

IMPACT OF MICROFINANCE ON RURAL WOMEN'S INCOME AND VULNERABILITY: A CASE STUDY OF TOMBO COMMUNITY IN SIERRA LEONE

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ABSTRACT

This study examines the impact of microfinance on rural women's income levels and vulnerability in the Tombo community, Sierra Leone. Employing a mixed-methods approach, the research integrates both quantitative and qualitative data collected from 250 rural women and 10 staff members from two microfinance institutions operating in the community. The study investigates the accessibility of microcredit, the socio-economic effects of financial assistance, and the role of microfinance in household decision-making. Findings indicate that microfinance significantly contributes to income generation, business expansion, asset accumulation, and improved financial security. Despite challenges such as high interest rates, collateral requirements, and occasional loan misuse, most beneficiaries reported increased earnings, improved living standards, and enhanced ability to meet household needs. However, cultural and structural barriers continue to limit women's influence in household decisions, even with increased financial contributions. The study concludes that while microfinance is a vital tool for poverty reduction and women's empowerment in rural Sierra Leone, its success depends on complementary strategies such as gender-sensitive programming, institutional accountability, and sustainable loan frameworks.

Keywords: Microfinance, Rural Women, Income Generation, Vulnerability, Economic Empowerment, Sierra Leone

JEL Codes: G21, O16, J16, I32

1.0 INTRODUCTION

Microfinance and sustainable banking for the poor have been central to development debates since the 1990s, particularly due to the rising poverty levels among rural women (Ghosh, 2013). Women in rural areas often face limited access to wage labour markets and unequal power in decision-making processes, which exacerbates their poverty and disempowerment (Kabeer, 2015). National governments, donor organizations, and NGOs advocate microfinance as a critical tool for social and economic development.

According to the International Labour Organization (2018) and the World Bank (2020), the primary barrier preventing women from expanding their businesses is a lack of financial capital. Yunus (2010) notes that while microfinance is not a miracle cure for poverty, it can significantly alleviate it and reduce its severity for many. Microfinance is seen as a hopeful strategy for poverty reduction and women's empowerment (Bateman, 2017). Simanowitz and

Brody (2004) argue that microfinance is key to achieving the Sustainable Development Goals (SDGs) and building financial systems that serve the poorest. It delivers ongoing social benefits on a large scale, fostering self-confidence, independence, and economic improvement among women (Karlan and Valdivia, 2011).

Microfinance enhances poor households' options and self-confidence, enabling them to expand businesses, reduce risks, smooth consumption, and increase productivity and income. It also helps women manage savings, escape exploitation, and conduct business with dignity, thereby improving children's education and reducing child labour (Dupas and Robinson, 2013). The social and economic impacts of microfinance are transformative, reaching a diverse group of the rural poor (Banerjee et al., 2015). By creating income-earning opportunities for rural women, microfinance programs increase household income, improve living standards, and enhance access to education, health, and nutrition (Martinez et al., 2016; Orso and Fabrizi, 2016).

Studies indicate that microcredit can lead to significant economic independence and increased bargaining power for women (Swain and Wallentin, 2009). It also enhances women's participation in social and political activities (Sanyal, 2009). This study aims to assess the impact of microfinance on the income and vulnerability of women in rural areas as a tool for poverty reduction in Sierra Leone, focusing specifically on the Tombo community.

1.1 Background of Tombo Village

Tombo is a coastal fishing town located in the Western Area Rural District of Sierra Leone, approximately 30 miles east of Freetown. The town is a significant trade and transport hub for fishing boats and has primary industries in fishing, coal mining, and farming. Tombo is a diverse settlement with various ethnic groups, including the Temne, Sherbro, and Limba, and has a predominantly Muslim population. The town boasts its own local radio station, Radio Tombo, broadcasting on MHz 96.1, and is served by Tombo Hospital, which caters to the healthcare needs of the town and its surrounding areas.

The local governance of Tombo is managed by a directly elected town council, currently headed by Sarah Bah since 2019. The town has a rich history dating back to the early sixteenth century when it was founded by the Sherbro people. During the colonial era, Tombo was controlled by the Caulkers, a British family involved in the slave trade, and many descendants of the Sherbro people still bear the surname "Caulker."

Sierra Leone is one of the poorest countries in Africa, with a very low rate of poverty reduction. Microfinance programs have the potential to significantly transform and empower individuals, particularly women, in developing countries like Sierra Leone. Despite increased access to financial services for women over the past two decades, gender-based disadvantages often prevent them from fully benefiting from these opportunities. Some microfinance institutions (MFIs) have been reducing the percentage of loans provided to poor women as they expand and introduce new products. Additionally, women's average loan sizes are often smaller than men's, even within the same community and lending group. Clients from poor and marginalized backgrounds may also use microfinance facilities to meet immediate household needs rather than investing in income-generating activities.

1.2 Context and Rationale

Microfinance has been a key instrument in addressing poverty and empowering women in developing countries. In Sierra Leone, where poverty rates remain high, particularly among rural women, microfinance programs have the potential to significantly impact livelihoods and vulnerabilities. This study focuses on the Tombo community, a rural fishing town in Sierra Leone, to assess the impact of microfinance on the income and vulnerability of rural women.

Rural women in Tombo face limited access to financial resources and unequal power in decision-making processes, which exacerbates their vulnerability to poverty. Despite the presence of microfinance institutions (MFIs) in the area, barriers such as stringent application processes and high-interest rates may hinder women from fully benefiting from microfinance services. Understanding these challenges and assessing the effectiveness of microfinance programs in Tombo is crucial for developing targeted interventions to improve the economic status of rural women.

1.3 Study Objectives

The objectives of this study are to assess the accessibility of microcredit to rural women in the Tombo community, analyze the contributions of microfinance to improving their livelihoods and well-being, evaluate the role of microfinance services in enhancing their income, and assess the contribution of these services to their participation in household decision-making. By addressing these objectives, the study aims to provide a comprehensive understanding of how microfinance impacts the economic and social status of rural women in Tombo, Sierra Leone.

1.4 Significance of the Study

This study is significant for several reasons. Firstly, it provides valuable insights into the impact of microfinance on rural women's income and vulnerability in Sierra Leone, particularly in the Tombo community. Secondly, the findings can inform policymakers, MFIs, and development organizations on strategies to enhance the effectiveness of microfinance programs for rural women. Lastly, the study contributes to the existing literature on microfinance and women's empowerment, particularly in the context of rural communities in developing countries.

By focusing on the specific context of the Tombo community, this study aims to provide a nuanced understanding of how microfinance can be leveraged to reduce poverty and empower women in rural Sierra Leone.

2.0 LITERATURE REVIEW

2.1 Theoretical Framework

Microfinance is grounded in several theoretical frameworks that highlight its potential to alleviate poverty and empower marginalized groups, particularly women. The following theories are relevant to understanding the impact of microfinance on rural women's income and vulnerability:

1. Financial Inclusion Theory:

Financial Inclusion Theory emphasizes the importance of providing access to a range of financial services to individuals and communities, particularly those who are marginalized or underserved by traditional financial institutions. This theory recognizes that access to financial services, such as credit, savings, insurance, and payment services, is essential for individuals to improve their economic well-being and participate fully in the economy.

For rural women in developing countries like Sierra Leone, access to financial services is often limited due to factors such as distance from formal banking institutions, lack of collateral, and limited financial literacy. Microfinance, which provides small-scale financial services tailored to the needs of low-income individuals, has emerged as a key strategy to promote financial inclusion among rural populations, including women.

