments in Sierra Leone show unreserved willingness to let public inquiry into their activities, the dark sides of the program will continue to overshadow the good objectives. Until the government of Sierra Leone makes it a practical agenda to set step up policy control and direction of MFIs, the exploitation of the masses will continue. If the assurance for poverty reduction is going to rest on paper documents like the poverty reduction strategy paper, agenda for prosperity, Agenda for change, statements from the Bank of Sierra Leone or the Ministry of Finance, it will as well be better to ban microfinance institutions in Sierra Leone. Apparently, it will be better for the people of Sierra Leone to know there is no legal microfinance institution and embrace themselves battle ready to negotiate with rogue money lenders than to be misled blindly into an apparent financial conspiracy, falsely hoping Government is watching their back.

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