IS MICROFINANCE THE ANSWER? VISACA INTERVENTIONS IN THE GAMBIA

by

Atta A. Ceesay

A Dissertation submitted to the
Graduate School – Newark
Rutgers, The State University of New Jersey
in partial fulfillment of the requirement
for the degree of
Doctor of Philosophy
Graduate Program in Public Administration
Written under the direction of
Dr. Kyle Farmbry
and approved by

________________________________
________________________________
________________________________
________________________________

Newark, New Jersey
October, 2011
ABSTRACT OF THE DISSERTATION

Is Microfinance The Answer? VISACA Interventions in The Gambia

Atta A. Ceesay
Dissertation Chair:
Dr. Kyle Farmbry

The primary goal of this exploratory study was to investigate how microfinance affects the lives of the rural men and women in The Gambia. Additionally, the study also investigated whether the institutional capacity of the Village Savings and Credit Associations (VISACAs) played any role in enhancing or inhibiting the microfinance intervention scheme. Using a mixed-methods approach, the study was conducted using several data collection tools. Questionnaires were completed by five national experts, and eight microfinance Technical Service Providers (TSPs) in the area of microfinance to gain a broad understanding of microfinance in the Gambia. Semi-structured interviews were conducted with a random sample of 120 microloan recipients and 50 VISACA employees. The questionnaires and interviews were augmented with existing secondary data, participant observations, and field notes. A combination of descriptive statistics, regression, and chi-square analysis was used to examine the quantitative data. Qualitative data was analyzed by pulling themes and making sense of the themes.

The study found that participation in microfinance leads to an increase in individual and household income and savings. The ability to better provide for one’s family also increased. While a number of the recipients accumulated some assets, a considerable number reported that acquiring those assets resulted from their participation in the microfinance program. The results of the regression analysis suggest that there was no significant relationship between changes in income and savings (dependent variables) and the strength of the VISACA. Furthermore, chi-square results indicated no significant relations between women’s empowerment and the strength of the VISACA. The themes that emerged from the qualitative analysis, for the most part complement the statistical findings. The need to strengthen the VISACAs through capacity building emerged as a central issue that needs to be addressed to ensure long-term sustainability.
Acknowledgement and Dedication

I start by praising Allah Almighty for making this journey a reality. This Dissertation is dedicated to my family, Ebou, Omar, and Alieu who have endured many years of unintended neglect in pursuing this doctorate. To my parents, who have given me the opportunity to pursue a quality education and endless support throughout my life. Finally, my dedication goes to the men and women in The Gambia, who genuinely believe that microfinance can make a difference in their lives.

I am indebted to many institutions and individuals, whose support and contribution made this project a reality. The School of Public Affairs and Administration (SPAA) has provided me with valuable education, and the occasional financial help. The International Fund for Agricultural Development (IFAD) for funding my fieldwork through the Rural Finance Project (RFP). The support and help of Omar Baldeh (RFP), Seeku Jaabi (Central Bank of the Gambia), Mohammed Sawaneh (Social Development Fund), and the VISACAs made the fieldwork seamless.

I also sincerely acknowledge the untiring help and support of my chairperson and mentor Dr. Kyle Farmry. Throughout the five years we have known each other, Dr. Farmbry has never ceased in his commitment, patience, and endurance for my success. The other members of my dissertation committee – Profs. Gregg VanRyzin, Judith Kirchhoff, and Jeffrey Robinson, have graciously supported and provided guidance throughout my dissertation writing. I am most grateful to Prof. VanRyzin for walking me through the methodological challenges and his profound understanding and patience for someone trying to finish a dissertation, while taking care of two small children. Melissa, Gail, Madeleine, and Danese, you made this journey a red carpet event for me by not only helping with the administrative tasks, but treating me as a family member with all your support and encouragement. I would like to thank all my classmates and colleagues for all the moral support and great information sharing. A special thanks to Hawwa Muhammad for assisting with data entry and editing.
I am extremely thankful and grateful to all my family members for cheering me on throughout this journey. Not singling any one out, but Fatoumatta Ceesay MD (Milwaukee), Fatoumatta Ceesay (Oklahoma), and Isatou Ceesay had made this journey less chaotic with the extended stays for Omar and the financial help. Melissa Rivera, Paula Muir, Diane Yancey, Mambetty Kah, and Jaye Ceesay have also played pivotal roles in helping me balance motherhood and school. Finally, to my little folks – Dawda Royal, Mamfatou, Jainaba, Abu, Omar, and Alieu Jallow, Elly and Kebba Secka, Yaya Ceesay, Nicholas and Alexis Rivera, the bar has been set.

Atta A. Ceesay

October 2011
# TABLE OF CONTENTS

Abstract of the Dissertation                              ii  
Acknowledgement and Dedication                           iii  
Table of Contents                                        v  
Keywords                                                 vii  
List of Acronyms                                         viii  
List of Tables                                           xi  
List of Figures                                          xii

## CHAPTER 1: INTRODUCTION
Introduction                                              1  
Statement of the Problem                                  6  
Significance of the Study                                 9  
Organization of the Dissertation                          10

## CHAPTER 2: REVIEW OF RELEVANT BODIES OF LITERATURE
Introduction                                              11  
Microfinance defined                                      11  
Types of Microfinance Institutional set-ups               17  
Grameen: A Model for Microfinance                         20  
Microfinance and the Millennium Development Goals         22  
Financial Sustainability & Social Impact                 24  
Impact Assessment including studies conducted            29  
Capacity Development & Institutional Capacity Building    34  
Conclusion                                               43

## CHAPTER 3: RESEARCH CONTEXT
Introduction                                              45  
Location, Geography and Population                        45  
Political Perspective                                     46  
Socio-Economic Perspective                                47  
Socio-Cultural Situation                                  51  
Evolution of Microfinance in The Gambia                   52  
Government’s Role in the Microfinance Sector in The Gambia 58  
Types of Microfinance Institutions in The Gambia and areas of intervention 65  
Conclusion                                               70

## CHAPTER 4: RESEARCH METHODOLOGY
Introduction                                              72  
Sampling and Unit of Analysis                             74  
Data Collection                                           77  
Researcher Role                                           80  
Data Analysis                                             81  
Protecting the Identity of the Respondents                84
CHAPTER 5: FINDINGS and ANALYSIS

Description of the sample

Statistical Results for the Stated Proposition

- Proposition I
- Proposition II
- Proposition III
- Proposition IV
- Proposition V
- Proposition VI
- Proposition VII

Qualitative Results

- Role of Microfinance in The Gambia
- The Need for Capacity
- VISACA Sustainability

Conclusion

CHAPTER 6: IMPLICATIONS, RECOMMENDATIONS, and CONCLUSION

Discussion and Policy Implications

Capacity Building Gaps

Institutional Unpreparedness for Long-term Sustainability

Government Regulation and Policies

Donor Oversight and Control

The Current State of Microfinance

Limitations of the Research

Future Research

Conclusion

REFERENCES
<table>
<thead>
<tr>
<th>KEYWORD(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empowerment</td>
</tr>
<tr>
<td>Capacity Development</td>
</tr>
<tr>
<td>Grameen Bank</td>
</tr>
<tr>
<td>Institutional Capacity Building</td>
</tr>
<tr>
<td>Microcredit</td>
</tr>
<tr>
<td>Impact Assessment</td>
</tr>
<tr>
<td>Microfinance</td>
</tr>
<tr>
<td>The Gambia</td>
</tr>
<tr>
<td>VISACA</td>
</tr>
</tbody>
</table>
## LIST OF ACRONYMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>Agricultural Development Bank</td>
</tr>
<tr>
<td>AFDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>AFET</td>
<td>Association of Farmers, Educators, and Traders</td>
</tr>
<tr>
<td>AIMS</td>
<td>Assessing Impact of Microenterprise Services</td>
</tr>
<tr>
<td>BRAC</td>
<td>Bangladesh Rehabilitation Assistance Committee</td>
</tr>
<tr>
<td>CBG</td>
<td>Central Bank of The Gambia</td>
</tr>
<tr>
<td>CGAP</td>
<td>the Consultative Group to Assist the Poorest</td>
</tr>
<tr>
<td>CRR</td>
<td>Central River Region</td>
</tr>
<tr>
<td>CSOs</td>
<td>Civil Society Organizations</td>
</tr>
<tr>
<td>DoSA</td>
<td>Department of State for Agriculture</td>
</tr>
<tr>
<td>DoSFEA</td>
<td>Department of State for Economic Affairs</td>
</tr>
<tr>
<td>ERP</td>
<td>Economic Recovery Program</td>
</tr>
<tr>
<td>FFHC</td>
<td>Freedom from Hunger Campaign</td>
</tr>
<tr>
<td>FFI</td>
<td>Fiduciary Financial Institution</td>
</tr>
<tr>
<td>FIA</td>
<td>Financial Institutions Act</td>
</tr>
<tr>
<td>FINCA</td>
<td>Foundation for International Community Assistance</td>
</tr>
<tr>
<td>FORUT</td>
<td>Fur Utvitling: The Campaign for Solidarity &amp; Dev</td>
</tr>
<tr>
<td>GAMSAVINGS</td>
<td>Gambia Microfinance Savings Company Ltd</td>
</tr>
<tr>
<td>GAWFA</td>
<td>Gambia Women's Finance Association</td>
</tr>
<tr>
<td>GBoS</td>
<td>Gambia Bureau of Statistics</td>
</tr>
<tr>
<td>GCDB</td>
<td>Gambia Commercial and Development Bank</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Form</td>
</tr>
<tr>
<td>-----------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>GOTG</td>
<td>Government of The Gambia</td>
</tr>
<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
</tr>
<tr>
<td>ILCUF</td>
<td>Irish League of Credit Union Foundations</td>
</tr>
<tr>
<td>KM</td>
<td>Kanifing Municipality</td>
</tr>
<tr>
<td>LDC</td>
<td>Least Developed Countries</td>
</tr>
<tr>
<td>LRR</td>
<td>Lower River Region</td>
</tr>
<tr>
<td>MDGs</td>
<td>Millennium Development Goals</td>
</tr>
<tr>
<td>MFI</td>
<td>Microfinance Institution</td>
</tr>
<tr>
<td>MICROFIMS</td>
<td>Microfinance Market Developer &amp; Service Provider</td>
</tr>
<tr>
<td>MSE</td>
<td>Micro and Small Enterprise</td>
</tr>
<tr>
<td>NACCUG</td>
<td>National Association of Cooperative Credit Unions</td>
</tr>
<tr>
<td>NAVISACA</td>
<td>National Village Savings and Credit Association</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
</tr>
<tr>
<td>NBFIs</td>
<td>Non-bank Financial Institutions</td>
</tr>
<tr>
<td>NBR</td>
<td>North Bank Region</td>
</tr>
<tr>
<td>NSMD</td>
<td>National Strategy Paper for Microfinance Development</td>
</tr>
<tr>
<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
</tr>
<tr>
<td>PSD</td>
<td>Program for Sustained Development</td>
</tr>
<tr>
<td>RFCIP</td>
<td>Rural Finance and Community Initiative Project</td>
</tr>
<tr>
<td>RFP</td>
<td>Rural Finance Project</td>
</tr>
<tr>
<td>ROSCA</td>
<td>Rotating Savings &amp; Credit Association (osusu)</td>
</tr>
<tr>
<td>SACA</td>
<td>Savings and Credit Associations</td>
</tr>
<tr>
<td>SDF</td>
<td>Social Development Fund</td>
</tr>
</tbody>
</table>

ix
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEEP</td>
<td>Small Enterprise Education and Promotion Network</td>
</tr>
<tr>
<td>SPA</td>
<td>Strategy for Poverty Alleviation</td>
</tr>
<tr>
<td>TSP</td>
<td>Technical Service Provider</td>
</tr>
<tr>
<td>UNCDF</td>
<td>United Nations Capital Development Fund</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
</tr>
<tr>
<td>URR</td>
<td>Upper River Region</td>
</tr>
<tr>
<td>USAID</td>
<td>United State Agency for International Development</td>
</tr>
<tr>
<td>VISACA</td>
<td>Village savings and credit association</td>
</tr>
<tr>
<td>WR</td>
<td>Western Region</td>
</tr>
</tbody>
</table>
Lists of Tables

Table 1: Types of Microfinance institutions & major characteristics 19
Table 2: Sample of Quantitative Studies 28
Table 3: Ways of Understanding Capacity Development 39
Table 4: Eight Areas of Organizational Capacity 41
Table 5: Market Shares of MFIs 55
Table 6: Three Main Categories of Microfinance Institutions 66
Table 7: Randomly Selected VISACAs (membership base on 2007 data) 76
Table 8: Microfinance Recipients’ Demographic Information 90
Table 9: Loan Amounts 92
Table 10: Loan Uses 93
Table 11: Types of Businesses Recipients are engaged in 93
Table 12: Paired Sample t-test 94
Table 13: VISACA Quantitative Performance Indicators 99
Table 14: Regression Analysis Results 102
Table 15: Chi-Square Results 103
Table 16: Microfinance Donors and Investors 124
Table 17: Regional Breakdown of microfinance data 125
List of Figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Map of The Gambia</td>
<td>xiv</td>
</tr>
<tr>
<td>2</td>
<td>Rural Finance Project: Project Coverage by Institution</td>
<td>xv</td>
</tr>
<tr>
<td>3</td>
<td>Types of Microfinance beneficiaries</td>
<td>12</td>
</tr>
<tr>
<td>4</td>
<td>Types of Microfinance providers</td>
<td>13</td>
</tr>
<tr>
<td>5</td>
<td>Goals of Impact Assessment</td>
<td>30</td>
</tr>
<tr>
<td>6</td>
<td>Conventional model of the impact chain</td>
<td>32</td>
</tr>
<tr>
<td>7</td>
<td>A member and interviewer discussing the VISACA</td>
<td>68</td>
</tr>
<tr>
<td>8</td>
<td>Dankunku VISACA</td>
<td>68</td>
</tr>
<tr>
<td>9</td>
<td>Concurrent triangle design</td>
<td>73</td>
</tr>
<tr>
<td>10</td>
<td>A sign welcoming visitors to Boiram</td>
<td>74</td>
</tr>
<tr>
<td>11</td>
<td>A client being interviewed</td>
<td>78</td>
</tr>
<tr>
<td>12</td>
<td>Validating the inaccuracies of information</td>
<td>82</td>
</tr>
<tr>
<td>13</td>
<td>Participation in microcredit programs</td>
<td>83</td>
</tr>
<tr>
<td>14</td>
<td>Consolidated membership growth of all VISACAs</td>
<td>89</td>
</tr>
<tr>
<td>15</td>
<td>Consolidated deposit and loan activities of all VISACAs</td>
<td>89</td>
</tr>
<tr>
<td>16</td>
<td>Committee members at a VISACA</td>
<td>90</td>
</tr>
<tr>
<td>17</td>
<td>Level of Education</td>
<td>91</td>
</tr>
<tr>
<td>18</td>
<td>Level of Literacy</td>
<td>91</td>
</tr>
<tr>
<td>19</td>
<td>Ability to feed family</td>
<td>96</td>
</tr>
</tbody>
</table>
Figure 20: Assets

Figure 21: Female recipient discussing VISACA impact

Figure 22: Mamud Fana Recipient selling goods

Figure 23: Profits from the market stall

Figure 24: Cashier completing duties with minimal supplies

Figure 25: Presentation of financial information
Figure 1: Map of The Gambia

Source: CIA World Fact Book
CHAPTER ONE
INTRODUCTION

In most industrialized nations, citizens and businesses are privileged to have access to a wide array of financial services. Individuals or businesses can utilize the numerous avenues of credit whether it is consumer or business loans, mortgages, or money transfers. The same cannot be said for developing countries where such services in most cases are limited or nonexistent. Since the 1990s, microfinance has emerged as a promising strategy for combating poverty in developing and poor nations. By adopting microfinance as a core component in their aid programs for Africa, Asia, Latin America, and transitional economies, nongovernmental organizations (NGOs) and other developmental groups hope to reduce poverty in poor countries and to raise the status of women, who are the focus of many microfinance programs (Hossain, 2002). Professor Muhammad Yunus, an economist has been credited for being a pioneer in developing the concept of microfinance. Since its inception, its focus has largely been emphasized on lending to women with the belief that this will translate to stronger impacts in the household than to men. Reasons that have been attributed for providing women with loans are:

- Women are disproportionately represented among the poorest in society and need more help than men in securing sustainable livelihoods
- Women are discriminated against in the formal labor market and so are usually obliged to seek an income on the margins of the economy in the informal sector
Women-headed households are on the increase as a result of economic recession, changing labor needs, increasing urbanization, and the break-up of extended family structures. In some male-headed households, women are now the main source of income.

Women-headed households are usually more vulnerable in times of crisis, as they have fewer resources to draw upon.

Studies show that repayment rates on loans and contributions to family well-being are often higher among women than among men (Mayoux, 1999).

Several studies have been conducted to substantiate this conviction. A study conducted by (Pitt and Khander, 1998) showed that loans given to women led to positive impacts on children’s education, contraceptive use, and the value of women’s non-land assets. Another study by (Khandker, 2005) concluded that lending to women yields a greater impact on per capita household expenditure than lending to men. In the last decade, industrialized nations and international development agencies such as the United Nations and World Bank amongst others have viewed microfinance as an alternative tool in the fight against poverty. In addition, since the 1990s, microfinance programs targeting women have been promoted as a key strategy to address both poverty and women’s empowerment (Mayoux, 2002). Furthermore, as the fight against poverty has become more prominent, men are also increasingly participating in microfinance programs.