By expanding financial access, microfinance enables rural women to invest in income-generating activities, such as small businesses or agricultural ventures. This access to credit allows women to start or expand businesses, purchase inputs, and improve productivity, leading to increased income and economic empowerment.

Moreover, microfinance helps women build financial resilience by providing access to savings and insurance products. Savings accounts allow women to save for emergencies or future investments, while insurance products can protect against unexpected events, such as crop failure or illness, that could otherwise lead to financial hardship.

Overall, Financial Inclusion Theory highlights the transformative potential of microfinance in improving the economic well-being of rural women. By providing access to financial services, microfinance can empower women, reduce poverty, and promote sustainable development in rural communities.

2. Women's Empowerment Theory:

Women's Empowerment Theory posits that microfinance can be a transformative tool for women, enabling them to challenge traditional gender roles, improve their socio-economic status, and enhance their decision-making power within their households and communities.

One of the keyways in which microfinance contributes to women's empowerment is by providing them with access to financial resources that they may not have had otherwise. This access allows women to start or expand businesses, invest in education and healthcare for themselves and their families, and save for the future. By gaining control over financial resources, women can have greater autonomy and independence, which can lead to improved self-esteem and confidence.

Moreover, microfinance can help challenge traditional gender norms by providing women with opportunities to engage in income-generating activities outside the home. This can lead to a shift in perceptions about women's roles and capabilities, both within the household and in the wider community.

Additionally, microfinance institutions often provide financial literacy training and other forms of support to their clients, including women. This can help women develop the skills and knowledge needed to effectively manage their finances and make informed decisions about their businesses and households.

Overall, Women's Empowerment Theory suggests that microfinance can play a significant role in promoting gender equality and empowering women to take control of their lives and futures.

3. Social Capital Theory:

Social Capital Theory posits that microfinance institutions (MFIs) can leverage existing social networks and relationships within communities to reach marginalized groups, such as rural women, and facilitate access to financial services. In many communities, especially in rural areas, social networks are strong and play a crucial role in people's daily lives.

MFIs can tap into these social networks to identify potential clients, assess their creditworthiness, and provide support for loan repayment. By working through existing social structures, MFIs can overcome barriers such as lack of collateral or formal credit history, which are common challenges for rural women seeking financial services.

Moreover, these social connections can provide additional benefits beyond access to credit. For example, social networks can provide a support system for borrowers, helping them navigate challenges and manage risks associated with their businesses. Additionally, social networks can create a sense of accountability, as borrowers are accountable not only to the MFI but also to their peers within the community.

Overall, Social Capital Theory suggests that leveraging social networks can enhance the effectiveness of microfinance interventions, particularly for reaching marginalized groups such as rural women. By working through existing social structures, MFIs can improve outreach, increase repayment rates, and contribute to the overall socio-economic development of communities.

4. Poverty Alleviation Theory:

Poverty Alleviation Theory asserts that microfinance can effectively reduce poverty by providing financial services to the poor, especially women. By granting access to savings, loans, and opportunities for investment in income-generating ventures, microfinance can assist in lifting individuals out of poverty. This theory suggests that access to credit empowers individuals to augment their income, enhance their quality of life, and diminish their susceptibility to economic downturns.

Numerous empirical studies have explored the impact of microfinance on poverty alleviation. For instance, a study by Khandker (2005) found that microfinance programs in Bangladesh significantly reduced poverty among participants. Another study by Pitt and Khandker (1998) in Bangladesh revealed that access to microcredit led to an increase in household consumption and assets, ultimately contributing to poverty reduction.

However, some studies offer a more nuanced view. Banerjee et al. (2015) conducted randomized control trials in India and found that while microfinance had positive effects on some households, its impact on overall poverty levels was limited. They suggested that the effects of microfinance may vary depending on factors such as the local context and the design of the program.

Overall, while Poverty Alleviation Theory provides a compelling rationale for the use of microfinance as a poverty reduction tool, empirical evidence suggests that its impact may be more complex and context dependent.

5. Financial Sustainability Theory:

Financial Sustainability Theory emphasizes the importance of microfinance institutions (MFIs) being financially sustainable in the long term. This theory argues that for microfinance to have a lasting impact, MFIs must be able to cover their costs and generate enough revenue to maintain operations and expand their outreach. Financial sustainability enables MFIs to continue providing services to clients, including rural women, without relying heavily on external funding sources. It also allows MFIs to innovate and adapt to changing market conditions, ensuring their continued relevance and effectiveness in addressing poverty and financial exclusion.

Several empirical studies have explored the concept of financial sustainability in the context of microfinance. These studies have highlighted the importance of balancing financial sustainability with social impact. For example, a study by Mersland and Strøm (2010) found that MFIs that prioritize financial sustainability over social impact tend to focus more on serving wealthier clients and may neglect the needs of the poorest and most marginalized groups.

On the other hand, a study by Duvendack et al. (2011) found that MFIs that achieve a balance between financial sustainability and social impact are more likely to achieve positive outcomes for their clients. These MFIs are able to provide affordable financial services to the poor while also generating enough revenue to cover their costs and expand their operations.

Overall, financial sustainability theory underscores the importance of MFIs finding the right balance between financial viability and social impact. By achieving financial sustainability, MFIs can ensure their long-term viability and continue to serve the needs of their clients, including rural women, in an effective and sustainable manner.

2.2 Empirical Studies

Several empirical studies have examined the impact of microfinance on rural women's income and vulnerability, providing valuable insights into its effectiveness and challenges. This section reviews key studies in the field, summarizing their findings and highlighting critical factors influencing the success of microfinance interventions.

In India, Jain and Gaiha (2021) conducted a comprehensive review of empirical evidence from India to assess the impact of microfinance on poverty alleviation. The study examined the role of microfinance in improving income levels, reducing vulnerability, and empowering rural

women. The review emphasized the need for targeted interventions and policy support to maximize the impact of microfinance on poverty reduction. Sinha and Jain (2017) analyzed survey data to examine the impact of microfinance on women's empowerment in India. The findings suggested that microfinance positively affects women's economic and social empowerment, particularly in terms of income generation and decision-making power. Rai and Singh (2016) evaluated the impact of microfinance on poverty alleviation and women's empowerment in Rajasthan. The study found that microfinance significantly increased income and enhanced decision-making power among women beneficiaries.

In South Asia, Ali and Ozturk (2020) synthesized findings from empirical studies to assess the effectiveness of microfinance in reducing poverty among rural women in South Asia. The review highlighted the importance of contextual factors and program design in determining the success of microfinance interventions.

In Nigeria, Omonona and Omonona (2015) assessed the impact of microfinance on the welfare of rural farm households in Ogun State. The findings indicated that microfinance positively affects household welfare, including increased income and asset ownership. Asemota and Obayelu (2013) investigated the impact of microfinance on the welfare of rural farm households in selected local government areas in Edo State. The study found that microfinance positively impacts household welfare, including increased income and asset ownership.

In Kenya, Kabubo-Mariara and Ndenge (2017) examined the impact of microfinance on rural household welfare, focusing on women borrowers in Kenya. Using propensity score matching to analyze survey data, the study found that microfinance positively impacts household income, consumption, and asset ownership.

In Pakistan, Khan and Rasheed (2014) examined the impact of microfinance on poverty alleviation in district Peshawar. The study suggested that microfinance positively impacts poverty alleviation, particularly among women borrowers.

In Bangladesh, Adams and Sarker (2011) assessed the impact of microfinance on the livelihood status of rural households in Bangladesh. The findings indicated that microfinance positively affects household livelihood status, including increased income and asset ownership.

In Turkey, Güner and Yılmaz (2012) examined the impact of microfinance on women's empowerment in Turkey. The study found that microfinance positively impacts women's empowerment, including increased income and decision-making power.

In Burkina Faso, Ouedraogo and Leite (2018) evaluated the impact of microfinance on rural poverty reduction among women beneficiaries in Burkina Faso. Using a mixed-methods approach, the study found that microfinance positively impacts poverty reduction and women's empowerment in rural areas.

2.3 Meta-Analyses and Systematic Reviews

A range of meta-analyses and systematic reviews have provided comprehensive insights into the impact of microfinance on poverty alleviation and women's empowerment. Kou and Peng (2019) conducted a meta-analysis using data from multiple studies to assess the effectiveness

of microfinance in reducing poverty, identifying key factors that contribute to the success of these interventions among rural women. Similarly, Sambo and Abubakar (2020) performed a systematic review focusing on rural women's empowerment, highlighting the critical elements influencing successful microfinance programs and offering recommendations for policy and practice. In another systematic review, Gashaw and Zegeye (2019) analyzed the impact of microfinance on women's empowerment in rural areas, emphasizing the need for targeted interventions and sustainable approaches to enhance outcomes. Yunus and Moingeon (2018) synthesized empirical evidence on microfinance's role in poverty alleviation, underlining its potential to contribute to sustainable development by providing financial services to the poor. Additionally, Girgin and Kaya (2016) summarized findings from various empirical studies on poverty alleviation through microfinance, stressing the necessity for further research to better understand the mechanisms driving these positive impacts. Collectively, these reviews underscore the positive effects of microfinance while also pointing out the importance of contextual factors and the design of interventions to maximize benefits for rural women.

Overall, these studies highlight the positive impacts of microfinance on rural women's income, vulnerability, and empowerment. However, they also underscore the importance of contextual factors, program design, and targeted interventions in maximizing the effectiveness of microfinance programs.

2.4 Conclusion

In conclusion, the empirical studies reviewed provide valuable insights into the impact of microfinance on rural women's income and vulnerability. Overall, microfinance has been found to have a positive impact on poverty reduction, women's empowerment, and household welfare in rural areas.

However, these studies also highlight challenges and limitations that need to be addressed. These include the need for targeted interventions, sustainable approaches, and policy support to maximize the impact of microfinance on poverty alleviation and women's empowerment.

Further research is needed to better understand the mechanisms through which microfinance can contribute to poverty alleviation and to identify best practices for implementing effective microfinance interventions in rural areas.

3.0 RESEARCH METHODOLOGY

The primary objective of this study was to evaluate the impact of microfinance on the income and vulnerability of women in rural areas as a means of poverty reduction in Sierra Leone. To achieve this, a mixed-method research design was employed, incorporating both qualitative and quantitative data. This approach allowed for comprehensive data collection through questionnaires and interviews with a diverse group of respondents.

The study was conducted in the Tombo Community, located in the Western Area Rural District, focusing on women who are customers of microfinance institutions (MFIs). The target population comprised 400 women from the Tombo community. Due to time and financial constraints, it was not feasible to survey all MFI customers in the area. Therefore, a

representative sample of 250 respondents was selected using a random sampling technique. Additionally, 10 staff members from two Microfinance institutions were included in the study.

Primary data were gathered through structured questionnaires administered to rural women participating in microfinance programs within the Tombo community. The questionnaires covered various topics, including socio-economic and demographic information, women's income, vulnerability, poverty, and the impact of micro-credit on different aspects of their lives. Structured interviews were also conducted with selected key informants to gain deeper insights into the roles and responsibilities associated with empowering rural women through microfinance.

The collected data were coded and organized into tables and figures. The analysis involved both quantitative and qualitative methods, with results converted into percentages and other chart forms. Statistical software such as SPSS was utilized to analyze the data, creating the necessary tables and charts for discussion. Additionally, secondary data sources, including published and unpublished materials like books, journals, reports, and web pages, were used to support the analysis. The statistical summaries of the results were presented using diagrammatic representations in the form of charts and frequency tables.

3.1 Ethical Consideration of the Study

As this study required the participation of human respondents, specifically poor people, certain ethical issues were addressed. The consideration of these ethical issues was necessary for ensuring the privacy as well as the safety of the participants. Among the significant ethical issues that were considered in the research process include consent and confidentiality.

To secure the consent of the selected participants, the researcher relayed all important details of the study, including its aim and purpose. By explaining these important details, the respondents were able to understand the importance of their role in the completion of the research. The respondents were also advised that they could withdraw from the study even during the process. With this, the participants were not forced to participate in the research. The confidentiality of the participants was also ensured by not disclosing their names or personal information in the research. Only relevant details that help answer the research questions were included.

4.0 RESULTS AND DISCUSSIONS

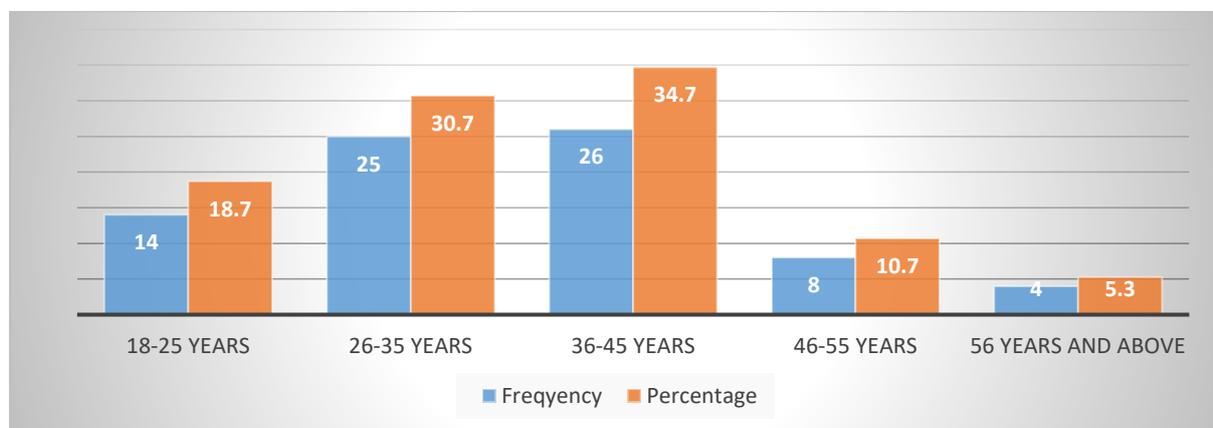
4.1 Socio-Demographic Characteristics of Respondents

The relevance of any research is fundamentally tied to the socio-demographic characteristics of its respondents, as these characteristics form the foundation for informed decision-making. Understanding the socio-demographic background of the participants is crucial, particularly in terms of age, marital status, and educational status. This study's socio-demographic data were gathered from 250 microfinance beneficiary clients who participated in the survey, as they are the primary focus group.

Age Distribution of Respondents

Out of a total of 250 respondents, 18.7% were aged between 18-25 years, while 10.7% were aged between 46-55 years. The largest age group among the respondents was those aged 36-45 years, comprising 34.7% of the sample. Additionally, respondents aged 56 years and above constituted 5% of the sample. This indicates that the age distribution of microfinance beneficiaries in the Tombo community is predominantly middle-aged. This middle-aged group represents the economically active population, capable of engaging in small-scale businesses and agricultural activities. The findings suggest that most respondents are within the economically active age bracket and are well-positioned to leverage microfinance for the benefit of themselves and their families. This distribution is illustrated in Figure 1 below.