By outlining the Millennium Development Goals (MDGs), The United Nations has incorporated microfinance initiatives as one of the ways to reach the goals. The year 2005 was even declared the year of “microfinance” by the United Nations. The growth and
replication of microfinance around the world stemmed from early initiatives that were seen as very successful. Some of these first start-ups included: Grameen bank and the Bangladesh Rehabilitation Assistance Committee (BRAC), Foundation for International Community Assistance (FINCA) in Latin America, and Bancosol in Bolivia.

As the plight of poverty becomes increasingly problematic, the international community has relied on microfinance programs as an alternative poverty alleviation tool. But the challenge remains as to how these programs can reach impoverished people and at the same time have the necessary frameworks to stay autonomous in delivering their mission effectively. Building strong microfinance institutions is essential to ensure that the poor not only gain access to financial services that will allow them not only to move out of poverty, but to invest in a better way of life. There is a need to enable poor people to survive in the short-term as well as ensure a long-term sustenance. This has led to increased pressures on microfinance institutions to transform the way they do business.

The world of microfinance according to the United Nations Capital Development Fund (UNCDF), “has dramatically changed over the past decade from a subsidy oriented focus to a focus on sustainability; from a project approach to a focus on building sustainable microfinance institutions; from a perception of poor people as beneficiaries to a treatment of people as customers; from providing credit only to providing a range of financial services.”¹ This point was reiterated by former secretary general of the United Nations, Kofi Annan.
Annan purports:

“Sustainable access to microfinance helps alleviate poverty by generating income, creating jobs, allowing children to go to school, enabling families to obtain health care, and empowering people to make the choices that best serve their needs. The stark reality is that most poor people in the world still lack access to sustainable financial services, whether it is savings, credit or insurance. The great challenge before us is to address the constraints that exclude people from full participation in the financial sector. The International Year of Micro credit offers a pivotal opportunity for the international community to engage in a shared commitment to meet this challenge. Together, we can and must build inclusive financial sectors that help people improve their lives.”

Traditionally, in The Gambia and other developing countries, development institutions such as Microfinance Institutions (MFIs) relied on international donors to provide the technical assistance needed to run these institutions effectively. Ellerman (2002) describes traditional technical assistance as “social re-engineering” that amounts to “unhelpful help”. This set-up, however helpful, many times undermines the capacities of the indigenous institutions. The Village Savings and Credit Associations (VISACAs) operating in The Gambia are better suited to understand the socio-economic and cultural dynamics that are present in the communities they serve than the donors handing them down the “how to” of running the institutions. Advocates of capacity development suggest that it should be recognized as a process that involves both societies and institutions that are intertwined and have evolved overtime. However, (Laverne and Saxby, 2001) suggest that donors are becoming more aware that capacity is not better handed-down, but one that is “willfully acquired” overtime.

---

1 UNCDF Microfinance sector development approach 2004
2 Kofi Annan, General Assembly green lights programme for the international year of micro credit 2005, press release, 29 December 2003
3 Village Savings and Credit Association (VISACA) in this research context is synonymous to Microfinance Institution (MFI)
A review of studies conducted on microfinance particularly in Africa, yielded no results for studies that has combined both the impact of the program and the capacities of the institutions. In The Gambia, there is a heavy reliance on the VISACAs to ensure the success of the programs and thus it is crucial that the vehicle (VISACA) through which the microfinance intervention programs are administered be evaluated as well in order to gain an overall picture of how microfinance intervention programs affect their recipients. This dissertation will not only focus on the effects of microfinance on the lives of recipients in The Gambia but also on the capacity of the microfinance institutions that implement these programs. This dissertation will attempt to investigate and understand:

1. **How does microfinance affect the lives of its recipients?**
   a. The effect of microfinance on the following financial indicators: household/individual income, asset, and savings (do households or individuals become richer or otherwise see an increase in monetary terms or asset accumulation as a result of microfinance?)
   b. The effect of microfinance on the following quality of life indicators: women’s empowerment (increased bargaining power within the household, increased influence in household decisions, self confidence, respect from friends and family, and participation in the community) and nutrition

2. **How do factors of institutional capacity enhance or inhibit the role of these organizations Vis-a-Vis the role they play in the intervention?**

Specifically, the dissertation examines:
a. the role that the institutions play in the success of the program thus having
a positive impact on their clients (access by the poor to the basics, which
most people take for granted such as financial services, health, clean
water, and education is a major concern of all developmental programs.
But gaining and sustaining access to these types of services requires
effective and permanent institutions. MFIs have to have the right
capacities and the necessary strategies to ensure that the poor have and
continue to have access to financial services. Looking into the institutional
capacity of the VISACAs will enable an evaluation of the extent to which
institutional capacity is built as part of the success of the microfinance
intervention project. This will lead to the identification of factors
supporting and constraining the movement of the poor from simply
surviving to building a livelihood that is both self-sufficient and
sustainable. Using the literature as a guide, the following indicators of
institutional effectiveness: (I) financial parameters (total membership, total
deposit, outstanding loans, total capital, and total portfolio-at-risk); (II)
strategic leadership; (III) organizational structure; (III) financial
management; and (IV) infrastructure will be used to analyze capacity
building.

**Statement of the Problem**

In the case of The Gambia, as with many developing countries, the financial needs of
most households or small businesses are not well served by the formal financial sectors
such as banks and insurance companies. They usually depend on cash transfers from relatives living outside of the country, those employed in the country, or from government pensions. Individuals seeking micro enterprises do not go to the commercial lending institutions because they either do not have the necessary reference and collateral to back the loans, or are unwilling to pay the high interest rates associated with such loans, and the loan amounts requested are usually below the minimum set by the banks. Individuals and small business are left with the task of finding alternative sources of funding.

In The Gambian context as well as in most African countries, some traditional alternate sources of funding for those looking to engage in micro enterprise have been through: (I) Individual money lenders; (II) other family members; and (III) engaging in ROSCA (Rotating Savings and Credit Association, i.e. “osusus”). Osusu is an informal financial investment group. Usually individuals in small groups will band together and put money in a pot, so that the accumulated amount from the group can be taken by a member of the group for their own use. This process continues until all the members of the group have benefited from the accumulated sum. This arrangement can be on a daily, weekly, or any basis the group has decided. Once each member of the group has an opportunity to use the money, the osusu may be discontinued or restarted. Borrowing money from individual money lenders is considered anti-developmental due to the high interests on the loans. In the case of Osusus, one has to be able to put some money in the pot in order to be able to benefit from the group. Most individuals do not even have such amounts, however small, to participate. Other family members might be sympathetic and in support
of a business idea but, they themselves are usually financially constrained. Therefore, these difficulties make microfinance very important as a way through this impasse.

Small businesses and the informal sector play a big role in economic development in the developing countries by creating jobs and raising incomes. Despite their important developmental role, obtaining finances from within their countries is very difficult. This makes the role of the NGOs and other institutions that offer different aspects of microfinancing very important in the development of these countries. One could argue that once a microfinance intervention program has been implemented, it should take care of the previous mentioned difficulties, and then it’s up to the recipients to utilize the opportunity afforded to them to ensure their success. However, this is not the case. Especially for women’s empowerment, in which granted, the process is activated by women themselves. Nevertheless, these women still require guidance through the process and such support is obtained through external actors such as governments, semi-governmental organizations, and civil organizations (Rooij, 2005). In the case of women’s empowerment, (Shortall, 1994) says that these external actors can help “create the conditions whereby women can become the agents of their own development and empowerment”. The microfinance recipient’s opportunities can improve greatly if factors of institutional capacities such as rules, regulations, policies, strategies, and other components are in place to ensure that they are taught the necessary skills to adequately make use of the program.
This dissertation attempts to assess the effects of microfinance interventions on its beneficiaries. Furthermore, the study also aims to evaluate the performance of the microfinance institutions (in this case – VISACAs) in their capacity as financial intermediaries in the interventions. As the demand of their services by the rural poor increases, MFIs have to be operating in a financially viable environment and be self-sustaining in the long-term, without the backing of donor funds, government, and non-profit organizations. They must have the capacity to meet high performance standards bestowed to them as vehicles towards poverty alleviation in many developing countries.

Both primary and secondary data are used in this study. The primary data was collected over a nine-month fieldwork assignment. The design of the dissertation was based on a retrospective before after analysis as opposed to a purely cross-sectional analysis. The randomly sample of clients was drawn from men and women that have been members in the VISACA for at least a year and those who were active members. People’s situations before and after they signed up with the VISACA were assessed. Furthermore, a sample of institutions servicing these individuals was assessed for capacity adequacy.

**Significance of the Study**

This study will serve several roles. As an exploratory analysis, about a great deal can be learned on how the design of microfinance intervention programs can affect the lives of individuals in The Gambia, and whether these organizations are sustainable enough to maintain their mission in the long-term. The research will also help to suggest policies in promoting microfinance in the country. Furthermore, the data gathered from the study
will serve as a baseline for other researchers interested in examining the effects of microfinance interventions within the country. Donor organizations and NGOs can also benefit by using the data for international comparison, and fill a gap in the research of linking institutional capacity to a positive change in the lives of the recipients. Additionally, a comprehensive study has not yet been attempted in the country. Organizations/institutions generally conduct evaluation (midterm) and completion point studies focusing on their intervention areas. No one has been ambitious enough to look at the country situation in a single study.

**Organization of the Dissertation**

This dissertation is composed of six chapters. Chapter one serves as an introduction. The research question and purpose of the exploratory study is outlined. Chapter two is a review of relevant bodies of literature on impact assessment, institutional capacity development, institutional capacity building, and an overview of microfinance. An overview of microfinance in The Gambia is presented in chapter three, and the research methodology is outlined in chapter four. Chapter five presents the core of the study by examining the affect that microfinance intervention and institutional capacity have on recipients. In this chapter, the empirical data, findings, and interpretation of the data are examined. Chapter six concludes the dissertation by discussing areas of policy recommendations, study limitations, and suggestions for further study.
CHAPTER TWO
REVIEW OF RELEVANT LITERATURE

Introduction

In this chapter, an attempt will be made to define microfinance including literature on its benefits and limitations, outline its types of institutional set-ups, discuss the trade-off between financial sustainability and social impact, highlight the Grameen Model and relate microfinance to the MDGs. Furthermore, this section will address two conceptual frameworks as they relate to microfinance: (i) literature on impact assessment including review of microfinance studies conducted and (ii) Capacity Development and Institutional capacity Building. Additionally the issue of sustainability in microfinance institutions will be discussed. These frameworks will not represent everything about impact and capacity building but will serve as a guide and overarching story line. This section will help us understand: (I) the different elements of impacts and how this will lead to an understanding of how microfinance interventions in The Gambia affects the participant and (II) orient various points of view that the different VISACAs have regarding capacity building and how it relates to the microfinance intervention.

Microfinance defined

Microfinance refers to making available financial services to individuals who are excluded from the formal system on account of their lower economic status. These financial services most commonly take the form of loans and savings, insurance, payment services, micro insurance, and other financial tools. The recipients of microfinance are usually without any tangible assets that they can use as collateral to obtain financing from formal banking institutions. Figure 3 below shows the different groups that are usually
serviced by microfinance institutions. It is more or less evident from the groups identified by La Torre are by their “status” not deemed creditworthy by the formal financial sector in addition to their lack of access to banks due to location or even lack of self-belief or confidence that they can approach banks for services. Such groups are generally vulnerable and mainly women constitute the bulk in many developing countries including The Gambia. The organizations outlined are mainly the vehicles or medium through which these groups can access microfinance services.

Figure 3: Types of Microfinance beneficiaries

**Figure 4** below is a typology of the different microfinance service providers. There is diversity in the types, ranging from formal to informal providers.

**Figures 3 and 4** showed that the microfinance phenomena not only involve many different players, but individuals that are considered to be amongst the most vulnerable in the world in reference to their socio-economic status. The history of microfinance dates back to the 1800s, at a time when theorist Lysander Spooner advocated small credits to entrepreneurs and farmers as a way of encouraging poverty alleviation. The Marshall plan at the end of World War II furthered the concept. Today, microfinance as we know it dates back to the 1970s with the establishment of organizations such as the Grameen
bank. Thus, since the introduction of microfinance as we know it in the 1970s, researchers and practitioners alike have questioned the ability of the microfinance industry in the fight against poverty eradication. Much literature has been forwarded on this subject matter that either commends its success or criticizes its ability to yield greater success. Some believe that microfinance will reduce poverty while others do not.

Advocates of microfinance argue that microfinance can help reduce poverty through employment generation, increased incomes and well-being. Some studies find that participation in microcredit programs results in women’s economic and social empowerment. Other studies concluded that micro credit programs make recipients better off and the society as a whole, by creating jobs, income, and improved well-being. Copestake, Bhalotra, and Johnson (2001) investigated credit-profit relation and whether recipients had higher household income or reported a better quality of life in Zambia. They found that the positive effect of microcredit in the growth of borrowers’ business profits or household income rose strictly from the second loan, first loans having no significant impact. Furthermore, those who graduated from their first to a second loan on average experienced significantly higher growth in their profits and household income, as compared with otherwise similar operators’ (Copestake et al., 2001). They suggested the use of routine impact monitoring in assessing the impact of microcredit.

In another study, (Mahmud, 2003) found that participation in microcredit programs increases women’s welfare and reduces male bias in welfare outcomes, particularly in poor households. Khandker (1998) concluded that access to credit has the potential to
significantly reduce poverty. Rahman and Khandker (1994) showed that the Grameen Bank and BRAC have been successful in expanding the opportunities of self-employment for their members.

According to Morris and Barnes: more clients (31%) than non-clients (21%) had started a new enterprise between 1997 and 1999 suggesting that microfinance programs helped clients diversify their economic activities” (Journal of Microfinance Vol. 7 No 1 Page 46). In her study on Micro credit and Households coping with HIV/AIDS in Zimbabwe, Barnes found that micro credit has had a positive impact on affected client households in being able to afford sending their children to school “ ….indicating investment in the human resources of its members” (Journal of Microfinance Vol. 7 No 1 Page 64).

In a Beneficiary Impact Assessment (BIA) of The Gambia Social Development Fund (SDF)- a microfinance institution that aims to alleviate poverty in the country with micro finance interventions, it was found that mostly women accessed the loans (73% of the beneficiaries); 91% of the clients had improvements in their living conditions. The SDF loan scheme was also found to have enhanced the financial capacity of the individuals and at household level as well as increased the group membership, their financial management capacity and improved self-confidence at the community level. The participation of women in village meetings was also a force to be reckoned with in the decision-making process and micro finance provided an opportunity for it.
On October 14, 2006 the Washington Post reported on the Noble Prize committee’s view on the role of micro credit. Micro credit they say “must play a major part in the effort to eliminate worldwide poverty”. This statement was made during the period that the committee awarded the Nobel Peace Prize to Muhammad Yunus for his work at the Grameen Bank in Bangladesh. An article in the October 21, 2006 edition of the Economist also stated:

“Heart-warming case studies abound, but rigorous analyses are rare. The few studies that have been done suggest that small loans are beneficial, but not dramatically so. A further question is whether an approach emphasizing credit really can eradicate poverty: a ridiculously ambitious goal, though one that Mr. Yunus’s evangelical view of the virtues of credit has perpetuated”.

One can conclude from the foregoing that although researchers cannot take a unanimous stand on whether or not microcredit increase incomes and therefore contribute to the fight against poverty, they do agree that microcredit institutions are helping to reduce the vulnerability of their clients (Develtere & Huybrechts, 2005).

There exists, however, considerable research findings in the literature that suggest that microcredit schemes or programs are not necessarily in the best interest of the poor. Mahmud (2003); Goetz and Sen. Gupta (1996); Montgomery et al. (1996); and Rahman (1999) viewed the effect of women’s access to credit as reinforcing patriarchal norms of women’s subordination, leading to worsening gender relationships and disempowerment of women. Sometimes the credit does not directly translate into the benefits expected. According to (Mayoux,1999), the assumption that access to microfinance automatically contributes to increased incomes by stimulating women’s own economic activity is frequently untenable due to barriers and constraints to access to participation, small
impact, norms regarding intra-household responsibilities and rights vary and the increase in the women’s access to other more formal networks and services is not well established.

Within cultures that are mainly patriarchal, the household’s financial decision making is handled by the men with little or no input from women. Eliminating men can result in them being non-supportive and against the idea, and they may gain control of the funds once the woman acquires them. Many times this can lead to violence in the household. Also a study found that microcredit program participation has only a limited direct effect in increasing women’s access to choice-enhancing resources, but has a much stronger effect in increasing women’s ability to exercise agency in intra-household processes (Mahmud, 2003). Mahajan (2006) suggested five fatal reasons that limit the ability of MFIs to decrease poverty: encouraging self-employment over wage earnings, encouraging debt over savings, encouraging the use of credit over entrepreneurship, encouraging debt to low income households, and encouraging dependency through grants and subsidies.

**Types of Microfinance institutional set-ups**

Microfinance institutional set-ups in developing countries usually include NGOs, commercial banks, state-owned development banks, financial cooperatives, and several forms of licensed and unlicensed non-bank institutions. But in general they can be lumped in five major categories that are more prevalent in the developing world:

- Cooperative framework – this was the first microfinancing model that was introduced as an alternative developmental tool. Within the cooperative approach, members are
the owners, and only members are eligible for loans. They contribute to the institution by owning shares. The focus is usually only on financial services, and members participate in day to day administration of the cooperative.