Figure 1: Age distribution of Respondents



Source: Researcher's Survey, 2024

Marital, Educational and Occupational Status

The field survey revealed that 9.3% of respondents were single, while 42.7% were married. The marital status of respondents is directly linked to their living conditions, as responsibilities such as housekeeping, children's education, and providing good health for the family are associated with one's marital status. Divorced or separated parents often performed their roles as single parents, which typically affects their living conditions. Single women, who are potential future spouses, also need to be financially independent to support themselves and their potential families. Regarding educational status, 52% of respondents had no formal education, 40% had basic level education, and only 8% had secondary education, indicating a low educational level among women in the Tombo community. This underscores the need for policymakers to prioritize girl child education. Poor educational standards impact livelihood activities, leading to issues like improper record-keeping and mismanagement of funds. Occupationally, 62.7% of respondents were fishmongers heavily reliant on microfinance loans, 18.7% were traders, 6.7% were in the service sector, and 12% were engaged in other occupations.

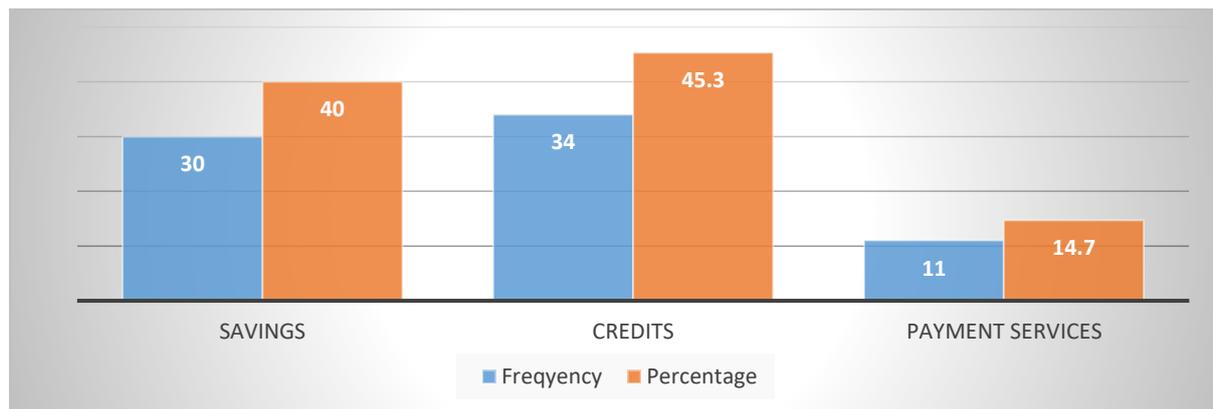
4.2 Findings from Empirical Investigations

This section presents the analysis of data collected through questionnaires and interviews, aligned with the study's objectives. The detailed analyses and presentations are provided below.

4.2.1 Accessibility of Microcredit

The first objective of the study was to assess the accessibility of microcredit to rural women in the Tombo community. The analysis and presentation of the data are shown below.

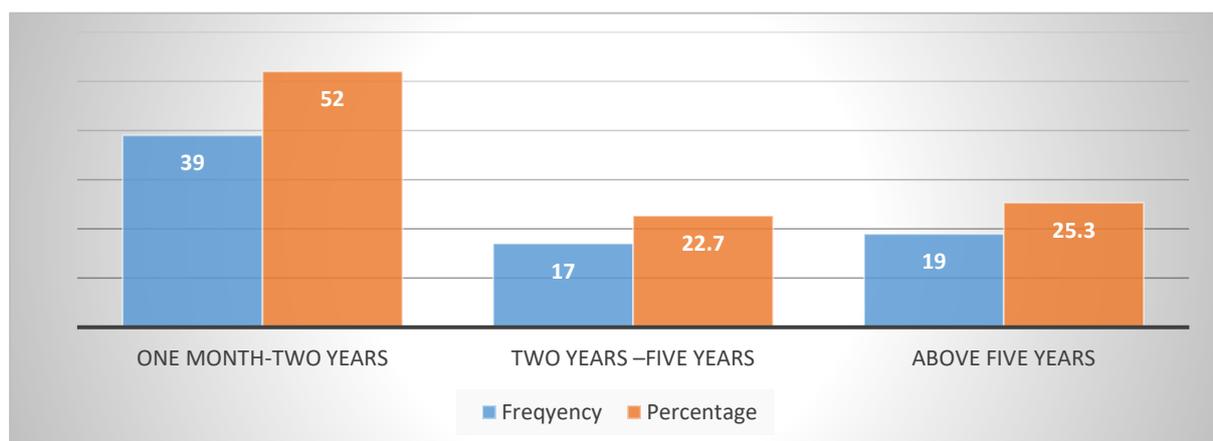
Figure 2: Reasons for Joining Microfinance Institutions



Source: Researcher's Survey, 2024

From Figure 2 above, there were different reasons why women in the Tombo community joined Microfinance Programme. This was derived from the information gathered from the field which showed that 4 percent joined MFI the programme for savings purposes. About 45.3 percent also the joined MFI programme to access credit facilities while those that joined due to payment services were 14.7 percent.

Figure 3: Duration of Membership with Microfinance Institutions

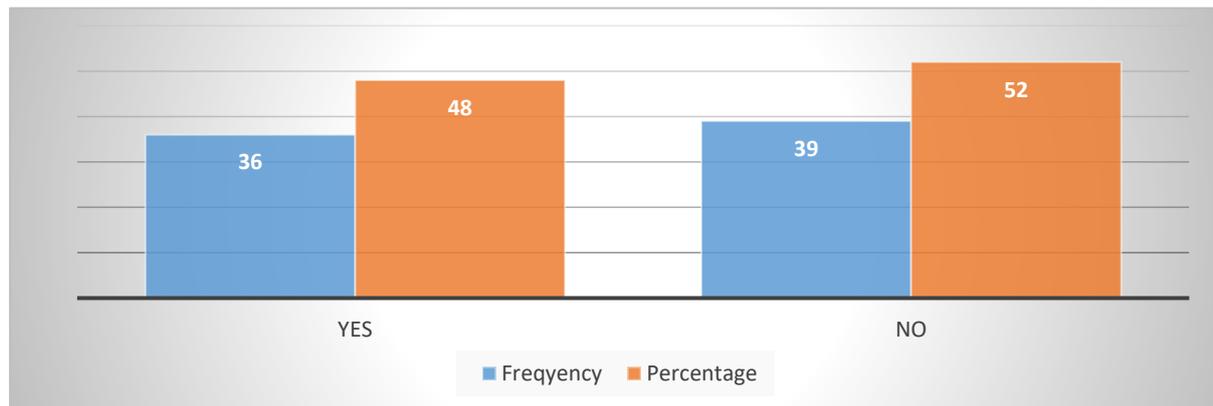


Source: Researcher's Survey, 2024

From Figure 3, the duration of membership with Microfinance Institutions showed that about 5 percent of the women has been with the MF programme between one month and one year. Those that had business to do with the MF programme between two years to five years were 22.7 percent while 25.3 percent have been with the MF programme for more than five years.

This indicates that the need to join the programme with MF programme has appeared to sound very essential for the past year. Respondents testified that the current product and service of the MF programme have made access to credit very easy. A typical example is the recovery and disbursement model practiced by the two Microfinance institutions.

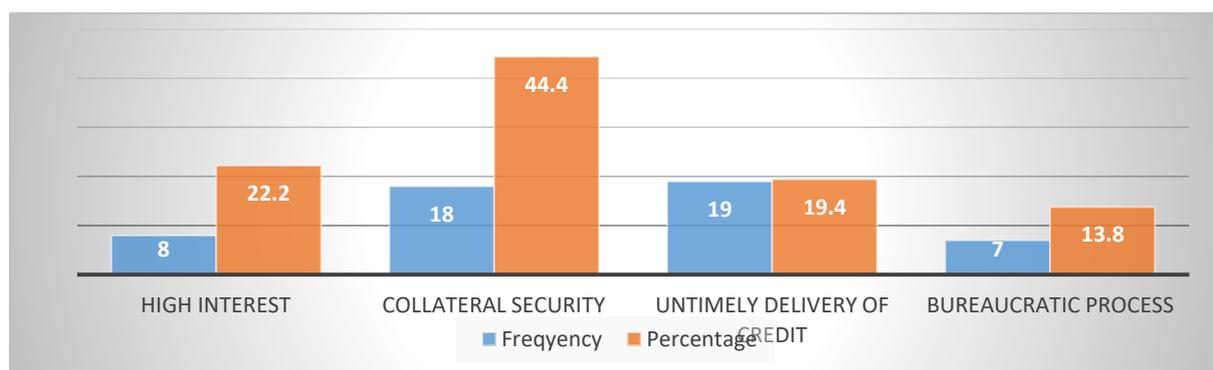
Figure 4: Financial Assistance Received from BRAC Microfinance (SL) Limited. Source



Researcher’s Survey, 2024

From Figure 4, the respondents were asked whether they have received financial assistance from the Microfinance Institutions. Out of the 75 respondents, 39 participants representing 52 percent indicated that they had received financial assistance before, while the rest (36) representing 48 percent had not received any financial assistance. A host of reasons were given by the women why they had not taken financial assistance from the Microfinance Institutions. Figure 4 show the responses gathered from the field on the financial assistance sort by respondents from the Microfinance Institutions.

Figure 5: Reasons for Refusal of Credit

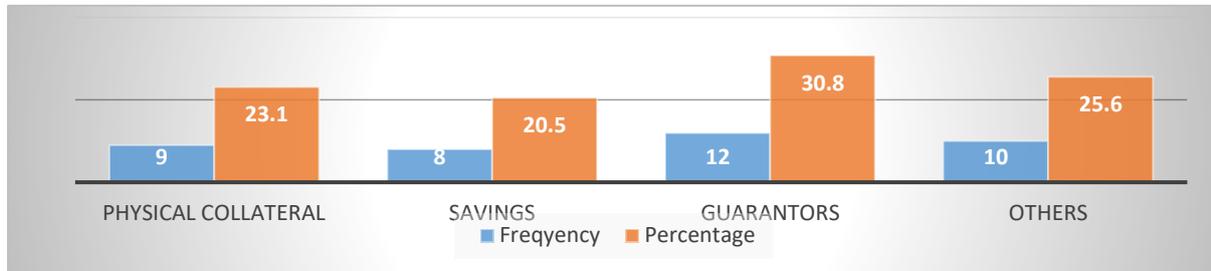


Source: Researcher’s Survey, 2024

From Figure 5 above, out of a total of 36 beneficiary respondents who refused to access credit from the MF programme, 22.2 percent indicated that it was due to high-interest rates whiles 44.4 percent said it was due to the inability to meet collateral security requirements. 19.4 percent of the responses were associated with untimely delivery of credit while bureaucracy in

the process of credit acquisition accounted for 13.8 percent of the responses from the respondents.

Figure 6: Requirement for Financial Assistance

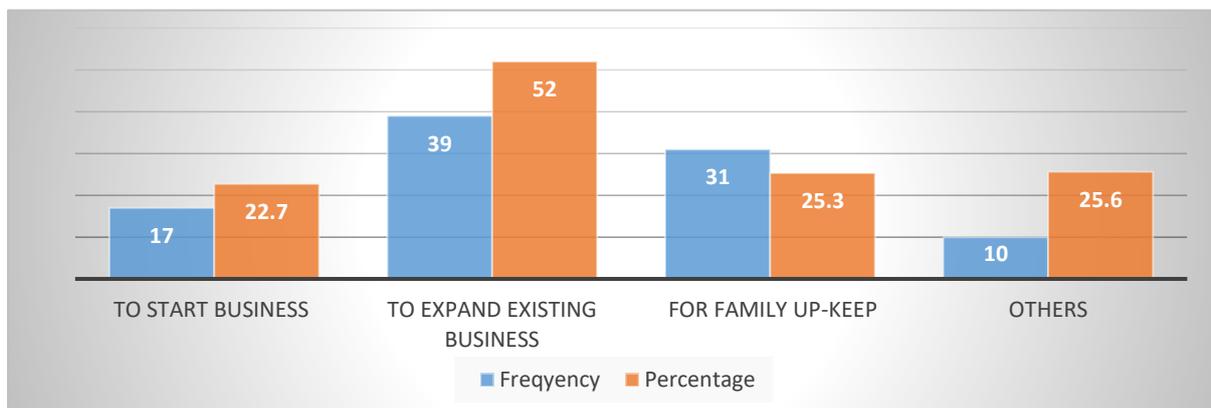


Source: Researcher’s Survey, 2024

From Table 6 and Figure 4.9, out of 39 respondents who acquired financial assistance from the Microfinance Institutions, guarantors and physical pledges of properties were the main collateral taken by the MFIs. Subject to the recommendation of a committee, the loans are either given or refused. With the basic requirement for the award of financial assistance to the women, 23.1 per cent had used physical collateral, 20.5 per cent used savings with the bank and 30.8 per cent used guarantors to acquire financial assistance from the MFIs in the Tombo community. Other types of requirements used are social collateral, group joint guarantee and regular salary earnings forming 25.6 per cent of the respondents. The majority in the category above were mainly the salary workers who took their monthly salary from the bank.

Clients, however, lamented over how to come by these securities as most people entertain fears that if the beneficiary refused to repay the loan he or she may have to use the salary as a lien. Most of them also lack proper documentation of physical assets which could be used to access the loan. The easiest form was to operate savings accounts with the bank and by the periodic accumulation of savings, financial assistance can be accessed. Table 4.6 shows the basic requirement women in the Tombo community used to access financial assistance from the Microfinance Institutions. This finding implies that credit acquisition from any financial institution is tie to a client’s ability to provide collateral.