- **Solidarity Credit Groups** – This is usually made up of a small number of people (3 to 10) coming together so that collectively they can have access to financial services. At times, they will be required to save a bit as a group before being given the credit. Each group member is a guarantor for all the other members and subsequent loans are given when all previous loans have been paid in full. The MFIs usually provide the group with additional services such as training on bookkeeping, marketing, etc. Profits are not shared among the members but used to build reserves that the group can access as the need arises.

- **Village Banks** – The village bank is a hybrid of the cooperative and solidarity groups. There are usually fewer members than in the cooperative model and it is less formalized and complex in structure. Villagers organize themselves to provide community-based banking and savings services. Capital is generated from member fees and profits are either distributed to members or used to increase the equity capital.

- **The Linkage Model** – These are self-help groups who enter into a group contract with a bank that provides them with credit and saving services. The bank in collaboration with an NGO will provide them with additionally non-financial services, training and management. No one individual has a direct link to the bank, only the group has access.
Individual Financial Contracts – These micro banks mainly rely on an individual’s contract with the bank. It is the closest to the traditional form of banking but collateral is usually based on the credit worthiness of the borrower, savings, and being guaranteed by another individual. The individual is solely responsible for all loan payments and there could be higher transaction cost associated with this form of banking since one does not have other group members to share the fees. An illustration of the forgoing can be seen in Table 1 below.

Table 1: Types of microfinance Institutions and major characteristics

<table>
<thead>
<tr>
<th>Type of Institution</th>
<th>Size of the local organization</th>
<th>Ownership of equity</th>
<th>Rules/decision making</th>
<th>Eligibility/ screening</th>
<th>Main source of funding</th>
<th>Relations: Savings/Credit</th>
<th>Structure</th>
<th>Main type of guarantee</th>
<th>Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Credit Unions (e.g. supported by WOCCU, Raiffeisen, Desjardins)</td>
<td>New group, on average 100-200 members</td>
<td>Member (equity shares)</td>
<td>Democratic (one person – one vote)</td>
<td>Purchase of shares, sometimes type of occupation or social group</td>
<td>Member savings</td>
<td>Focus on savings; credit mostly from savings</td>
<td>Pyramidal structure unions or federations-local branches, bottom-up</td>
<td>Savings, social pressure</td>
<td>Salari ed-staff and elected, voluntary members</td>
</tr>
<tr>
<td>2. Village Bank (e.g. supported by FINCA or CIDRE)</td>
<td>New group, on average 30-50 members</td>
<td>Member</td>
<td>Bottom-up democratic (members), links with banks supported by NGO/State</td>
<td>Village member payment for membership</td>
<td>External loans, later member savings through growing internal account</td>
<td>Focus on credit, less on savings</td>
<td>Decentralized at the village level (linkage with a formal bank, credit union or federation of village banks possible)</td>
<td>Savings, social pressure</td>
<td>Elected members (self-managed), some may be remunerated</td>
</tr>
<tr>
<td>3. Microbanks (e.g. BanesSol, BRI village banks, IPC)</td>
<td>Individual, relationship with the client</td>
<td>Investors: donors providing equity, private firms or individuals, foundations or state (e.g. BRD)</td>
<td>Top-down</td>
<td>Information to client</td>
<td>Client savings, equity partially provided by donors or state, and commercial loans</td>
<td>Focus on both credit and savings services</td>
<td>Centralized with local banks</td>
<td>Conventional collateral as well as innovative collateral substitutes</td>
<td>Salaried staff</td>
</tr>
<tr>
<td>4. Solidarity Groups Retail Model, either by NGOs (e.g. ASA, SHARE or Banks Gramens Bank) and also by other MFI</td>
<td>New group, center (5-6 groups of 5-10 members each)</td>
<td>Members</td>
<td>Top-down</td>
<td>Accepted as a member of a group by peers or (worse) by supporting institution</td>
<td>External loans and grants</td>
<td>Focus on credit, mainly compulsory savings, some with microinsurance products</td>
<td>Pyramidal structure, mostly top-down</td>
<td>Group pressure</td>
<td>Salaried staff</td>
</tr>
<tr>
<td>5. Linkage retail model (e.g. promoted by GIZ/IFAD and NABARD in India)</td>
<td>Pre-existing informal group or groups with variable size that can obtain loans and serve as a group with a public or private bank</td>
<td>Mix of bottom-up and top-down approaches (supporting agency/members)</td>
<td>Member of a pre-existing SHG peers, bank or NGO approval</td>
<td>External loans and member savings</td>
<td>External loans and member savings</td>
<td>Focus on credit, mostly top-down</td>
<td>Decentralized at the village level, linkage with closest bank branch</td>
<td>Savings, social pressure</td>
<td>Salaried worker from the formal institution; may be NGO staff</td>
</tr>
</tbody>
</table>

Source: Zeller (2006)
While the VISACAs being studied have for the most part mirrored the characteristics outlined in the Zeller table under the village bank format, it is important to note that they do borrow some characteristics of the other models. While savings is one of the prerequisite for a loan, other things such as farming equipment, livestock, dwelling, household assets, etc. can be considered as collateral for credit attainment. Moreover, most MFIs will make savings a partial requirement in obtaining credit. This form of contractual savings according to (Pischke, 2002) requires individuals to make small deposits on a regular basis and at the time of a loan request. But, (Hannig and Wisniwske, 1999), do note that some MFIs do mobilize savings without any contractual obligations. In the case of the VISACAs operating in The Gambia, the concept of contractual savings has been instituted as one of the requirements to participate in the credit programs. Clients or their guarantor(s) are required to have one-third of the amount of their loan request as deposit with the village bank.

**Grameen: A model for microfinance**

The use of microcredit as a tool for combating poverty and gender inequity over the last thirty years has a lot to do with Bangladesh’s Muhammad Yunus. His main aim was to bring about both personal and social change in the lives of poor Bangladeshi women through a loan and savings program that gave out small amounts to these women without any collateral. Therefore, it is only natural that one takes a brief look at what the Grameen model contributed to the field of microfinance.
It all started with $27 that Professor Muhammad Yunus paid on behalf of 42 individuals who were indebted to money lenders. The loans were provided by moneylenders with the condition that they could buy back all that it produced on the price that is set by the loaner. Based on this profound experience and the fact that formal banking institutions were unwilling to lend to the “poor”, professor Yunus founded the Grameen bank in 1983. Located in Bangladesh, the bank makes small loans to the impoverished without interest or collateral. The most unique characteristic of the model is that it is not based on any collateral or legally enforced contracts but rather on “trust”.

The Grameen credit promotes the elimination of poverty based on the premise that the poor do not have the necessary skills to better their well being due to the lack of funds for developing a sound business. Charity, according to Dr. Yunus, is not the answer to poverty, given the opportunity the poor can build on their existing skill to earn a better income in each cycle of loans. Its members, mostly women, own 95 percent of the total equity and the remaining 5 percent owned by the government of Bangladesh. It is reported by the Grameen bank that as of year 2008, it has 7.67 million borrowers, 97 percent of whom are women, 2,539 branches, provide services in 83,566 villages, and covers 99 percent of the total villages in Bangladesh.²

A banker and economist, Dr. Yunus was awarded the Noble Price in 2006² for his efforts to create economic and social development from below. Studies conducted have shown

---

¹ Source: [http://www.grameen-info.org](http://www.grameen-info.org) (last accessed on 5/01/2011)
² Professor Ole Danbolt Mjøs, Chairman of the Norwegian Nobel Committee, stated in the opening paragraph of his December 10, 2006 award ceremony speech that: “The Norwegian Nobel Committee has decided to award the Nobel Peace Prize for 2006, divided into two parts, to Muhammad Yunus and
that the bank has successfully reached the poor, with most members mostly landless, owning below half an acre of land (Hossain, 1988; World Bank, 1995). It has also become legendary in the development sector because of its success in a traditional Islamic society in which women have been subordinated for centuries. The Grameen model and other successful ones such as BRAC also in Bangladesh, FINCA in Latin America, and Bancosol in Bolivia were replicated all over the developing world as a means of poverty alleviation. With this being said, one has to be mindful that microcredit alone is not sufficient enough to combat poverty but must be combined with other programs.

**Microfinance and the Millennium Development Goals**

In August 2008, the World Bank reporting on the new poverty estimates, disclosed that 1.4 billion people in the developing world (one in four) were living on less than US$1.25 a day in 2005, coming down from 1.9 billion (one in two) in 1981. The new numbers shows that previously reported statistics on poverty have been underestimated and that poverty has been more widespread over the past 25 years. In an attempt to find solutions to this widespread phenomenon, microfinance has been branded as one of the alternative tools to alleviate poverty. Since the 1970s Microfinance Institutions in almost all developing countries have been making an effort to reach the poor and the very poor. As of December 31, 2009, 3,589 microcredit institutions reported reaching 190,135,080

---

Grameen Bank for their efforts to create economic and social development from below. Lasting peace can not be achieved unless large population groups find ways in which to break out of poverty. Micro-credit is one such means. Development from below also serves to advance democracy and human rights.” This information and the rest of the speech is located at: http://nobelprize.org/nobel_prizes/peace/laureates/2006/presentation-speech.html
clients. This according to the report comprises of 128,222,051 whom were considered to be among the poorest when they obtained their first loan. Of this number reported, 81.7% or 104,694,115 are women. According to the aforementioned statistics (which addresses goal one of two set at the re-launch of the Microcredit Summit Campaign in 2006)\(^4\), huge gains had been made but there are still a large number of the poor and the poorest that are still experiencing abject poverty (goal two).

The United Nations has assigned Microfinance a specific role and responsibility to contribute to the achievement of Millennium Development Goals by 2015 – (i) enroll all children in primary school, (ii) eliminate gender disparities in primary and secondary education, (iii) reduce infant and child mortality rates by two-thirds, (iv) reduce maternal mortality ratios by three-quarters, (v) provide access for all who need reproductive health services, and (vi) reverse the loss of environmental resources. Kabeer (2003) and Littlefield et al (2003) argued that microfinance has the potential to impact on different aspects of poverty thus contributing to the achievements of the MDGs. The authors further states that “the ability to borrow a small amount of money to take advantage of a business opportunity, to pay for school fees, or to bridge a cash-flow gap can be a first step in breaking the cycle of poverty”. By engaging in microfinance, they are not only able to diversify their revenue streams, but be able to save, buy assets, increase business


\(^4\) During the re-launch of the Microcredit Campaign, two main goals were set: (i) working to ensure that 175 million of the world's poorest families, especially the women of those families, are receiving credit for self-employment and other financial and business services by the end 2015; (ii) working to ensure that 100 million families rise above the US$1.25 a day threshold adjusted for purchasing power parity (PPP), between 1990 and 2015.
inventory, send their children to school, and pay for healthcare when needed. These are all aspects that the MDGs seek to eliminate through its stated goals.

The MDGs as we saw are a set of clear targets for reducing poverty, hunger, illiteracy, disease, discrimination against women, and environmental degradation. The Gambia and other developing countries have formulated policy frameworks as a way of reaching the MDGs. One such framework for The Gambia – The Poverty Reduction Strategy Paper II (PRSP II) was formulated in line with the goals of the MDGs.

**Financial Sustainability and Social Impact**

The trade-off between financial sustainability and social impact debate has held the microfinance industry hostage for many years. The two main issues being the long-term financial permanence of microfinance institutions without any dependence on subsidies versus showing concrete effects on poverty alleviation and empowerment of the communities in which they serve. We do know from the literature that the current thinking is centered around finding ways that enables the services providers to be both financially sustainable, and at the same time be able to pursue depth of outreach, not one or the other. That being said, several definitions of sustainability can be found in the literature. Below, I present a few of those definitions:

- Navajas et al. (1998) defines sustainability as “to reach goals in the short-term without harming your ability to reach goals in the long-term.”
• Edgecomb and Cawley (1994) define sustainability as the ability of an organization to “sustain the flow of valued benefits and services to its members or clients over time.”

• Brinkerhoff (1991) defines Sustainability “as the ability of a program to produce outputs that are valued sufficiently by beneficiaries and other stakeholders that the program receives enough resources and inputs to continue production.”

Sustainability ensures that the institutions have the necessary systems and processes to provide the services that will be available on an ongoing basis to their clients and that they are benefitting from the services offered. One of the main reasons to undertake microfinance is to make the recipients financially self-sustainable. The Financial self-sustainability paradigm assumes that financial services that stimulate women’s micro enterprise development will lead to increased income under women’s control which will in turn lead to poverty reduction and increased well-being (consumption, health statues, nutrition, literacy, and housing) for women and children (Mahmud, 2003). Microfinance schemes are usually implemented with the objective to reduce poverty and improve the welfare (education, health, nutrition, and empowerment) of its recipients. With the failure of many microfinance schemes, even though we saw some success as in Grameen bank and BRAC in Bangladesh, FINCA in Latin America, and Bancosol in Bolivia, the industry saw a shift from a focus on outreach by serving more of the poor and the poorest within the poor but also having to be sustainable in the long-term. Thus as (Zeller and Meyer, 2002) put it, “microfinance as well as rural financial policy has to be evaluated against three objectives: financial sustainability, breadth and depth of outreach, and
welfare impact.” This issue of sustainability has spun a debate within the microfinance community as to whether all of these can be attain simultaneously without having to trade one for the other.

Individuals committed to the microfinance movement share a common concern that MFIs are to provide credit to the poor while at the same time sustaining the growth of the institution. Where the major divergence lies is the approach to microfinance that they advocate. The two opposing camps can be categorized as the institutionist approach and welfarist approach. Murdoch, (1998d), called this dichotomy the “microfinance schism”.

Advocates of the institutionist approach (e.g. Ohio State University Rural Finance Program, CGAP, and USAID) are concerned with the formulation of financial institutions that can serve the poor who otherwise will have no access under the formal system. Here, emphasis is placed on the financial institution being financially self-sufficient, and the breadth of outreach (number of clients) is favored over the depth of outreach (levels of poverty reached). Sustainability is a key factor here as the main goal is the creation of a profitable institution that is providing quality financial services to its clients without the dependency on subsidies. The vision is that microfinance institutions of the future will be large profit seeking financial institutions and at the same time provide quality financial services to poor individuals.

On the other hand, advocates of the welfarist approach are more concern with depth (levels of poverty reached). The view here is to improve the welfare of the recipients and
a dependency on subsidies is not frowned upon. The Grameen bank follows this model. One is not interested in generating profit but using microcredit to combat poverty by encouraging self employment of the poorest with modest income and savings. But it is clear within the microfinance literature that the institutionist view has been leading the way in their quest for the promotion of best practices and the “financial system” approach to microfinance because donor funds have become limited and commitments cannot be guaranteed.

So how sustainability is then measured within the microfinance community? This depends on the sample set that is chosen and the analysis that is being conducted. Impact assessment can be conducted either from the institution or recipient point of view. What variables are considered in both will depend on the test question, and different samples will yield different results. It is widely suggested in the microfinance community that a combination of qualitative and quantitative approaches is well suited for a comprehensive study. This will ensure that both outreach and financial sustainability measures are considered in order to provide a more concrete picture of sustainability. For example, a study conducted in nine Western African MFIs (Webster, 1995) looking at overall success finds that most institutions had achieved significant depth of outreach, but little financial sustainability. The Consultative Group to Assist the Poor (CGAP) in many of their studies, has concluded that the “vast bulk” of MFIs “do not see the potential for their specific institution to become financially viable in the foreseeable future, and expect to continue their dependence on donor funds for their operations and survival”.
The CGAP group and many within the microfinance industry have agreed on a basic set of core performance indicators for microfinance assessment at a minimum. These areas include: 5

- Outreach (breadth) – how many clients are being served?
- Outreach (depth) – how poor are the clients
- Collection performance – how well is the MFI collecting its loans
- Financial sustainability – is the MFI profitable enough to maintain and expand its services without continued injections of subsidized donor funds?
- Efficiency – how well does the MFI control its administrative costs?

Needless to say there are numerous studies that utilize only one of the research approaches. Table 2 below is a sample of some of the studies that were conducted using quantitative methods and the different approaches used (Weiss and al., 2003). Note that the dependent variable in all these studies is different aspects of poverty impact measures.

---

5 Source: The Consultative Group to Assist the Poor – a World Bank Group
www.cgap.org
The quest for sustainability has and will continue to be of interest to all parties concerned with microfinance because not only does it assure the MFI’s existence, but it also guarantees financial services to the poor overtime. The main concern within the microfinance community regardless of which approach one uses still remains. In the next section, I will discuss the issue of impact assessment in more detail.