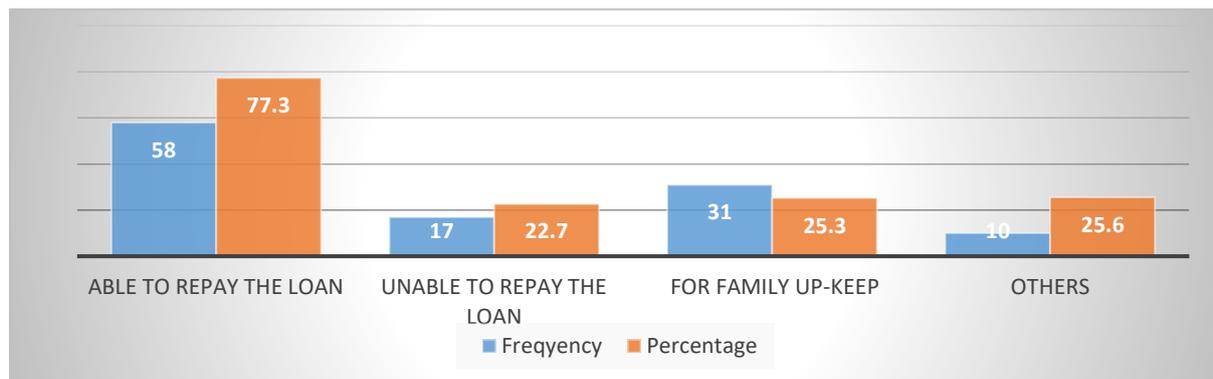
Figure 7: Purpose of Financial Assistance



Source: Researcher’s Survey, 2024

Figure 7, women gave different purposes for utilizing financial assistance as per the field results. While 22.7 per cent used it to start their businesses, 52 per cent used it to expand existing businesses. Those that used their assistance for the payment of domestic activities such as health insurance bills, electricity, school fees and housekeeping expenses were 25.3 per cent. This finding implies that credit facilities may be sought for the start of small-scale businesses and or for fishing trade purposes. Again, expansion of existing business may be in the form of an increase in materials as inputs, building fish dryers, hiring of additional hands and many others. The majority of the respondents are into various forms of business already and only required credit to expand those businesses.

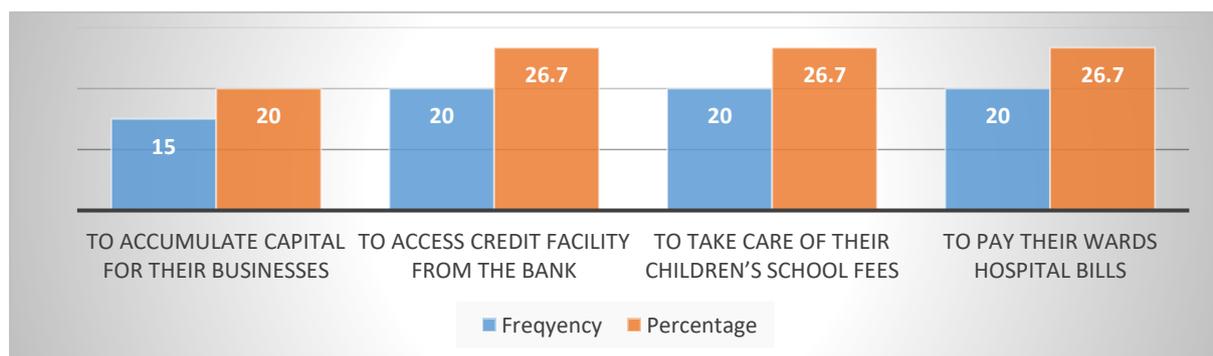
Figure 8: Financial Assistance/Loan Repayment



Source: Researcher’s Survey, 2024

The ability to pay back loans/financial assistance was factored into the data collection. Figure 8 showed that about 77.3 per cent were able to repay their loans while 22.7 per cent were not able to repay their loans. This was buttressed by the information from the interview with one Branch Manager of the Microfinance Institutions who revealed that the maximum loan recovery rate is 95 per cent with the minimum being 78 per cent. The inability of the women in microeconomics activities to repay their financial assistance was mainly due to the misapplication of funds. The credit even though sought for a particular purpose was used for different purposes other than the original purpose used to secure the credit.

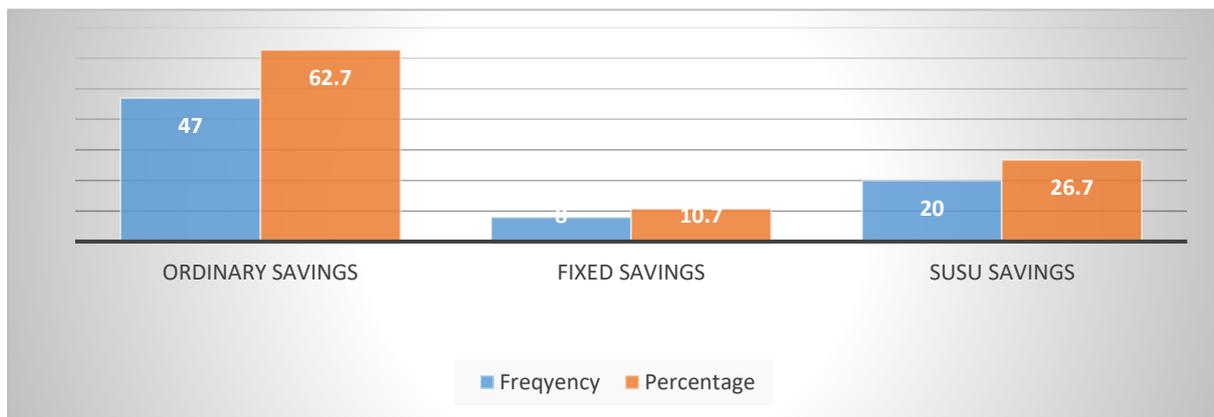
Figure 9: Reasons for Saving by Women in Microfinance



Source: Researcher’s Survey, 2024

Figure 9, 15 percent of the total respondents had the intention of saving to accumulate capital for their businesses. 20 per cent saved to access credit facilities from the bank. Added to that, another 20 per cent of some respondents saved to take care of their children’s school fees. Lastly, another 20 per cent of the total respondents saved to pay their ward’s hospital bills.

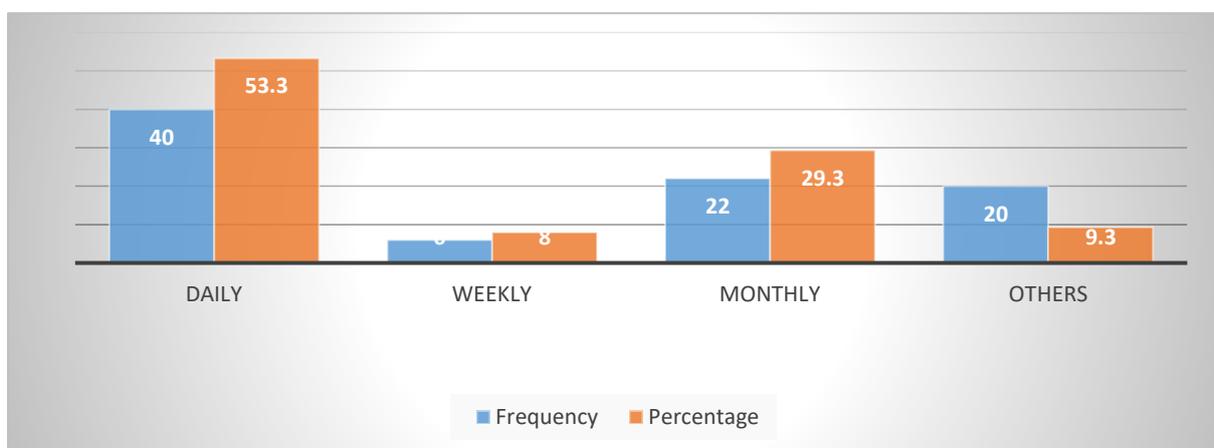
Figure 10: Type of Savings with MFI’s



Source: Researcher’s Survey, 2024

In Figure 10, the intention for opening accounts determines the type of saving one made with the MFIs. About 62.7 percent of the respondent had ordinary savings with the bank while 10.7 percent had fixed savings. Susu savings constituted 26.7percent of the type of savings with the MFI. Ordinary savings, as the name implied, is meant for accumulating deposits to meet the future cash demand of the clients. Susu savings is on a daily which allows the clients access to their money after a month of contribution.