### Impact Assessment including Studies conducted on Microfinance

According to the World Bank Impact Evaluation Group (IEG), impact assessment refers to an “evaluation concerned with establishing the counterfactual…. The counterfactual is a comparison between what actually happened and what would have happened in the
absence of the intervention” (1997, Page 3). In outlining the objectives of impact assessment, the Consultative Group to Assist the Poorest (CGAP) Working Group on Impact Assessment Methodologies elaborated on its usefulness to donors, implementers and governments:

IAs [impact assessments] is promoted by both the sponsors and implementers of programs so that they can learn what is being achieved and improve the effectiveness and efficiency of their activities. Implicitly, IAs is a method by which sponsors seek to get more information about program effectiveness than is available from the routine accountability systems of implementing organizations. IAs are also of significance to aid agencies in terms of meeting the ever increasing accountability demands of their governments (in this era of ‘results’ and ‘value for money’) and for contesting the rhetoric of the anti-aid lobby. (Hulme 1997; Page 2)

This is indeed best illustrated in Figure 5 (Ibid.) below:

<table>
<thead>
<tr>
<th>Primary Goal</th>
<th>PROVING IMPACTS</th>
<th>IMPROVING PRACTICE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Measuring as accurately as possible the impacts of an intervention</td>
<td>Understanding the processes of intervention and their impacts so as to improve those processes</td>
</tr>
<tr>
<td>Main Audiences</td>
<td>Academics and researchers</td>
<td>Program managers</td>
</tr>
<tr>
<td></td>
<td>Policymakers</td>
<td>Donor field staff</td>
</tr>
<tr>
<td></td>
<td>Evaluation departments</td>
<td>NGO personnel</td>
</tr>
<tr>
<td></td>
<td>Program Managers</td>
<td>Intended beneficiaries</td>
</tr>
<tr>
<td>Associated Factors</td>
<td>Objectivity</td>
<td>Subjectivity</td>
</tr>
<tr>
<td></td>
<td>Theory</td>
<td>Practice</td>
</tr>
<tr>
<td></td>
<td>External</td>
<td>Internal</td>
</tr>
<tr>
<td></td>
<td>Top down</td>
<td>Bottom up</td>
</tr>
<tr>
<td></td>
<td>Generalization</td>
<td>Contextualization</td>
</tr>
<tr>
<td></td>
<td>Academic research</td>
<td>Market research</td>
</tr>
<tr>
<td></td>
<td>Long timescales</td>
<td>Short timescales</td>
</tr>
<tr>
<td></td>
<td>Degree of confidence</td>
<td>Level of plausibility</td>
</tr>
</tbody>
</table>

Figure 5: Goals of Impact Assessment
In a comprehensive survey of microfinance impact assessment studies that have been published as of 2005, the Grameen Foundation USA concluded that the “prevalence of microfinance impact assessments has increased with programs using studies not just to prove the effectiveness of microfinance, but to improve it as well” (Goldberg 2005, Page 5). Some of these impact assessment studies include Hossain’s work on the Grameen Bank in Bangladesh (1988); Khandker’s book: “Fighting Poverty with Microcredit” (1998); Murdoch’s response article to Khandker in the same year contradicting some of the former’s conclusions. The USAID also launched Assessing the Impacts of Microenterprise Services (AIMS) Project in 1995 with the aim of providing “practitioners a low-cost way to measure impact and improve institutional performance” (Goldberg 2005, Page 7).

The methods employed in each of the foregoing impact assessment studies vary greatly. Copestake et al (2001) aptly describe three different schools of thought in the microfinance industry about how rigorous an impact assessment should be:

The first accepts the case for doing a limited number of rigorous studies but argues that it is a specialized and expensive task. The second trusts more in the ability of practitioners to interpret and be guided by a mixture of routine monitoring and qualitative studies, more akin to market research than to academic research. A third view seeks an intermediate or ‘middle range’ level of assessment: cheap enough to be carried out quite widely, but sufficiently rigorous to be credible. (Goldberg 2005, Page 4)

The CGAP Group even went further to state the three main elements to a conceptual framework in conducting impact assessment studies: “(i) a model of the impact chain that the study is to examine; (ii) the specification of the unit(s), or levels, at which
impacts are assessed; and (iii) the specification of the types of impact that are to be assessed” (Hulme 1997, page 3).

In practice, doing research on impact assessment requires a consideration of the situation or circumstances of people that benefited from an intervention before and its aftermath. Comparison of the situation of clients or beneficiaries from an intervention against an outside (control) group also fits into what is generally termed the “scientific method”. The emphasis, as far as this school of thought is concerned, is mainly on quantitative data collection and analyses with the aim of proving causality between intervention and impact. This is also illustrated in Figure 6 below (USAID AIMS project, 1997 page 4)

A diametrically opposed method to the scientific method can be found in ethnography. As part and parcel of the humanist tradition, ethnography “does not try to ‘prove’ impact within statistically definable limits of probability. Rather it seeks to provide an interpretation of the processes involved in intervention and of the impacts that have a
high level of plausibility” (USAID AIMS project, 1997, Page 16). The use of ethnographic methods, including focus group discussions and in-depth interviews, is particularly useful in understanding social constructs like gender relations, empowerment etc. While researching her book, *Women at the Center*, Helen Todd (1996) decided to employ ethnography to ascertain the true impacts on Grameen Bank clients by spending a year in two Grameen villages.

A third and more recent method utilized in impact assessment particularly as it relates to development is participatory learning and action. As far as participant impact assessment is concerned: “conventional baseline surveys are virtually useless for impact assessments….the question now is how widely local people can be enabled to identify their own indicators, establish their own participatory baselines, monitor change and evaluate causality” (USAID AIMS project, 1997 Page 17). The methods used in participatory impact assessment range from visualization to interviewing and group work. The common theme is the promotion of interactive learning, shared knowledge and flexible yet structured analysis.

Having outlined the methods of conducting impact assessment studies, it is indeed clear that a mixed methods approach—one that combines both quantitative and qualitative data collection efforts could be necessary in determining the real impact of microfinance interventions.
The levels or units of impact assessment of microfinance interventions have been categorized into four broad levels by the AIMS project report of June 1996. These include;

i. Enterprise level impacts which basically look into the “impact of credit (usually upon a single assisted enterprise) on output, asset accumulation, technology, employment, enterprise management, markets and income” (p 8).

ii. Household level impacts which mainly look into household income, assets, consumption, and savings etc (p12)

iii. Individual level impacts, this largely refers to women’s empowerment, freedom from family domination and violence, political and legal awareness, public participation (p15)

iv. Other factors influencing impacts, these include context issues, gender relations, sectoral differences, poverty level of borrowers, etc. (p 17-19)

Numerous impact studies were ridiculed to be methodologically weak or questions of validity rise on one hand and on the other, were viewed to be too large scaled and rigorous. In addition, donors now require MFIs to prove the viability of their programs and that funds are being well spent. Practitioners are interested in knowing that project objectives are being met, and that programs management is improved. In a bid to contribute to the widely debated way of conducting credible and useful impact assessments, the U.S. Agency for International Development’s AIMS (Assessing the Impact of Microenterprise Services) project started in 1995 was instituted to help come up with ways that promotes acceptable ways of conducting impact assessment in microfinance. The AIMS project in collaboration with The Small Enterprise Education
and Promotion Network (SEEP), embarked on a huge project that resulted in a 368 page manual on “Assessment Tools for Microfinance Practitioners”\(^6\). Although primarily geared for practitioners in the field, I found their tools and approaches to be relevant to all other interested parties in the microfinance movement.

**Capacity Development and Institutional Capacity Building\(^7\)**

Institution building within development usually is directed towards strengthening the legal and public administration to ensure an efficient public sector. But according to (Gunnarsson, 2001), we cannot view institution building as merely administrative reforms in the public sector but reforms in the entire system or else analysis of individual projects or the role of aid in development cannot be analyzed properly. A system wide reform takes into consideration not only how the organization functions but also the choices made by individuals. Thus, such an analysis, as in the case of microfinance institutions, will include inputs directed to capacity building in both the organization and the individuals within the organization. What is meant by capacity? Fukuda-Parr et al (2002) defined capacity as the ability to perform functions, solve problems, and set and achieve objectives. Additionally, Hilderbrand and Grindle (1994) define capacity as “the ability to perform appropriate tasks effectively, efficiently, and sustainably.” Another study conducted by ECDPM describes capacity as “capacity refers to the ability of people, organizations and systems to perform functions, it is much less clear what capacity consists of, and which elements are critical” (ECDPM 2004:8)

---


\(^7\) Institutions in this paper is synonymous with organization
A review of the literature on development identifies capacity building within developing-country institutions as very crucial, in recognition of the vital role that both formal and informal institutions play in people's livelihoods. A cautionary note is that institutional development is often taken to mean capacity building, yet there are differences between the two. So many different variant for the definition of capacity building and institution building can be found within the literature, thus making the concepts to be ambiguous and most times confusing and overlapping. This means that within the development literature, capacity building is often taken to also mean institution building. They are often taken to include many different things.

Cohen (1993b) defines public sector capacity building as “one which seeks to strengthen targeted human resources (managerial, professional, and technical) in particular institutions and to provide these institutions with the means whereby these resources can be marshaled and sustained effectively to perform planning, policy formulation, and implementation tasks throughout government on any priority topic”. Narrow in definition but Cohen views it as “operational and problem solving oriented.” Within the context of microfinance, this will mean building capacities that are not only sustainable, but also are able to carry out their mission in the long-term. Berg (1993) argued that capacity building is characterized by three main activities: (I) skill upgrading to include general education, on-the job-training, and professional training, (ii) procedural improvements in terms of general functional changes or system reforms, and (iii) organizational strengthening which entails the process of institutional development. In this regard, Berg suggests that capacity building is “broader than organizational development in that it includes all types
of skill enhancement and also procedural reforms that extend beyond the boundaries of a single organization”.

The terms *Capacity building* and *Capacity development* are use in the development literature either interchangeable or with Capacity development being used mostly in the most recent work. Even though a short synopsis has been given on Capacity building, Capacity development will be the main term use in this dissertation because it not only aligns to current thinking and writing, it follows Horton’s (2002) argument that ‘development’ as a word suggests a more organic emergence of capacity than does ‘building’ which suggests that the process is externally planned or an engineered approach.

Malik (2002) defines capacity development as “the ability of actors (individuals, groups, organizations, countries) to perform specified functions or specified objectives effectively, efficiently, and sustainably. Morgan (1993) also defines capacity development as “the ability of individuals, groups, institutions, organizations and societies to identify and meet development challenges overtime.” While it may have numerous definitions, Horton et al. (2003) suggest that they all have these same common features:

- Capacity development is an ongoing process
- Capacity development aims to increase the ability of an organization to carry out its functions and achieve its objectives
- Capacity development increases the ability of an organization to learn and solve problems
- 38 -

• Capacity development includes creating the ability to deal with the issues of today and also to remain relevant in the future

The term capacity development has its origins in the fields of development cooperation and technical assistance. Because of its origins in the area of practice instead of academia, most of the literature on organizational capacity development has been forwarded by individuals engaged or familiar with development assistance or technical assistance. The concept as it is used has gone through several transformations over the decades. During the 1950s and 1960s, capacity development was “supply driven” focused- supplying inputs and technological transfer from industrialized to developing nations to help boost sustainable economic growth. The focus then shifted to “demand-driven,” to emphasizing knowledge acquisition and skill development in developing nations and now to helping national economic and legal institutions be viable enough to help promote the development of private organizations.

Capacity development is usually addressed at three levels: (I) Individuals – improving and building on present knowledge and skills and being able to apply it as new opportunities arise, (II) Institutions – building on existing capacities, and (III) Societal – involves capacities in the society as a whole. One cannot focus on developing only one of the levels and leaving the others, as this will lead to inefficiencies. In the case of microfinance in developing nations, it is crucial to ensure that all the layers are considered in developing microfinance programs. Fukuda-Parr et al (2002), further caution that capacity development is often understood to mean human resource development. The authors note that capacity development goes beyond the acquisition of
skills but also the capability to put them to use. This they say “is not only about employment structures, but also about social capital and the different reasons why people start engaging in civic action.”

Eade (1997) outlined three different broad spectrums of understanding what the purpose of capacity development is: (I) a mean-to-an-end, and end-in-itself, and as on-going process. Table 3 below provides a summary of the different ways of understanding capacity development.

<table>
<thead>
<tr>
<th>Developing capacity as means</th>
<th>Developing capacity as process</th>
<th>Developing capacity as ends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partners abilities are strengthened to carry out specific activities that support donor’s programming</td>
<td>Development of relationships and understandings of mutual benefit Creation of on-going exchange to support partner’s viability and ability to adapt in their environment</td>
<td>Core abilities of partner organizations are strengthened to enable them to survive and fulfill their commission, as defined by the organization</td>
</tr>
</tbody>
</table>

*Source: Eade (1997)*

Most of the literature surrounding capacity development is centered on the understanding of capacity as a means-to-an-end and an end-in-itself. Some authors writing in this area have observed that for donors, capacity development is the means by which they ensure that skills and resources are in place in support of attaining their goal and maintaining their purpose of existence. New models of capacity development are now reframing the focus from “hard” capabilities like equipment and infrastructure to “softer” capacities such as leadership, strategy, and good governance. This involves ensuring MFIs and other development institutions have the right systems in place that will strengthen the policy process, improve public management, and accountability (Gillespie, 2005). This
model lends itself to the relinquishing of control by donors and enable local ownership of problems and solutions, thus capacity development is an end-in-itself.

Assessing the capacity and capacity development of microfinance institutions is important because well developed capacities will translate to improved performance. Additionally, capacity is needed so that the MFI’s needs can be measured, evaluated, so that goals can be refined and monitored to ensure their mission realization. Within this dissertation, I will focus on the internal capacities of organizations, in this case the 25 individual VISACAs engaged in the microfinance schemes. Financial parameters, strategic leadership, organizational structure, financial management, and the infrastructure of the organizations function will be evaluated through interviews with key informants and review of secondary data. Horton (2002) argues that the failure of many developmental efforts is often caused by undeveloped local capacities that are not enough to manage activities and maintain facilities. Additional, developing capacities are crucial because of declining aid packages and the rapid changes occurring in technological and institutional development.

Organizational capacity is one of the contextual forces that drive performance. Institutional performance is concern with whether the institutions meet their goals and achieve their mission. It usually can be measured by: (I) effectiveness, (II) efficiency, (III) relevance, and (IV) financial sustainability. This definition mirrors the indicators that are used to assess the performance of microfinance institutions. However, organizational capacity refers to the resources, knowledge, and processes within the
institution. Factors to be considered here includes: staffing, program and process management, leadership, technology, financial resources, and infrastructure.

“Organizational capacity development can be an important vehicle for improving an organization’s performance. Capacity development efforts should be planned so that they improve those capacities that most severely hamper performance levels” (Horton, 2002).

Table 4 below illustrates the eight areas of organizational capacity that Lusthaus et al. identified as areas to consider in when conducting an assessment. They argued that “if the organization itself is the unit of analysis, all of the resources, systems and processes that organizations develop to support them in their work can be assessed.”

<table>
<thead>
<tr>
<th>EIGHT AREAS OF ORGANIZATIONAL CAPACITY AND THEIR VARIOUS COMPONENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic leadership</td>
</tr>
<tr>
<td>Organizational structure</td>
</tr>
<tr>
<td>Human resources</td>
</tr>
<tr>
<td>Financial management</td>
</tr>
<tr>
<td>Infrastructure</td>
</tr>
<tr>
<td>Program and services management</td>
</tr>
<tr>
<td>Process management</td>
</tr>
<tr>
<td>Inter-organizational linkages</td>
</tr>
</tbody>
</table>

Source: Lusthaus et al. (2002)
Lusthaus et al further outlined the indicators that are to be considered when conducting a capacity development assessment. This is outlined in the section below:

**Assess the strengths and weaknesses of strategic leadership in the organization:**

Leadership deals with (managing culture, setting direction, supporting resource development, ensuring tasks are done). Strategic planning involves (scanning environment, developing tactics to attain objectives, goals, mission) and niche management (area of expertise, uniqueness, recognition of uniqueness).

**Assess the strengths and weaknesses of financial management:**

Financial planning including (operating expenses, forecast future monetary needs and requirements) and financial accountability focusing (rules for member use of financial resources, transparent/verified system).

**Assess the strengths and weaknesses of the organizational structure within the organization:**

Governance comprising of the (legal framework, decision-making process, methods for setting direction, external links) and operational issues (roles and responsibilities, coordination of labor, coordination of systems).

**Assess the strengths and weaknesses of the organizational infrastructure:**
Facilities management which can include (adequate lighting, clean water, electricity) and technology management with emphasis on (equipment, information systems, hardware/software, library)

Assess the strengths and weaknesses of the following systems, processes or dimensions of human resources:
Planning (recruiting, selecting, staffing, orienting); developing (performance management, monitoring, evaluation) career management (career development, training); and maintenance (health/safety issues, gender issues, quality of working life).

Assess the strengths and weaknesses of the program and service management:
Planning (identifying needs, setting objectives, costing alternatives, developing evaluation systems); implementing (adherence to schedules, coordination of activities) and monitoring (projects/programs, systems for evaluating progress, communicating feedback to stakeholders).

Assess the strengths and weaknesses of process management within the organization:
Problem-solving (defining problems, gathering data); decision-making (creating alternatives, deciding on solutions, monitoring decisions); communications (exchanging accurate/vital information, achieving shared understanding among organizational members) and monitoring and evaluation (generating data, tracking progress, utilizing information, changing and improving the organization).
Assess the strengths and weaknesses of inter-organizational linkages:

Networks (type, nature, appropriate membership, utility, coordination, cost-benefit); partnerships (type, nature, sustainability); electronic linkages (communication networks, information equipment, information resources, people of all skills/backgrounds).

Conclusion

It is to a large extent evident from the foregoing that microfinance is indeed a very broad church and does have both advocates and detractors as illustrated in research findings of its impact on the lives of the poor. It is interesting to also note that there are various types of microfinance institutional set-ups ranging from credit unions to the village banks. The primary institutional set-up this dissertation will be concerned with is the village bank type or VISACA as they are called in The Gambia. Moreover, the frameworks presented in this chapter provide a lens through which the phenomena at hand can be understood. Literature on the frameworks, along with ongoing debate and evaluation techniques are reviewed. Though not an entirety on their own, the two frameworks acts as a guide in determining the relevant issues surrounding microcredit schemes. In closing, with the world agreed upon time frame of 2015 to reach the Millennium Development Goals (MDG) looming over our heads, there is ongoing concern and debate as to whether these goals will be met especially by cutting extreme poverty by half by 2015. One needs not only worry about the financial resources but also whether nations and institutions have the capacity to enable people to transform their lives for the better.
CHAPTER THREE
THE RESEARCH CONTEXT

Introduction

Of the 48 countries classified as Least Developed countries (LDCs), 33 of them are located in Africa, of which The Gambia is part. According to the UN Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS), “Extreme poverty, the structured weaknesses of their economies and the lack of capacities related to growth, often compounded by structural handicaps, hamper efforts of these countries to improve the quality of life of their people”. Furthermore, the Gambia ranked 151 in the 2010 Human Development Report. With all these challenges facing the nation, it is imperative that I

---

1 Name given to the world’s poorest countries by the United Nations. They are considered to be Least Developed because of their low GDP per Capita($750-$900), weak human resources (nutrition, health, education, adult literacy), and economic vulnerability)
include this chapter to better conceptualize the importance that microfinance has in the socio-economic development of the nation.