Figure 11: Rate of Cash Deposit in Savings Accounts



Source: Researcher’s Survey, 2024

From Figure 11, about 53.3 percent of the respondents were doing daily savings while 8 percent were doing weekly savings. Those that deposited on a monthly basis were 29.3 percent while another kind of savings, thus, those who do not have a pattern of cash deposit formed 9.3 percent. Another type of savings was mainly farmers and people that have seasonal income. Yam/cereal farmers for example deposited in their savings accounts at the end of the harvest season. The daily savings was made possible by the introduction of mobile banking where the services are brought to the doorsteps of customers. This daily type of savings was mainly patronized by food vendors and traders usually after their daily sales.

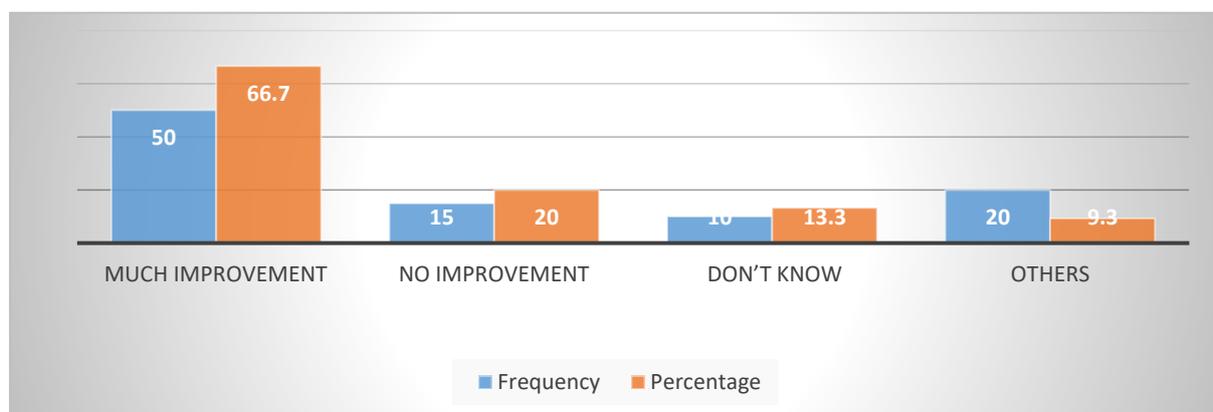
The study found that while microfinance institutions (MFIs) have increased their outreach in the Tombo community, significant barriers still exist. Many women reported difficulties in accessing microcredit due to stringent application processes and high-interest rates.

4.2.2 Contributions to Livelihoods and Well-being

Microfinance has played a crucial role in improving the livelihoods of rural women in Tombo. Participants reported increased income, better business opportunities, and improved household well-being. However, the impact varied significantly depending on the amount of credit received and the type of business activities undertaken.

The second objective of the study was to analyse the contributions of microfinance to improving the livelihoods and well-being of rural women in the Tombo community. The data collection shows that microfinancing generally has a positive impact on the lives of women in the Tombo community. This was based on the enquiry of the type of improvement and the conditions of women before and after joining the MFIs. Factors considered in this regard were business improvement, acquisitions of assets, increase in income, educational status of the client's children and the client's involvement in household decision-making. Below are the responses to the impact of MF on the businesses of women in the Tombo community. The analysis and presentation of the data are shown below.

Figure 12: Improvement in Business after Joining MFIs

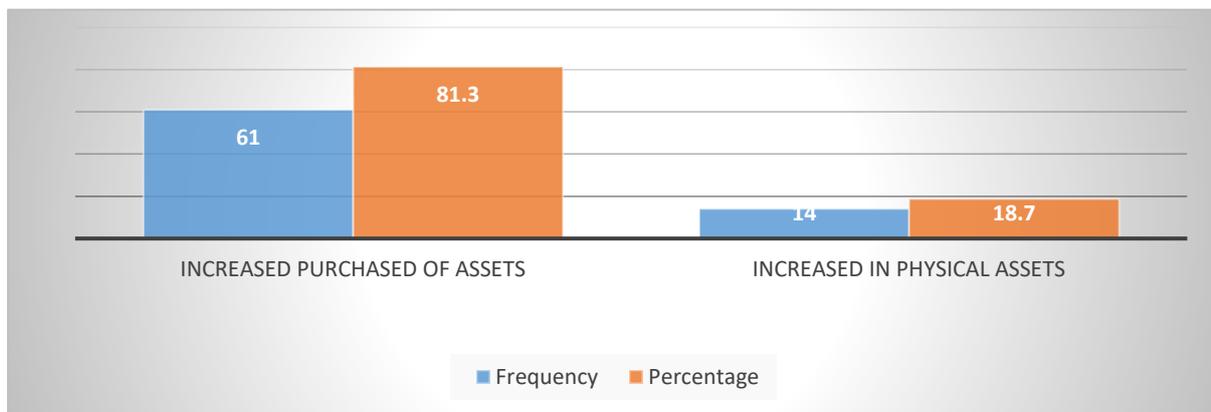


Source: Researcher's Survey, 2024

From Figure 12, most of the respondents representing 66.7 percent attested to the fact that microfinance has contributed positively to their businesses after joining the MFIs. About 20

percent however did not see any improvement in their businesses after joining the MFIs. Also, 13.3 percent did not know whether it has had a positive or negative impact. A notable proportion saw an increase in their turnover, stock and assets. For instance, some who initially operated from table-built kiosks and those who were in wooden kiosks also moved to metal containers. Some were able to employ extra hands to assist in the day-to-day business activities. Contrary to the arrangement before joining the MFIs, where husbands cultivate the land and share among their wives, those women who were into farming could now cultivate their farms without recourse to their husbands. All these contributed to the improvement in their income and their ability to meet livelihood-related needs.

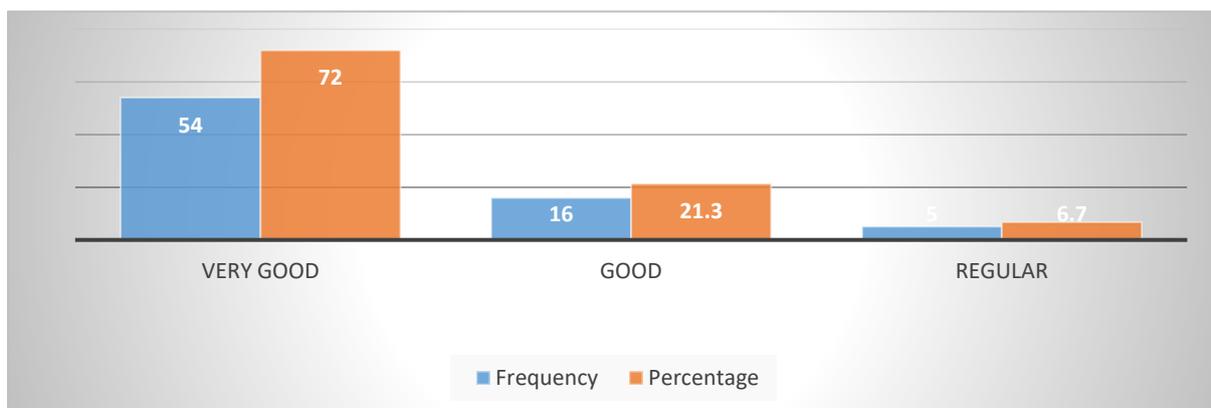
Figure 13: Acquisition of Assets



Source: Researcher’s Survey, 2024

Figure 13 above show the type of asset improvement of women in The Tombo community. The proportion of respondents that saw a positive impact in their business, (81.3%) indicated that there was an increase in the purchase of inputs; while 14 respondents representing 18.7% used it to expand the physical assets base of their businesses. This involves the building of metal containers, and the renovation of buildings, among other things.

Figure 14: The Educational Status of Wards of Respondents after Joining MFI.



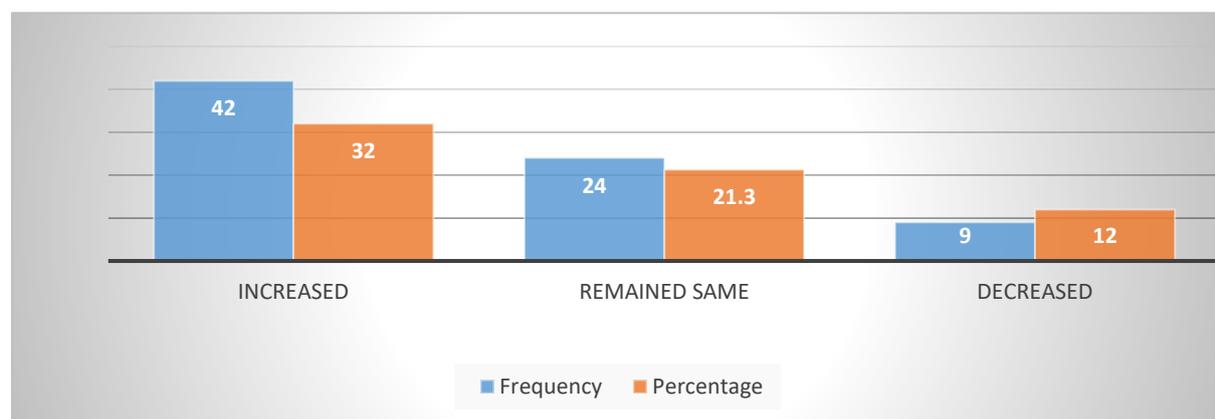
Source: Researcher’s Survey, 2024

From Figure 14 above, 72 per cent admitted to having a very good educational status for their wards before joining MFI. Those that had a good and regular educational status for their wards were 21.3 and 6.7 percent respectively. This implies that the respondents attested to the fact that there has been significant improvement in their ability to give better education to their wards. Good educational status could be measured by households' ability to pay school fees, buy school uniforms, buy exercise books, and attend schools with good facilities, effective teachers, and good nutrition for children.

4.2.3 Enhancing Income Levels

The third objective of the study was to assess the role of microfinance services in improving rural women's income in the Tombo community. The analysis and presentation of the data are shown below.

Figure 15: Income after Joining MFI



Source: Researcher's Survey, 2024

In Figure 15, respondents were asked whether their incomes had increased after joining MFI. Responses indicated that 56 percent of the respondents had their income increased after joining MFI. While 32 per cent of the respondents said their income did not change, 12 per cent said their income had rather reduced.

The analysis showed that women who accessed microfinance services experienced a significant increase in their income levels. This increase enabled them to invest in their businesses, thereby expanding their economic activities and improving their financial stability.

4.2.4 Participation in Household Decision-Making

The final objective of the study was to assess the contributions of microfinance services to rural women's participation in household decision-making. The analysis and presentation of the data are shown below.

Table 1: Contributions of microfinance services to rural women's participation in household decision-making.

Statement	Before joining MFI		After joining MFI	
	Freq.	%	Freq.	%
Took part in Household Decision Making	8	10.7	29	38.7
Didn't take part in Household Decision-making	67	89.3	46	61.3
Total	75	100	75	100

Source: Researcher's Survey, 2024

Table 1 illustrates the change in women's participation in household decision-making before and after joining the MFIs. The field research revealed that prior to joining the MFI, only 10.7% of the respondents participated in household decision-making, while a significant majority of 89.3% did not. After joining the MFI, 38.7% of the respondents reported participating in household decision-making. However, the majority, representing 61.3%, still did not participate in household decision-making even after joining the MFI.

Although the proportion of women involved in household decision-making increased from 10.7% to 38.7%, the majority (61.3%) of respondents remained excluded from contributing ideas towards household management. This persistent exclusion is attributed to deeply entrenched power dynamics and social values that favor men. Consequently, a single intervention, such as providing credit, is unlikely to completely transform power and gender relations within the household.

5.0 SUMMARY AND RECOMMENDATIONS

5.1 Summary

The primary objective of this study was to assess the impact of microfinance on the income and vulnerability of women in rural areas as a tool for poverty reduction in Sierra Leone. The study focused on the Microfinance Institutions in the Tombo community. It aimed to identify factors affecting access to microfinance and its impacts on businesses, income, education, food, and household decision-making. The methodology included study design, population sampling, data sources, instruments, and data analysis.

Findings indicate that the procedure and security requirements for obtaining credit from MFIs were simpler than those of conventional banks. Women in the community found these requirements modest, facilitating their participation in the formal monetary process. Unlike traditional banking, which demands complex collateral, MFIs made it easier for women to access credit. This access led to improvements in their businesses, with increased sales turnover, stock, fixed assets, and incomes. The study revealed that 56% of respondents experienced an increase in their weekly and monthly income. Many women started their businesses with personal savings and, through hard work, secured credit for expansion. This resulted in increased income, financial support for their families, improved business performance, asset acquisition, quality healthcare, better education for their children, and the ability to meet household expenses. These women positively transformed their financial and social conditions, thereby enhancing their livelihoods and overall well-being.

Regarding women's roles in household decision-making, the analysis revealed that microfinance schemes contributed to social and economic empowerment. Initially, most respondents were not involved in household decisions, but their participation improved after joining the MFI. However, this improvement was not significant due to cultural constraints and traditional roles. Women were often excluded from decision-making because they were not seen as contributors to household upkeep and were expected to focus on child-rearing and food preparation.

5.2 Recommendations

Given that microfinance alone is insufficient to enhance clients' well-being and livelihoods, several recommendations are proposed:

1. **Focus on Women's Empowerment:** Microfinance policies should prioritize women's empowerment, providing capacity building in knowledge, skills, competencies, and gender for policy and impact analysis. Gender issues should be integral to MFIs' mission statements and social intermediation packages.
2. **Institutional Assessment:** MFIs should integrate client satisfaction into their performance assessments, conducting routine institutional evaluations for credibility and accountability. This approach should extend beyond financial profitability.
3. **Increase Loan Threshold:** MFIs should increase their loan thresholds to have a greater multiplier effect on women's income through profits from income-generating activities. The current loan amounts improve profits but are insufficient to significantly impact rural women's lives.
4. **Set Sustainability Timeframes:** MFIs should establish timeframes for client sustainability, after which no additional credit will be provided. This practice ensures that programs have the intended impact and encourage clients to become self-sufficient.

By implementing these recommendations, microfinance institutions can enhance their effectiveness in improving the livelihoods and empowerment of rural women in Sierra Leone.

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