**Location, Geography and Population**

The Gambia is located midway on the bulge of the West Africa coast and stretches over 400 kilometers inland from west to east on either side of the River Gambia, varying in width from about 50 km near the mouth of the river to about 24km upstream. The country is bound to the north, south and east by the Republic of Senegal and to the west by the Atlantic Ocean. The River Gambia, which runs the entire length of the country from the Futa Jallon highlands in the Republic of Guinea to the Atlantic Ocean, divides the country’s land area of 10,689 sq km almost equally into two halves – the South Bank and the North Bank.

The Gambian climate is typically Sahelian (semi arid) with a long dry season from November to May and a short rainy season between June and October. Distribution of rainfall tends to be irregular, and The Gambia had experienced perennial droughts in the 1970s and 1980s. In fact, average annual rainfall has declined over the past two decades from 1200mm to about 850mm in the south-west and from 1000mm to about 600mm in the north–east. The estuary basin of The River Gambia is virtually a tidal inlet with salt water intrusion ranging from 180km upstream in the rainy season to 250km in the dry season. Irrigable land areas are limited and therefore agriculture, which is the backbone of The Gambian economy, is mostly rain fed. As a result, agricultural activities are subjected to wide seasonal fluctuations and production levels are vulnerable to variations in rainfall.
According to the 1963 census, the population of The Gambia was 315,486, and at independence, in 1965, it was estimated at around 325,000, whilst in 1973 and 1983 the Census counts were 493,499 and 687,817 respectively. The 1993 census gave a total count of 1,038,145. The current figures for the 2003 population and housing census put the population at 1,360,681, composed of 670,840 males and 689,841 females. The population density, currently estimated at 127 persons per square kilometer, is extremely high.

**Political Perspective**

After over two centuries of colonial rule under the British, The Gambia gained internal self – government in 1963 and full independence with dominion status on 18th February, 1965. The country became a sovereign Republic within the Commonwealth in 1970. Maintenance of multi - party democracy, adherence to the rule of law and preservation of fundamental human rights constitute an integral part of the country’s political framework. In July 1994, the country came under military rule following a coup d’état. After a two year transition period, presidential elections were held in September 1996 and democratic civilian rule restored. Since then presidential and parliamentary elections have been held every five years. The President nominates five non-voting members to the National Assembly. Local Government Elections are held every four years to elect council members.
For administrative purposes the country is divided into seven administrative areas (two Municipalities and five Regions) Banjul - the seat of the Government, Kanifing Municipality (KM) and Western, Lower River, North Bank, Central River and Upper River Regions. The Municipalities are headed by Mayors and the regions by Governors. The regions are further divided into a total of forty-one districts locally administered by chiefs. Councils in the provincial regions are headed by elected Chairpersons. Districts and Municipalities are divided into Wards headed by elected councilors.

**Socio-Economic Perspectives**

As many African countries experienced at independence, The Gambia inherited in 1965 an economy relying heavily on a single commodity – groundnuts. At present, the country ranks among the least-developed, with a per capita GDP in 2005 of only US$ 341 (DOSFEA 2005). Nearly 41 per cent of cropland is under the cultivation of groundnuts, a crop which accounts for an average of 9 per cent of total exports (NASS 2003). The agricultural sector provides employment for the largest proportion of economically-active persons, with more than half of the population engaged in subsistence farming, livestock raising and groundnut cultivation.

The modern industrial sector in The Gambia is very small and accounts for less than 8 per cent of GDP. Manufacturing activities include the crushing of groundnuts, baking, brewing, food processing and the production of bricks, soap and plastics. The sector provides employment for less than 3 per cent of the country’s labor force.
In addition to the formal manufacturing sector, there exist vibrant small-medium scale manufacturing enterprises. Activities range from metal fabrication and furniture construction in the urban areas to batik, tie-dye, bee-keeping and pottery-making in the rural areas. These activities provide additional sources of income, especially for women. Fishing is an attractive activity, employing a large labor force mainly on the coastal areas of the country. Fish is an important source of protein for a significant proportion of the population. Fishing accounts for 2% (GBoS 2003) of the economy and tourism and trade account for 5.5% and 13.1% of the GDP respectively. Tourism and commerce are important as sources of foreign exchange as well as employment. The tourism sector provides employment to about 2 per cent of the labor force on a seasonal basis running from October through April. However, the industry does not have significant linkages to the domestic economy because it is still heavily dependent on imported goods. As a result its net contribution to foreign exchange earnings is small. In the commercial sector the re-export trade, based on patron commodity arbitrage, has expanded and become an important mechanism of compensating for any decline in the volume of domestic exports.

The Gambian economy witnessed impressive growth during the first decade of independence (1965-1975), with GDP growth averaging 4.5 per cent per annum. However, the following ten years (1975 – 1985) saw a drastic decline in economic growth. The rate of growth of real GDP averaged just below 3 per cent per annum during this period. Performance was much worse during the latter half of this period and, by early 1985, the underlying internal and external imbalances had assumed major proportions owing to a combination of external factors, expansionary financial policies,
inappropriate exchange rate and other pricing policies. The growing imbalances were reflected in very slow and, at times negative, economic growth, accelerating inflation, and external payment deficits. To arrest this deterioration, the government adopted a comprehensive medium-term Economic Recovery Program (ERP) in mid-1985.

Major policy changes were introduced, with emphasis on allowing market forces a greater role in economic activities; and public sector activities were subjected to much more rigorous criteria of economic efficiency. The exchange rate was allowed to float within the framework of an inter-bank market system and interest rates were market-determined. Opportunities and incentives for private sector activity were strengthened in all the major productive sectors and trade was liberalized. These measures had the desired effect to a large extent and initial results were regarded as highly positive, with real growth averaging 4.3 per cent per annum during the five-year period following the introduction of the ERP. However, the social aspects of the program had by and large been neglected. For example, the adverse effects of retrenchment of public sector employees on urban incomes and of lower domestic prices of groundnut on rural incomes were not fully recognized.

In 1990 the Government launched the Program for Sustained Development (PSD). The aims of the PSD were to consolidate the economic benefits derived from reforms initiated under the ERP and introduce policy measures required for sustainable growth and development. The PSD incorporated a commitment to ensuring that weaker sections of the population were protected against the adverse effects of economic adjustment. For
example, the proportion of total spending devoted to the health and education sectors was increased. Moreover, the PSD acknowledged that sustainable development called for more effective measures to control population growth. At a Donors’ Conference held in December, 1990, it was specifically emphasized that the country’s population growth rate, then put at 3.4 per cent, was likely to undermine the foundations of sustained long-term growth. Subsequently, the 1993 Census reported an even higher growth rate of 4.2 per cent. Although the 2003 Census found the growth rate to have come down to 2.7 per cent, this figure is considered still high. The Government has therefore undertaken to tackle the population problem in a comprehensive manner through the formulation of a National Population Policy.

**Socio-Cultural Situation**

There are 5 main ethnic groups in The Gambia: Mandinka, Fula, Wollof, Jola and Sarahule and about half a dozen other minority groups. Although the various ethnic groups differ culturally and socially, they share similar communal structures, which give them a unifying bond. English is the official language. About 95 per cent of the population is Muslim, 4.3 per cent Christian, with the rest belonging to other religions. According to the 2003 Census about 34 per cent of married women within the reproductive age (15-49 years) are in polygamous marriages.

Social and cultural norms largely influence people’s perceptions of, and attitudes toward, population issues. Despite the cultural variations among ethnic groups, male dominance is the common norm. Gender disparities are strikingly apparent in terms of women’s lack
of decision-making power. A lack of awareness and traditional gender stereotyping has led to a generally-accepted belief among a majority of both men and women that the status of women is inferior to that of men. Early marriage is common among all ethnic groups and it affects female enrolment and retention in schools, particularly in the rural areas. Other issues affecting the female population are cultural practices such as female genital cutting and various post-natal rituals that aggravate the risk of maternal and child morbidity and mortality. Frequent pregnancies, short birth intervals, and long working hours (domestic and commercial) further constrain women’s schooling and self-improvement possibilities and undermine their health.

**Evolution of Microfinance in The Gambia**

The Gambian economy has experienced alternating periods of buoyancy, stagnation and decline since independence. The reasons for this are varied and complex, but notable among them are changes in the prices paid for the country’s major exports, especially groundnuts, cotton and fish, poor incentives for producers, changes in monetary and fiscal policies, management practices and labor productivity.

Commercial banks constitute a large segment of The Gambia’s financial sector, and are mostly found in the urban centers. In addition to commercials banks, microfinance institutions, non-governmental organizations, and informal financial outlets also operate within the financial sector but mostly in the rural areas of the country. The emergence of schemes to provide access to the poor in The Gambia dated back to 1965 when the country gained its independences. The economy of The Gambia is heavily dependent on
agriculture for both domestic use and export. After independences, a credit scheme geared towards farmers was established. The establishment of the Agricultural Development Bank (ADB) was to provide poor rural farmers with access to credit so that they can afford their farming inputs. Unfortunately, the bank collapsed after several years due to mismanagement of funds, poor repayment, and record keeping. This was followed by several other efforts of The Gambia Commercial and Development Bank (GCDB) whose objective was to encourage urban trade and commerce by extending credit to small and medium size enterprises for business development and expansion such like the ADB. This bank also was liquidated after being in business for a while for the same reasons.

Non-governmental organizations have also been active in the country’s socio-economic developmental efforts since independence. Initially their efforts were mostly geared toward education, agricultural research, and health. But in the 1980s, there was a decline of governmental initiatives for the poor within the financial sector and the introduction of the Economic Recovery Program (ERP). As a result, this eliminated the supply of subsidized financial services through government channels and caused non-governmental organizations and other private enterprises to start offering financial services especially to the poor living in the rural areas.

The emergence of NGOs in the late 1980s and early 1990s as an alternative financial network is in part the of a liberal policy environment introduced by the Economic Recovery Program (ERP). The ERP gradually eliminated the supply of subsidized financial services through government channels. These measures encouraged NGOs and
private entrepreneurs to enter these markets and offer financial services. NGOs have effectively demonstrated their capacity in the past to expand the supply of community service available in poor communities.

Consequently, there was an increased enthusiasm among international donors to develop NGOs to assume additional responsibility as channels to supply financial services for low income clientele. The NGOs operational strategy which emphasized village level participation was viewed positively since it offered a comparative advantage for these organizations to increase access to cost efficient financial service through reduced risk and information costs. Furthermore, it was expected that the implementation of credit and savings programs in combination with other development activities would accelerate income generating activities in NGO service areas. As a result the government realized the need for better coordination and tried to organize the sector for the desired impact. A series of workshops and meetings at the stakeholder level brought about the 1992 Rules and Guidelines on the Microfinance sub sector. This document sought to regulate the sector.

Today, Microfinance is being used in The Gambia as a poverty alleviation tool to improve the well-being and living conditions of the economically disadvantaged. For the past several years, efforts have been made in developing and experimenting different approaches to provide financial services to the poor. Consequently, micro finance has provided access to both financial and non-financial services, security, stability, opportunity and independence for service providers and users. It aims to develop skills,
leadership and managerial capabilities, utilization of indigenous and scarce resources and increases capital formation. Table 5 below provided a snapshot of the market share of MFIs in The Gambia between the periods December 2008 to December 2010. In December 2008, of the total deposits, NBFIs accounted for 311.6 million or 3.8% of the total deposits of 8275.1 million as registered in the overall financial sector. This number increased to 458.8 million or 4.0% of the total deposits in December 2010. NBFIs loans outstanding as a percent of the overall financial sector were 6.72% in December 2010. Outreach for the sector decreased from 152,519 in December 2008 to 108,480 in December 2009, but did register an increase to 134,522 in December 2010. Even though the VISACAs as part of the NBFIs accounted for a small chunk of the numbers as reported, their presences and long-term sustainability is ever so important. They are prevalently dominant in the rural areas, where the majority of the poor and vulnerable can be found, as compared to the other NBFIs, whose major clientele are found in urban settings.
In spite of the presence of so many players at various levels in this small country, the penetration rate of microfinance services is far from adequate. Various reports suggest that the proliferation of different practitioners operating under different delivery technologies and environments without a common vision is counterproductive to the development of microfinance. Despite great potentials for their growth and significant contribution to employment generation and poverty alleviation in The Gambia’s development process, several limitations and other impediments face the Microfinance industry. In the first place, The Gambia is yet to enact a comprehensive Microfinance
Policy. This is a significant issue that needs attention because the regulatory authority, the Central Bank of The Gambia does rely heavily on the Financial Institutions Act (FIA) of 1992 to regulate the industry while microfinance institutions are generally recognized as non-bank financial institutions.

Secondly, the microfinance industry also grapples with serious capacity building gaps. Some of these include: inadequate technical and managerial skills; relatively low outreach due to insufficient awareness about services and products; high mobility constraints; difficulty in retaining good and excellent staff; as well as limited training opportunities (management and leadership skills, book keeping, business skills, loan appraisal, enterprise management savings and credit management, interest rate setting and calculations, record keeping, governance, etc.). The need for capacity building within the industry cannot be over-emphasized in that micro finance players need to be capacitized to enhance their graduation process. “Microfinance is a specialized field that combines banking with social goals, and capacity needs to be built at all levels, from financial institutions through the regulatory and supervisory bodies and information systems, to government development entities and donor agencies.” (CGAP: Key principles of Microfinance; bullet point 10) Such capacity building activities need to be backed by favorable policies/regulatory measures that will not impact negatively on the growth of the informal sector.

Limited rights to properties that could be used as collateral/security for loans are a major limitation. Informal sector operators view land acquisition laws and procedures as very
cumbersome, which limits the growth and development of the sector. Land should be seen as an important factor of production; however micro and small entrepreneurs are caught between customary land tenure laws and modern state land laws. The interpretation of state land laws are at best complex and the process of land registration is very cumbersome. The leasing process needs to be simplified and decentralized in order to make land accessible to informal sector players. Title to land by women is made more difficult because of the rules governing inheritance.

Registration fees for business institutions in The Gambia may vary from D500 to D10,000 depending on the nature of the enterprise. The informal operators consider such fees as too high and a disincentive to register. By the very nature of informal activities, entrepreneurs are not always sure whether they would make adequate profits to offset their registration fees and other tax obligations. Informal operators are not always keen in paying registration fees, especially if it is on an annual basis. As a result, entrepreneurs would prefer to go underground and operate illegally. Such a situation has its disadvantages, Government loses a lot of vital resources for development and it makes the monitoring of the sector very difficult.

Minimum capital requirement is high for some microfinance institutions. The heavy tax regime experienced currently by informal sector players in The Gambia is not an incentive for micro finance development. Heavy taxation would stifle growth and the attainment of the objectives of the sector. Most micro entrepreneurs see the high taxation
regime as a stumbling block and at times would resort to non-compliance measures which are fraudulent and illegal.

**Government’s Role: Policy Frameworks and government institutions that supports Microfinance Development in The Gambia**

In this section, I will provide an overview of the policy frameworks and institutions that are pertinent to the promotion and development of microfinance in the country.

**Institutional Framework**

**Ministry of Finance and Economic Affairs and Ministry of Agriculture**

The Ministry of Finance and Economic Affairs is responsible for the overall financial and economic planning as well as monitoring poverty reduction in the country. The National Planning Commission oversees the formulation and implementation of the poverty reduction strategies such as the PRSP II. On the other hand, the Ministry of Agriculture, through its Project Implementation and Management Unit, houses the Rural Finance Project which coordinates donor-funded development projects in agriculture and rural development.

**The Central Bank**

The Central bank of The Gambia is one of the leading Government agencies responsible for the sector in The Gambia. As the in-charge agency, it is tasked with the handling, coordination, and regulation for microfinance development. The bank on behalf of the
government, formulates and implements regulatory policies and guidelines, monitors, provides technical and advisory services, and supervises the operations of these institutions. Its Microfinance Department basically provides the enabling environment for microfinance institutions to operate smoothly by putting in place laws and legal framework for the sector. It supervises microfinance activities and enforcement of the microfinance regulations in the country. It ensures the existence of favorable macroeconomic factors for microfinance activities. It supports autonomous, wholesale structures along with retail outlets for microfinance services in order to create a level playing field for the stakeholders. The bank has several documents in place to help guide their activities. The CBG microfinance policy document outlines the rules and guidelines on policies and procedures on rural financial operation. Likewise, section 35 of the Financial Institutions Act and section 41 of the CBG Act of 1992 provides for the admission of grassroots-owned and managed institutions into the financial sector.

The CBG, on a quarterly basis conducts an evaluation of the VISACAs and rank their performance using qualitative and quantitative indicators. The quantitative indicators include membership, capital status, deposit mobilization, loan growth, and portfolio-at-risk (PAR). Qualitative measures look at whether regular annual meetings are being held, the quality of management, evidence of proper record keeping, adequate control system, and compliance with internal and external regulations. The quantitative measures as an aggregate made up 75% of the total possible score which the qualitative measures are 25%.
The Rural Finance Project

The Rural Finance Project (RFP) comes under the umbrella of the Department of States for Agriculture (DoSA). The International Fund for Agricultural Development (IFAD) in collaboration with the government of The Gambia funded the Rural Finance and Community Initiatives Project initiatives project (RFCIP) which was implemented from July 1999 to December 2006. With RFCIP funding, the number of VISACAs were expanded from 37 to 66. As of January 2010, there are 60 operational VISACAs in the country. Areas of project intervention included microfinance, crops, livestock, institutional strengthening, and capacity building. The Rural Finance Project (RFP) succeeded the RFCIP which ended in December 2006.

The second phase of the project was a combination of loans and grants between the government of The Gambia and IFAD. This agreement came into effect April 16, 2008, and the new project was launched on May 6, 2008. According to project documents, the total cost is estimated at D8.596 million, to be implemented in two cycles of three years term each. Total cost comprises of 74.7% financing from IFAD, 4.4% from beneficiaries, and 10.9% from the Government of The Gambia. The projects overall goal is “to create an enabling microfinance environment for rural poverty reduction” The objectives of RFP are:

- The streamlining and expansion of rural financial services/
- Increasing access to nutritionally diverse food and promoting the means of enhancing rural incomes, and

---

1 This formation and following information on objectives and purpose is gathered from different sources including desk reports, IFAD website, and the RFP website.
• Strengthening and development of farmer groups to undertake self-help activities.

In striving to reach its goal, the project also wants to ensure:

• An environment that foster self-sustaining rural Micro Finance Institutions (MFIs) such as VISACAs and NBFIs,

• MFIs have consolidated access to qualified support.

• forge partnership with other projects including those with grant resources for socio-economic and infrastructural development, and

• effectively use loan proceeds

The RFP not only provided technical and financial support to the VISACAs but also to the other stakeholders engaged in microfinance activities in the country.

**Technical Service Providers under the Rural Finance Project**

Technical Service Providers (TSPs) are tasked with the promotion and institutional strengthening of the VISACAs through performing monitoring exercises, backstopping, mentoring, capacity building, and data collection. This includes the National Village Savings and Credit Association (NAVISACA), and Microfinance Market Developer & Service Provider (MICROFIMS). These projects are funded by IFAD and the Gambia government. They support institutional strengthening of MFIs including NBFIs.

**The Social Development Fund (SDF)**

In 1994, the government of The Gambia (GOTG) launched a Strategy for Poverty Alleviation (SPA) to promote equitable growth by improving the socio-economic condition of the poor. The aim of the policy was to utilize a system of decentralization
and participatory approach by empowering the poor to engage in innovative activities through three funding streams: social services, microfinance, and capacity building. With this in mind, SDF was established in 1998 to help government’s quest in reducing socio-economic disparities in the country especially among women, youths, and the vulnerable as the main target population. The initial funding for the establishment of SDF was a joined effort between the government of The Gambia, the United Nations Development Program (UNDP), and the African Development Bank (ADB).

SDF was involved in supporting small micro-entrepreneurial projects; assist NBFIs on capacity building training, and extension of credit to both NBFIs and individual clients. In light of their successes in the aforementioned areas, the GOTG in April 2006 approved the transformation of SDF into a fiduciary financial institution (FFI). Its mandate under this Not-For-Profit status is to mobilize resources for wholesaling to NBFIs, and coordinate policy issues. In line with their new status, the African Development Fund (ADF) provided the government with a grant of UA 8.97 million to initiate the Entrepreneurship Promotion and Microfinance Development Project (EPMDP). The microfinance component of the EPMDP will support the development of a national microfinance policy, help strengthen microfinance regulatory environment, and support capacity building of NBFIs and NGOs.

**Policy Framework**

The Poverty Reduction and Strategy Paper (PRSP II) is a policy framework for growth and poverty reduction in the country. The main components of the PRSP II include:

- Creating an enabling policy environment to growth and poverty reduction.
- Enhancing the capacity and output for productive sectors, with emphasis on productive capacities of the poor and vulnerable populations.
- Improving coverage of the basic social services and social protection needs of the poor and vulnerable.
- Refining governance systems and building the capacity of local communities and civil society organizations (CSOs) to play an active role in economic growth and poverty reduction.
- Mainstreaming poverty related cross-cutting issues into poverty reduction.

These five objectives of the PRSP II were developed based on the Millennium Development Goals (MDGs). They act as a planning framework to assist the country in achieving the MDGs and the goals outline in the Vision 2020\(^2\). The long term goal of the policy framework is poverty eradication by significantly increasing national income through sustained economic growth and reducing income and non-income inequalities by implementing the five objectives of the PRSP II.

**The National Strategy Paper for Microfinance Development (NSMD)**

\(^2\) The goal of Vision 2020, according to government documents is: “to transform The Gambia into a financial Centre, a tourist paradise, a trading export oriented agricultural and manufacturing nation, thriving on free market policies and a vibrant private sector, sustained by a well-educated, skilled, healthy, self-reliant and enterprising population guaranteeing a well-balanced ecosystem and a decent standard of living for all, under a system of government based on the consent of the citizenry”.
The National Strategy Paper for Microfinance Development was financed by RFCIP. A draft framework was completed in 2005, and as of March 2011, the document is awaiting to be finalized and validated by its stakeholders before its implementation. The NSMD aims to create a policy that will serve as a regulatory and legal guideline for the promotion and development of the microfinance industry in the Gambia. A key important focus is building the capacity of NBFIs and their staff as well as communities. The document addresses the following key areas: the development of a policy that focuses on the legal and regulatory environment, streamlines existing policies, enhances institutional development and capacity building, improves microfinance coordination and linkages, and addresses gender issues as it relates to the industry’s performance.

**Policy Guidelines for Non-Bank Financial Intermediaries (NBFIs)**

This is what the CBG is using in place of a national MF policy to at least guide the sector’s growth and development, in the absence of an overall microfinance policy and accompanying regulatory and legal framework. SDF through UNCDF is to finance the development of a national policy for microfinance but this is yet to take off. It is Volume One of the CBG policy guidelines. In the beginning, the guideline was derived from both the Financial Institutions Act (FIA) of 1992 and the Financial Regulation Act of 1994. The policy guideline has served the country well since coming into being in 1992 though subject to revisions at some points. Now FIA 2003 has been repealed to a Banking Law, meaning microfinance cannot rely on Banking Law, thus the need to have an NBFI Act to guide the Sector. The CBG has came up with an NBFI Bill that is going through the process of getting legal terminologies at Justice and Finance, then to the Cabinet for
endorsement before ending in parliament for ratification. At that time, it can be validated and become law.

National Micro and Small Enterprise (MSE) Policy

The government, through the Department of State for Trade, developed the MSE policy in 2004 to promote the growth and development of MSEs in the country. The National MSE policy (2004) wants to establish an environment that supports MSE development and promotion. The Policy seeks to streamline the administrative and regulatory environment dictating MSE growth to enable free competition and easy entry into the sector. It encourages MSEs to converge in an apex body, which in turn can serve on their behalf in terms of access to information, markets, financing, etc. Furthermore, it hopes to establish a coordinated marketing system that will showcase and stimulate demand for local products and industries within the country and internationally.

Types of Microfinance institutions in The Gambia and areas of Intervention

Financial services are provided by formal and informal institutions. The formal sector comprises of commercial banks whose participation in microfinance has been minimal. In The Gambia, the majority of microfinance recipients are found in the rural areas. These individuals are serviced entirely by institutions operating in the informal and semi-formal market. The informal and semi-formal comprises of three main microfinance models: (i) Village Savings and Credit Associations (VISACAs – initiated by IFAD in the late 1980s); (ii) three Non-bank financial (NBFIs), which are credit unions operating under the umbrella National Association of Cooperative Credit Unions of The Gambia (NACCUG), Gambia Women’s Financial Association (GAWFA), and GAMSAVINGS
(a private limited liability financial company); (iii) numerous NGOs. The models outlined above, can be further categorized into three main categories of MFIs as depicted in Table 6 below.

Table 6: Three main categories of MFIs

<table>
<thead>
<tr>
<th>The Savings and Credit Associations (SACA)</th>
<th>Fiduciary</th>
<th>Finance Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Which includes VISACAs operates at the village/grassroots level. These are the most important semi-formal providers of microfinance and are generally user-owned, user-managed and user-financed financial institutions.</td>
<td>This component is promoted by the African Development Bank (ADB) funded Social Development Fund (SDF) which the government wants to make permanent so that there would be a continuous flow of funds.</td>
<td>This includes Reliance, BAYBA, GAWFA, NACCUG and other credit union outfits. The main areas of intervention for all 3 categories are small and medium enterprises as well as poor people, the majority of whom are women who are without access to the formal financial sector.</td>
</tr>
</tbody>
</table>

Four NGOs that provide support to the VISACAs under the project are NACCUG, MFPC, GAWFA, and GAMSAVINGS. They are considered to be implementing partners. A snapshot of each one is provided forthwith.

**GAWFA** was established in 1987 as a not-for-profit NGO to extend financial services to the poor especially women. A membership based organization limited to women, with initial support extended by the Women’s World Banking Network. The idea behind the network is to provide small loans and other financial services to poor women as a means of fighting poverty. This idea was first conceived at the first United Nation World conference on women, held in Mexico City in 1975. GAWFA offers individual, solidarity, and large group loans to low income women entrepreneurs, but savings to extended to both men and women. It was the first licensed NBFI institution in the country, with 95% client being women.
**GAMSAVINGS** is a private limited liability company (a subsidiary of GAMSTAR Corporation) that was incorporated in March 2002 but subsequently began its lending operations in March 2005. The company provided small-scale financial services (savings and credit) to the general public in accordance with the regulations of the CBG. In the recent past, this organization has gone defunct. In July 2010, the company’s operational license was revoked by the Central Bank of The Gambia. The bank has risen the capital requirements of NBFIs from D5 million to D10 million, which could not be fulfilled by the company.

**NACCUG** – The National Association of Cooperative Credit Unions of The Gambia is the apex body of Credit Unions operating in the country. The organization became operational in 1991 and it is mandated to promote and support the development of cooperative Credit Unions across the country. The formation of NACCUG resulted from the government’s introduction of the Economic Recovery Program in 1985. The Apex body was instituted to restructure older credit unions and developed new credit unions to aid in poverty alleviation by creating savings and credit associations that the poor can have access to. It is an affiliate of the Irish League of Credit Union Foundations (ILCUF).

**MFPC** – The Microfinance Promotion Center was established in 2001 and hired by the RFP to provide the required quality backstopping and monitoring services to the NGO facilitators and VISACAs.
The VISACA System

The first VISACA was introduced in the country in 1988. Its primary objective was to establish a village bank in order to collect local savings and make loans available to individual villagers or groups. The system is set up so that individual villagers and groups can save and in turn have the opportunity to borrow from the institution. They are user owned and managed. The scheme was promoted by French and German NGOs in cooperation with a Gambian based project called the Jahally Pacharr Rice Project. Currently there are seventy-four VISACAs operating within the country. These are currently being supported by four NGOs, along with the International Fund for Agricultural Development (IFAD) which was providing funding through the Rural Finance and Community Initiative Project (RFCIP), and now the Rural Finance Project (RFP).

When the RFCIP initiative began, there were 37 VISACAs, with 32 deemed to be functional. As of January 2010, there were 74 VISACAs. Out of the 74 VISACAs, 9 are classified as “dead”, 5 as unopened/non-operational, 15 requiring special assistance, and the remaining 45 to be active and operational.

---

3 See Appendix 11 for table showing operational status of VISACAs
4 “Dead” in this context means that at this point, no technical or financial assistance can revive the VISACA due to any one or a combination of these reasons: communities are not interested, higher level of competition or the presence of financial misappropriation leading to police intervention.
Membership is open to individuals and Kafos. Most of the VISACAs charge a non-refundable membership fee ranging from D25 to D100. They are governed by a management committee, whom are elected by the general assembly at the annual general meeting. Cashiers (most MFIs has between one and three), are also picked amongst the members, and are tasked with managing the finances of the bank. Both the cashier and management committee positions are voluntary but there are few cases where some form of a monetary incentive or fixed salary are provided for these positions. The management committee is tasked with the overall management of the VISACA as outlined in the internal regulations of the Village Bank.

Regular checking, savings, term deposits (3, 6, 9, and 12 months), along with the provision of credit are the most common services rendered by these VISACAs. There are several locations that offer Western Union services, and a bank run store where members can purchase items such as farming inputs, rice, and oil for their agricultural needs and household consumption. Term deposits usually pays an annual interest rate of 15% or higher. Loans are generally given out for income generation, agricultural activities, and special considerations are made for educational and other activities. Interest rate on the loans varies amongst the VISACAs and can be as high as 35%. An individual or kafo has to be a member of the VISACA, have a good amount of deposit in the bank or a guarantor does, and some form of collateral to be considered for a loan.

**Conclusion**

---

5 Groups of individuals coming together and engaging in a business venture.
6 Collateral in the village banks could include an orchard, animals, farming equipments, furniture, etc. Basically these are items that the commercial banks would not consider to qualify as collateral for a loan.
The above-mentioned information on microfinance has demonstrated that the research context of this dissertation is not only interesting but indeed necessary for improving the economic sustainability of The Gambia. Although the country wants and does employ microfinance as a tool for development, there has not been much research on the industry particularly at the level of how it affects the lives of people. It is very hopeful that this research could help establish the process to identify and disseminate the lessons learnt from the experience and possibly propose recommendations that could better inform policy. Furthermore, the overarching goal of microfinance in this environment is to assist The Gambia to reduce poverty and better provide for basic human needs of its people through increased access to financial services to the poor. It is also the purpose of this dissertation to evaluate the capacity of the MFIs (in this case, the VISACAs). For microfinance to have a favorable impact there has to be a presence of viable institutions that are self-sustaining, thus supporting the development and growth of the individuals they are serving.
CHAPTER FOUR

RESEARCH METHODOLOGY

Introduction

The purpose of this research is twofold. The first is to understand: How does microfinance intervention affect the lives of its recipients, and secondly, how do factors of institutional capacity enhance or inhibit the role of VISACAs vis-a-vis the role they play in the intervention? A mixed-methods approach was used to conduct this research.

Mixed-methods allow the researcher to integrate qualitative and quantitative techniques for data collection and/or analysis. In this exploratory study, qualitative data collection methods included: interviews, participant observation, and field notes which were augmented with quantitative data gathered from surveys and secondary sources. The qualitative data was transcribed, coded, organized into major themes and conclusions drawn. Quantitative data was analyzed using descriptive and inferential statistics. Combining qualitative and quantitative approaches yields results that neither can achieve alone. Using multiple sources of evidence is one of Yin’s (1984) principles of data collection.

The mixed methods strategy that was employed in this study is what Creswell (2009) called a “concurrent triangulation strategy” (see Figure 9). Both types of data were collected concurrently through primary and secondary data, and then the two sets of data generated were compared and/or combined to explain the phenomena at hand. This exercise of comparison is referred to as confirmation, disconfirmation, cross-validating, or corroboration (Greene, Caracelli, & Graham, 1989; Morgan, 1998; Steckler, McLeroy,
Goodman, Bird, & McCormick, 1992). Triangulation provided confirmation, completeness, minimized bias, and enhanced validity. The advantage of using the concurrent triangulation strategy is that it can yield well-validated and substantiated findings (Creswell, 2009).

**Figure 9: Concurrent Triangulation Design**

![Diagram showing concurrent triangulation design](image)

Data Results Compared

*Source: Adapted from Creswell (2009)*

**Secondary data**

Institutional level data was provided by The Rural Finance Project, The Central Bank of The Gambia and, their implementing partners. Additionally, data was gathered from the National Census Bureau, the Women’s Bureau, and other national policy documents that provided information on the socio-economic status of the microcredit recipients. Data gathered through these sources included: quantitative and qualitative performance indicators. This information served as the baseline for the primary data that will follow.

**Primary data**

My field-work consists of several different dimensions. On the institutional level, a survey was conducted followed by an interview. On the individual level, interviews and
participant observations were used. These different methods will be fully explained later in the chapter. The time spent conducting the field work was between 9-12 months.

**Sampling and Unit of Analysis**

The study was conducted in The Gambia. Both the microfinance institutions and the individual recipients of the microloans were studied.

*Institutional Level:*

The Study involved the 74 VISACAs (MFIs) that are located throughout the country.

Using probability proportional to size (PPS) sampling, 25 institutions were chosen for the research. With some VISACA’s membership totaling in the thousands and some as little as a hundred, this sampling method allowed for the probability of selecting each individual to be the same. According to Bowling and Shah (2005), “equal probability is inappropriate because if the units are selected with equal probability, then a large unit may yield too many sample members and a small unit may yield a few”. The country is divided into seven administrative areas (two Municipalities and five Regions) Banjul - the seat of the Government, Kanifing Municipality (KM) and Western, Lower River, North Bank, Central River and Upper River Regions. **Table 7** shows the institutions that were randomly selected for the study.
Individual Level

A sample of 120 individuals who had been in the program for at least one year before the commencement of the study were included in this exploratory study. Five microcredit recipients were randomly selected from each of the 25 institutions previously selected. These individuals were selected using a random numbers table. Random sampling is used instead of convenience sampling to ensure that each individual had an equal chance of being selected and that the sample was representative of the population (Keppel, 1991).
Table 7: Randomly Selected VISACAs (membership based on 2007 data)

<table>
<thead>
<tr>
<th>Site</th>
<th>VISACA</th>
<th>Members</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nyoselleh</td>
<td>797</td>
<td>Western Region</td>
</tr>
<tr>
<td>2</td>
<td>Jappine</td>
<td>732</td>
<td>Lower River Region</td>
</tr>
<tr>
<td>3</td>
<td>Kabekel</td>
<td>200</td>
<td>Western Region</td>
</tr>
<tr>
<td>4</td>
<td>Nema</td>
<td>1,008</td>
<td>Lower River Region</td>
</tr>
<tr>
<td>5</td>
<td>Kass Wolof</td>
<td>815</td>
<td>Central River Region</td>
</tr>
<tr>
<td>6</td>
<td>Jareng</td>
<td>378</td>
<td>Central River Region</td>
</tr>
<tr>
<td>7</td>
<td>Charnoi Bunda</td>
<td>597</td>
<td>Upper River Region</td>
</tr>
<tr>
<td>8</td>
<td>Keur Janneh Kunda</td>
<td>581</td>
<td>Central River Region</td>
</tr>
<tr>
<td>9</td>
<td>Dankuku</td>
<td>667</td>
<td>Central River Region</td>
</tr>
<tr>
<td>10</td>
<td>Darislameh</td>
<td>1,852</td>
<td>Central River Region</td>
</tr>
<tr>
<td>11</td>
<td>Kunting</td>
<td>848</td>
<td>Central River Region</td>
</tr>
<tr>
<td>12</td>
<td>Kataba Mandinka</td>
<td>633</td>
<td>North Bank Region</td>
</tr>
<tr>
<td>13</td>
<td>Boiram</td>
<td>547</td>
<td>Central River Region</td>
</tr>
<tr>
<td>14</td>
<td>Sifibe</td>
<td>402</td>
<td>Western Region</td>
</tr>
<tr>
<td>15</td>
<td>Burong</td>
<td>491</td>
<td>Lower River Region</td>
</tr>
<tr>
<td>16</td>
<td>Marou Fana</td>
<td>505</td>
<td>Central River Region</td>
</tr>
<tr>
<td>17</td>
<td>Madya Sami</td>
<td>1,074</td>
<td>Central River Region</td>
</tr>
<tr>
<td>18</td>
<td>Ujereng</td>
<td>717</td>
<td>Western Region</td>
</tr>
<tr>
<td>19</td>
<td>Pacharr Sanna Bay</td>
<td>472</td>
<td>Central River Region</td>
</tr>
<tr>
<td>20</td>
<td>Jiffarong</td>
<td>1,278</td>
<td>Lower River Region</td>
</tr>
<tr>
<td>21</td>
<td>Berending</td>
<td>444</td>
<td>Western Region</td>
</tr>
<tr>
<td>22</td>
<td>Bentanto</td>
<td>315</td>
<td>Central River Region</td>
</tr>
<tr>
<td>23</td>
<td>Pancheng (Wharf)</td>
<td>359</td>
<td>Central River Region</td>
</tr>
<tr>
<td>24</td>
<td>Suduwol</td>
<td>793</td>
<td>Upper River Region</td>
</tr>
<tr>
<td>25</td>
<td>Iliasa</td>
<td>1,025</td>
<td>North Bank Region</td>
</tr>
</tbody>
</table>
Data Collection

For this exploratory study, several data collection approaches were utilized to gather the relevant information. In addition to reviewing archival and current documents, I also conducted semi-structured interviews, field observations, and questionnaires were completed. Using mixed-methods strategies allow a researcher to use multiple sources of information coming from different approaches to gain new insight into the social world (Axinn, Frickle, and Thornton 1991; Kertzer and Frickle 1997). Varying the data collection approaches has several advantages: (i) it provides information from one approach that was not identified in an alternative approach; (ii) reduces non-sampling error by providing redundant information from multiple sources; and (iii) ensures that a potential bias coming from one particular approach is not replicated in alternative approaches (Axinn, Fricke, and Thornton 1991; Edin 1998).

Documents and archival sources

Financial documents, annual reports, minutes of meetings, and any other relevant archival documents were collected from The Rural Finance Project, The Central Bank of The Gambia, and their implementing partners for evaluation. Reviewing existing information served as a smooth transition into the interviews of the key informants and as a source of validating some of the statements gathered through the interviews.

Semi-Structured Interviews (institutions)

The data was collected through the use of open-ended interviews with key informants to gain insight about what their perceptions are regarding the organization’s capacity and
the role they play in the microfinance intervention. The intended result was to get descriptive accounts of the work related to capacity development in which they are engaged. The interviews were semi-structured. The first part of the interview guide captured some standard information across all institutions by which a quantitative analysis was later conducted. The latter part was informed by open-ended questions that engaged the key informants to reflect on their experiences and provided examples of such experiences. These interviews lasted about 60 to 90 minutes. The open-ended questions served the following different purposes:

(I) Solicit descriptive accounts of the kinds of capacities that they deem to be important, (II) gain an understanding of their capacity building approaches, (III) how they think that those capacities developed, and (IV) whether they think that sound institutional capacity can have an impact on the intervention program.

Semi-Structured Interviews (microfinance recipients)

Face to face semi-structured interviews were conducted with the participants. All the interviews were compiled into a narrative report coded by pseudonym. These interviews formed part of the findings for my research. I opted to use the interview process versus self-administered questionnaires because:
Most of the participants reside in the rural areas of the country and are uneducated or have limited education thus the inability to read or write. The interviewer translated the question into the local dialect for the interviewees.

People in these areas are consumed with other family issues and could not find the time to respond to a questionnaire. Obtaining information was only possible through direct contact.

Direct face-to-face contact was imperative for cultural reasons. Being able to meet with these people in their own setting and experience their way of life made their perception of me as someone interested in their well being which in turn led to increased trust.

Technological constraints such as the unavailability of telephone, faxes, computers, and electricity made contacting the participants through these mediums impossible.

Additionally, Berg (2007) noted that interviews are an effective tool for learning how participants come to attach certain meanings to phenomena or events. The interview questionnaire contained both structured and open-ended questions (refer to the appendix section). The structured questions served to collect data that would be comparable across all participants. This phase of the interview captured demographic information, financial indicators (assets, income, savings), and skills acquired through the program. Open-ended questions allowed the participants to share in their own view the perceived benefits from engaging in the program. Here we are able to gain an insight into the quality of life indicator central to this research – empowerment and nutrition. Exploring the
circumstances of their involvement in the program from their own perspective, added to the quantitative data, and provided a holistic picture of the phenomena at hand. Data gathered here addressed the first research question.

Participant Observation

While interviewing was the main vehicle of data gathering, participant observation was inevitable. Observations are important to help gain impressions of the participant’s environment and how the microfinance program is affecting their lives. I stayed in some villages for a night or more as it was logistically impossible to go and return to my base (the city) on the same day. Some of these villages were located at a driving distance of 5 hours or more. Staying in the villages allowed me to observe the act of micro entrepreneurship and gain a better sense of how well the microfinance program is affecting the lives of the people. Observation according to (Patton, 1990) can lead to deeper understandings than an interview alone because it provides knowledge of the context in which the event occurs. It also enables the researcher to see things that the participants themselves are unaware of or are unwilling to discuss during an interview.

Researcher Role

Born and raised in The Gambia, I am well aware of the inherent poverty that people endure on a daily basis. Even though I was more fortunate than most because my father held a ministerial position in the government, the interactions that this position brought made me wonder at an early age why people lack the capability to do things on their own. I remembered people waiting in line for my father in the hopes that he would either help
them to feed their family for that day or provide some sort of a financial assistance to get a small business venture started. In addition, I had many opportunities to travel to the rural parts of Gambia and have seen firsthand how individuals struggle for a living. Since I am native born, the participants were more willing to talk to me more so than if I was a stranger. Yet I faced a limitation in that I had to adhere to cultural norms which involved greeting and acknowledging elders and accepting invitations by the participants to stay for longer visits. Nevertheless, being a native helped me understand and relate to the survival issues that the rural poor are facing.

Data Analysis

My data analysis involved both quantitative and qualitative approaches. An explanation of each approach follows.

Qualitative analysis

Based on the data gathered from the interviews with the institutions and recipients, an analysis was completed to gain an insight about how the recipients view microcredit in terms of the impact it has in their lives. Bogden and Biklen (1982) define data analysis as “working with data, organizing it, and breaking it into manageable units, synthesizing it, searching for patterns, discovering what is important and what is to be learned, and deciding what you will tell others”. All key quotes and statements from the interviews were translated in English and then transcribed. Once transcribed and coded, I made sense of the information by building categories and identifying key themes for each
category. All this was done in Excel. The whole analysis followed the steps as outlined by Creswell below.

Statistical analysis

The quantitative analysis is informed by techniques described by Copestake et al. (2001), Develtere and Huybrechts (2005), and Khandker (1998). Copestake et al (2001) used a before -after comparison and concluded that using a cross-sectional comparison of groups (cohorts) is of limited relevance due to heterogeneity between groups. Copestake et al. (2001) divided the borrowers into three groups or cohorts depending on the time they receive their first loans and those yet to receive a loan. They also used with and without credit comparisons. In looking at the impact of microcredit on growth rate of profits, business diversification, and household income growth, they used regression analysis.
Develtere and Huybrechts (2005) stressed the importance of using this method in assessing the impact of microcredit on poverty. Using the same techniques, Hossain (1984) found that per capita income and household income were positively associated with the amount of credit obtained from Grameen Bank. Khandker (1998) using a comparative analysis concluded that for both Grameen Bank and BRAC, the per capita spending and net worth (assets plus savings/loans outstanding) of the members has increased.

Other research uses income and consumption as dependent variables for the measurement of microcredit programs’ impact (Develtere & Huybrechts 2005). Using this technique, most authors conclude that microcredit institutions can have a positive impact on combating poverty (for example, Khandker & Chowdbury, 1996). They found for both institutions (Grameen and BRAC) that a greater number of loans mean a lower incidence of poverty for all program participants.

Using the before-after approach, the quantitative data was analyzed using descriptive and inferential statistics. Figure 13 outlines the research model and shows the relationship between the concepts in the study and the propositions it seeks to authenticate.
Descriptive statistics were utilized to summarize basic demographic data to ensure ease of presentation and comprehension. Basic demographic data, number of loans and uses, types of business, and other comparable data amongst the participants were captured.

A Paired samples t-test was computed to examine whether there is a significant difference in personal and household average monthly income and savings pre and post loan acquisition. The Chi-Square test for independence was used to compare the observed changes in women’s empowerment against the strength of the VISACAs. Regression analysis was used to investigate whether there was a relationship between the strength of the VISACAs and the changes in personal and household incomes and savings. The findings of this test and the previously mentioned tests are presented in chapter five.

**Protecting the Identity of the Respondents**

All respondents were assigned a pseudonym. Pseudonyms were also assigned to any respondents who were mentioned in the process of data collection. These pseudonyms appeared on all transcripts and relevant data (e.g. field notes, future reports). These
pseudonyms were also used when findings were reported. Additionally, all identifying characteristics were deleted or altered to maintain the anonymity of the respondent and anyone they mentioned.

**Informed Consent**

Interview consent forms were given to all the participants. Since the majority of the participants were illiterates, the purpose and intent of the study was narrated to them in the local languages prior to any interview. They were made aware from the very beginning of the voluntary nature of the study and that they could opt at any time to not participate in the study during the interview process. Furthermore, they were also informed of their confidentiality. Once they agreed to participate in the study, they were given the form to sign.

**Limitations**

Even though I had started building professional relationships with some of the key informants through email communications beforehand, it was still necessary to reestablish this relationship since it’s been a while that I have been to the country. The umbrella organization for all the VISACAs is located in the capital city but the individuals are located in different regions of the country. A visit to each VISACA was necessary to build a relationship with each director. This ensures smooth execution of the field work. Another limitation was time constraints. The transportation infrastructure is
awful and travelling is very time consuming and thus results in spending more time getting to the field. Furthermore, nearly all of the participants are illiterate so the interviews had to be administered in the local language and rewritten into English before it could be transcribed and coded.

Conclusion
This chapter has outlined the methods and approaches that were used in this exploratory study. Questionnaires, semi-structured interviews, participant observation, document reviews are the approaches presented as the tools to investigate the effect that microfinance has on the participants. Furthermore, the vehicles through which they receive these loans – VISACAs were also investigated. Do these organizations have the right capacities in place to ensure that their goal of serving their clients is fulfilled? Using both primary and secondary data along with multiple methods of analysis provided a complete picture of the research topic.
CHAPTER FIVE
FINDINGS AND ANALYSIS

The analysis described herein was completed to answer the propositions as set forth within the dissertation. The results are presented in several phases to illustrate how microfinance has impacted the lives of its recipients, and how institutional capacity building has either enhanced or lessened the process. A short description of the sample along with some descriptive statistics is presented first. This will be followed by the results of the inferential statistics for the stated propositions. More descriptive statistical results are also captured in this section for some of the key propositions, of which inferential statistics is not relevant. The last section is a presentation of the qualitative results derived from interviews, field notes, and personal observations.

Description of the Sample

National Experts - The four national experts held positions ranging from Director, Deputy Director, Microfinance expert, and Deputy Project Coordinator within different institutions that are all responsible for or involve in the VISACA program in many aspects. The different agencies they represented include: The Central Bank of The Gambia (CBG), The Social Development Fund (SDF), NAVISACA-TSP, and the Rural Finance Project.

Technical Service Providers (TSPs) – They are the link between RFP and the VISACAs. This group of individuals is tasked with monitoring, backstopping, and training of the VISACA staff. Eight TSPs completed written questionnaires aimed at
assessing their role and perceptions of the program. Six out of eight TSPs obtained a certificate higher than a high school diploma and all of them have at least ten or more years of experience working with people in the rural areas. They all have expertise in different areas ranging from microfinance management, accounting to agriculturalist.

The VISACAs - Out of the list of 74 VISACAs, 57 were used in the PPS random sampling. 17 were omitted based on the institution being dormant, non-operational, or undergoing some form of financial or criminal investigation. Out of the 57 useable VISACAs, 25 were randomly selected for the study. Of those selected 50 staff interviews (2 at each VISACA) were conducted with 47 or 94% of the interview use in analyzing capacity building. One management committee member and one cashier were interviewed. These VISACAs vary in size and location. While they were all located in the rural areas, some locations had a closer proximity to an urban center than others.

Between 1999 and 2010, the number of VISACAs has seen a huge growth with the opening of additional VISACA under RFCIP, now RFP. With this increase, VISACAs have expanded their boundaries to include other villages that could be as far as 15km away. As depicted in Figure 14, this has resulted in an increase in membership. Between 2001 and 2008, membership steadily increased from 22,221 to 46,206. A slight drop in membership was registered in 2009, but went back up in 2010.
The sizeable increase in membership has not been matched by the deposits registered over the years as illustrated in Figure 15. Deposits more than doubled between 2001 (D11, 996) and 2005 (D40, 263). But deposits have been decreasing since then, with an insignificant jump between 2009 and 2010.
The Recipients – 5 microfinance recipients from each of the 25 institutions (totally 125) were randomly selected to assess impact. I successfully conducted 117 or 94% of those interviews. The demographic make-up of the respondents included men and women who had been a member of the VISACA for a year or more, and had benefited from one of the services offered by the village bank. Table 8 presents some basic information of the respondents. The average age of the participants is 45 years old, with an average household size of 12 individuals. This number reflects the number of people in the household that are dependent on the respondent for their basic needs, especially feeding. Some dependent counts were as high as 40 individuals within a household. Also, they reported to have 6 children on average per family (ranges from zero to 20 children).

Table 8: Microfinance recipients demographic information

<table>
<thead>
<tr>
<th></th>
<th>Age</th>
<th>Number of children</th>
<th>Average household size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of cases</td>
<td>116</td>
<td>113</td>
<td>117</td>
</tr>
<tr>
<td>Minimum</td>
<td>22</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Maximum</td>
<td>70</td>
<td>20</td>
<td>40</td>
</tr>
<tr>
<td>Average</td>
<td>45</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>11.5</td>
<td>3.6</td>
<td>7.2</td>
</tr>
</tbody>
</table>
The educational level and level of literacy varied widely among the respondents. The results are presented in Figures 17 and 18. Of the 113 respondents that answered these questions, fifty-four individuals or 48% reported only learning the Quran\(^1\). 34% or thirty-eight individuals reported having no form of education, with the rest reporting some primary (7%), secondary (4%). 47% of the respondents could not read or write, 28% can do a little of both, while 23% can only read.

![Figure 17: Level of Education](image1.png)  ![Figure 18: Level of Literacy](image2.png)

When asked about the amount, number of loans received, and the uses of these loans, hundred and five individuals received a loan only once with a loan average of D1, 372. Another eighty-one people received a second loan averaging D2, 076, and so on as

---

\(^1\) The holy Quran is the central religious text of Islam. For Muslims, the Quran serves as a divine guidance and direction for humanity.
reflected in Table 9. It is important to note that the amount of loans given decreased after the initial amount.

Table 9: Loan Amounts

<table>
<thead>
<tr>
<th>Number of cases</th>
<th>Loan 1 Amount</th>
<th>Loan 2 Amount</th>
<th>Loan 3 Amount</th>
<th>Loan 4 Amount</th>
<th>Loan 5 Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum</td>
<td>100.00</td>
<td>150.00</td>
<td>150.00</td>
<td>150.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Maximum</td>
<td>20,000.00</td>
<td>20,000.00</td>
<td>8,000.00</td>
<td>30,000.00</td>
<td>20,000.00</td>
</tr>
<tr>
<td>Average</td>
<td>1,371.995</td>
<td>2,975.926</td>
<td>1,720.865</td>
<td>4,877.509</td>
<td>3,126.667</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>2,332.988</td>
<td>2,766.542</td>
<td>1,760.136</td>
<td>7,852.291</td>
<td>5,283.595</td>
</tr>
</tbody>
</table>

Table 10 shows the different ways the participants reported investing their microloans. The three major areas of loan use include the ability to buy farming inputs, educational expenses, and feeding. It is important to note that the ability to buy farming inputs will enable participants to be more productive and efficient. This in turn should equate to a better harvest (all else being constant), thus more income generated. This is perfectly in line with the mission of microfinance, but directly using the loans for educational expenses and for feeding could be a barrier. These individuals could find themselves in a vicious cycle, where they will be indebted without the ability to pay back the loan because the loan was not invested in an income generating venture.
Most of the rural poor are engaged in agricultural activities for both their nutritional needs and income generating activities. This was reflected in the results as 46% of the respondents identify farming as the top business activity they were engaged in. This was closely followed by gardening (22%). Eighty-five individuals did report being involved in another trade or a combination of trades. These results are consistent with economic data that shows approximately three-quarters of the population relies on the agricultural sector for their livelihood (see Table 11).

<table>
<thead>
<tr>
<th>Loan 1</th>
<th>Loan 2</th>
<th>Loan 3</th>
<th>Loan 4</th>
<th>Loan 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farming Inputs</td>
<td>20%</td>
<td>24%</td>
<td>23%</td>
<td>7%</td>
</tr>
<tr>
<td>Education</td>
<td>14%</td>
<td>10%</td>
<td>15%</td>
<td>11%</td>
</tr>
<tr>
<td>Petty Trading</td>
<td>7%</td>
<td>10%</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>Market Stall</td>
<td>7%</td>
<td>8%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Animals</td>
<td>2%</td>
<td>1%</td>
<td>13%</td>
<td>4%</td>
</tr>
<tr>
<td>Feeding</td>
<td>12%</td>
<td>11%</td>
<td>n/a</td>
<td>18%</td>
</tr>
<tr>
<td>Other</td>
<td>39%</td>
<td>36%</td>
<td>37%</td>
<td>50%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gardening</th>
<th>Market Stall</th>
<th>Soap Production</th>
<th>Farming</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
<td>26</td>
<td>21</td>
<td>17</td>
<td>54</td>
</tr>
<tr>
<td>Percentage</td>
<td>22%</td>
<td>18%</td>
<td>15%</td>
<td>46%</td>
</tr>
</tbody>
</table>
Statistical Results for the Stated Propositions

Paired samples t-tests were conducted to compare the change in personal income, personal savings, household income, and household savings from the time before receiving a first loan to the time of the interview, which is at least one year after the loan. Table 12 outlines the results of the paired samples t-test.

<table>
<thead>
<tr>
<th></th>
<th>Average Personal monthly income</th>
<th>Average Household monthly income</th>
<th>Average Personal monthly savings</th>
<th>Average Household monthly savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before acquiring loans</td>
<td>734</td>
<td>875</td>
<td>1,215</td>
<td>871</td>
</tr>
<tr>
<td>After acquiring loans</td>
<td>959</td>
<td>1,192</td>
<td>2,508</td>
<td>2,199</td>
</tr>
<tr>
<td>Average Difference</td>
<td>225</td>
<td>317</td>
<td>1,292</td>
<td>1,328</td>
</tr>
<tr>
<td>Confidence Interval</td>
<td>.05</td>
<td>.05</td>
<td>.05</td>
<td>.05</td>
</tr>
<tr>
<td>T-test</td>
<td>2.1</td>
<td>2.3</td>
<td>2.2</td>
<td>2.3</td>
</tr>
<tr>
<td>P value</td>
<td>0.037</td>
<td>0.027</td>
<td>0.030</td>
<td>0.025</td>
</tr>
</tbody>
</table>

Currency is in Dalasi

**Proposition 1: Participation in microfinance leads to increased personal monthly income**

There is a significant difference in the average monthly personal income before and after acquisition of the loan. Before receiving their first loan, participants had an average personal monthly income of D734. After acquiring loans, they reported an average monthly income of D959, representing a statistically significant gain of D225 (p<.05).
These results suggest that participation in microfinance does lead to increased personal monthly income (Table 12). The information presented above has been adjusted for two outliers that were not included in the paired sample t-test. Two of the participants were previously engaged in high income earning activities (used to own a store in the capital and have since moved back to the rural area, and the other previously engaged in groundnut farming which had since ceased).

**Proposition 2: Participation in microfinance leads to increased personal monthly savings**

Comparing the mean average personal monthly savings before receiving their first loan versus after receiving the loan, indicated a statistically significant increase from pre to post of D1,292 (p<.05). Therefore, we have evidence in support of the proposition that participation in microfinance does lead to increased personal monthly savings (Table 12).

**Proposition 3: Participation in microfinance leads to increased household savings**

The results of the paired sample t-test (Table 12) also support the proposition that participation in microfinance leads to increased household savings. Before acquiring loans, participants reported an average monthly household savings of D871. After acquiring loans, they reported an average monthly household savings representing a statistically significant gain of D1,328 (p<.05).

**Proposition 4: Participation in microfinance leads to increased household income**

In the case of increased household income, the results also support the stated proposition (Table 12). Household income before receiving any loan was D875. After receiving
loans, average household income was D1, 192, representing a statistically significant gain of D317 (p<.05).

**Proposition 5: Participation in microfinance leads to increased ability to feed family**

When asked about their ability to feed their families since joining the microfinance program, 84% of the respondents (eighty-nine individuals) reported that they are able to better feed their family since participating in the program. These results are presented in Figure 19 below. A small percentage 14% (fifteen individuals) and 1.9% (two individuals) indicated that their ability to feed their families since beginning participation in the program has either stayed the same or become worse respectively.

![Figure 19: Ability to feed family](image)

To gain more insight as to why some of the respondents indicated that their ability to feed their families either stayed the same or worsened, I turned to the qualitative data. The
review of the information indicated, the effects are more on a personal level than that of
the program. A respondent that indicated that the ability to feed the family stayed the
same states:

“I have a lot of school age children and school fees are expensive, which
takes up the majority of my funds” (56 yrs old recipient, Madmud Fana,
household size 20)

Another respondent, who reported their situation to be worse stated:

“As getting old and the kids do not have jobs yet, thus the whole
household is dependent on me” (50 yrs old recipient, Nema, household
size 10)

Of the ones that reported their situation as better, a respondent states:

“With the loan, I was able to invest in a business and the returns from that
business helped me to better feed my family” (25 yrs old recipient,
Nyofelleh, household size 9)
Proposition 6: Participation in microfinance leads to increased assets

Of the hundred and four individuals that responded to this question, ninety-three individuals reported that they did have some assets in their possession before acquiring their first loans (Figure 20). The major types of assets included land, house, farming inputs, and animals. But when asked whether the acquisition of these assets resulted from their participation in microfinance program, sixty individuals stated that it resulted from their participation. In this case, the results suggest that participation in microfinance does lead to increased assets, as 65% of assets were acquired through the program.

Before presenting the Chi-square test for the social outcomes, and the regression analysis for proposition 7 (a & b), I will present an empirical analysis of the VISACAs looking at
some key performance indicators. These key indicators are used as a ranking mechanism for the VISACAs, and will serve as the independent variables in each of the aforementioned analysis. The CBG, on a quarterly basis rank the VISACAs base on their performance using qualitative and quantitative indicators (see Table 13 below for quantitative data).

<table>
<thead>
<tr>
<th>Name</th>
<th>Total Membership</th>
<th>Total Deposits</th>
<th>Total Outstanding Loans</th>
<th>Total Capital</th>
<th>Total Par (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bantiao</td>
<td>975</td>
<td>977</td>
<td>21,561</td>
<td>30,907</td>
<td>37,820</td>
</tr>
<tr>
<td>2. Berending</td>
<td>497</td>
<td>512</td>
<td>544,746</td>
<td>589,948</td>
<td>339,560</td>
</tr>
<tr>
<td>3. Belram</td>
<td>624</td>
<td>624</td>
<td>82,630</td>
<td>15,971</td>
<td>150,726</td>
</tr>
<tr>
<td>4. Bureng</td>
<td>508</td>
<td>514</td>
<td>18,772</td>
<td>5,331</td>
<td>296,255</td>
</tr>
<tr>
<td>5. Chamol Bunda</td>
<td>645</td>
<td>963</td>
<td>-25,425</td>
<td>26,074</td>
<td>83,450</td>
</tr>
<tr>
<td>6. Dankunka</td>
<td>795</td>
<td>796</td>
<td>191,903</td>
<td>177,246</td>
<td>699,555</td>
</tr>
<tr>
<td>7. Darulameh</td>
<td>1,983</td>
<td>2,058</td>
<td>106,734</td>
<td>250,984</td>
<td>3,140,589</td>
</tr>
<tr>
<td>8. Illasa</td>
<td>11,10</td>
<td>11,128</td>
<td>604,932</td>
<td>757,068</td>
<td>1,445,283</td>
</tr>
<tr>
<td>9. Jappineh</td>
<td>806</td>
<td>809</td>
<td>185,998</td>
<td>159,739</td>
<td>875,012</td>
</tr>
<tr>
<td>10. Jarreng</td>
<td>483</td>
<td>486</td>
<td>59,781</td>
<td>51,227</td>
<td>587,729</td>
</tr>
<tr>
<td>11. Jiffareng</td>
<td>141</td>
<td>141</td>
<td>45,793</td>
<td>545,166</td>
<td>859,277</td>
</tr>
<tr>
<td>13. Kass Wolof</td>
<td>857</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>15. Kour</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>16. Koutou</td>
<td>n/a</td>
<td>933</td>
<td>566,708</td>
<td>n/a</td>
<td>783,348</td>
</tr>
<tr>
<td>17. Mansufassu</td>
<td>1,154</td>
<td>1,160</td>
<td>149,551</td>
<td>164,542</td>
<td>440,451</td>
</tr>
<tr>
<td>18. Nema</td>
<td>n/a</td>
<td>1,209</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>19. Nyofeleh</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>20. Pacharr</td>
<td>n/a</td>
<td>8,505</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>21. Panchang</td>
<td>n/a</td>
<td>8,505</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>22. Sam Muima</td>
<td>1,126</td>
<td>1,127</td>
<td>78,390</td>
<td>177,398</td>
<td>118,146</td>
</tr>
<tr>
<td>23. Silfoe</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>25. Tijereeng</td>
<td>746</td>
<td>785</td>
<td>323,246</td>
<td>275,911</td>
<td>265,875</td>
</tr>
<tr>
<td>Total</td>
<td>15,652</td>
<td>18,142</td>
<td>4,132,983</td>
<td>4,817,972</td>
<td>10,463,126</td>
</tr>
</tbody>
</table>

Source: Central Bank of The Gambia

The quantitative indicators include membership, capital status, deposit mobilization, loan growth, and portfolio-at-risk (PAR).

**Portfolio Risk** looks at the outstanding balance of all loans with overdue amounts. It takes into consideration both the amount in arrears plus any outstanding balance on the
loan. The portfolio risk is a true reflection of loan delinquency. Calculating this ratio regularly allows the MFIs to determine their loan delinquency rate. It is the industry standard that MFIs maintain PAR below 5%, yet it is evidence from Table 13 the VISACAs in this study exhibits high PAR percentages. Some are even above the 100 percent mark.

**Total Active members** – the study focus on the number of people reached by the institutions (breadth of outreach). Even though there is evidence that the VISACAs were reaching a lot of people, there was no significant impact on the sustainability of the microfinance institution. The loans were so small as well as the deposits being put into the institutions which in turn led to outstanding loans because increased membership meant that loan recovery is more challenging.

**Loan Outstanding** increased from D10 million to 13 million between 2008 and 2009. This is a result of some refinancing of loans from SDF and RFP. Calculated, this equates to high loan to deposit ratios.

**Total Capital** – Represents the minimum capital that the VISACAs have that they can either invests or extends as credit to their clients in the most effective and efficient manner that will yield some monetary benefits for the VISACA. Capital decreased from D960 thousand in 2008 to D867 thousand in 2009.
Total Deposits – The amount of deposits mobilized by the VISACAs that they can in turn re-invest or extend credit to its members. Poor management had led to decreased annual deposits.

Qualitative measures look at whether regular annual meetings are being held, the quality of management, evidence of proper record keeping, adequate control system, and compliance with internal and external regulations. The quantitative measures as an aggregate made up 75% of the total possible score which the qualitative measures are 25%. The VISACAs are given a grade that ranges from A to E. An “A” rating means that the VISACA have a very sound management coupled with viable financial standing and good prospect for sustainability. “B” ranking means that the performance of the VISACA is satisfactory but need to improve in some areas. “C” denotes a fair rating with several areas that needs improvement. “D” indicates a marginal grade with the potential for failure due to low transactions, inactivity in numerous areas, and potential financial issues. For the purpose of this study, the latest rating conducted by the CBG was used, coupled with my own field observations, desk reviews, and interviews to rate the VISACA as either “Strong” or “Weak”. A grade A or B earned a VISACA a “Strong” rating, whilst a C or below equates to a “Weak” VISACA. The scores generated were used to test proposition 7.

Proposition 7: Strong microfinance institutions enhances the effects of microfinance on the recipients

See Appendix for more details on the grading parameters.
This proposition was tested on two levels:

a. Does belonging to a “Strong” or “Weak” VISACA have any effect on the change in individual and household incomes and savings?

To test for this, a linear regression analysis was run with change in income and change in savings as the dependent variables. They were regressed against the VISACA grade as the independent variable, coded as a dummy variable for “Strong” versus “Weak” VISACA. The regression equation was not significant for any of the models as depicted in Table 14 below. Thus a strong or weak VISACA is not a predictor of changes in the income and savings of the microfinance recipients.

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Average Personal monthly income</th>
<th>Average Household monthly income</th>
<th>Average Personal monthly savings</th>
<th>Average Household monthly savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>207</td>
<td>163</td>
<td>-83</td>
<td>-820</td>
</tr>
<tr>
<td>Slope</td>
<td>158</td>
<td>190</td>
<td>614</td>
<td>919</td>
</tr>
<tr>
<td>T-score</td>
<td>1.315</td>
<td>0.859</td>
<td>-0.135</td>
<td>-0.893</td>
</tr>
<tr>
<td>P-value</td>
<td>0.191</td>
<td>0.392</td>
<td>0.892</td>
<td>0.374</td>
</tr>
<tr>
<td>(R^2)</td>
<td>.004</td>
<td>.009</td>
<td>.047</td>
<td>.014</td>
</tr>
</tbody>
</table>

Where \(N = 117\)

b. Does belonging to a “Strong” or “Weak” VISACA have any effect on women empowerment?

A chi-square goodness of fit test was calculated to test whether there is an association between social outcomes and a strong or weak VISACA. Based on Table 15 below, only the ability to spend money without permission was significant at the .05 level. There was
no significant relationship found between the other social outcomes and the VISACAs they belonged to.

While the chi-Square results show that being part of a “strong” versus a “weak” VISACA has no direct effect on women empowerment, the personal accounts of the female recipients speaks to the contrary. The women participants were asked the following questions:

- Are you receiving support from your husband and/or family support?
- Whether there has been any change in their participation level in the affairs of their community/village?
- Any change in their bargaining power in the household?
- Any change in their participation level in making decisions regarding family investments/expenses?
- Any change in the ability to spend money without asking permission?

<table>
<thead>
<tr>
<th>Table 15: Chi-Square results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Participation in the affairs of the community</td>
</tr>
<tr>
<td>Bargaining power in the household</td>
</tr>
<tr>
<td>Participation in decision making regarding family expenses/investments</td>
</tr>
<tr>
<td>Ability to spend money without asking permission</td>
</tr>
</tbody>
</table>
Descriptive statistical results from the survey indicated that amongst individuals whose VISACA has been identified as weak, 6% stated that their participation in the affairs of the community decreased. Conversely, among individuals whose VISACA were identified as strong, 0% stated that their participation in community affairs decreased. Among individuals who identified their VISACA as weak, 94% stated that their participation in the affairs of the community increased. Meanwhile, 100% of individuals who stated that their participation in the affairs of the community increased identified their VISACA as strong.

**Bargaining power in the household**

Those whose VISACA was identified as weak, 6% stated that their bargaining power in the household decreased. Of those individuals who were part of a strong VISACA, 4% stated that their bargaining power in the household decreased. Individuals who identified their VISACA as strong, 95% stated that their bargaining power in the household increased. Among those who identified their VISACA as weak, 94% stated that their bargaining power in the household increased.

**Participation in making decisions regarding family investment/expenses**

Among those who categorized their VISACA as weak, 6% stated that their participation in making decisions regarding family investments/expenses decreased. Those who categorized their VISACA as weak 94% stated that their decision making powers increased. Individuals who categorized their VISACAs as strong, 8% stated that their decision making powers decreased while those who identified their VISACAs as strong, 92% stated that their decision making powers increased.

**Ability to spend money without asking permission**
Among those who categorized their VISACA as weak, 24% stated that their ability to spend money without asking permission decreased. Similarly, those who categorized their VISACA as weak, 76% stated that their ability to spend money without permission increased. Those who categorized their VISACA as strong, 54% stated that their ability to spend money decreased. Those who categorized their VISACA as strong, 46% stated that their ability to spend money increased.

![Figure 21: A female recipient talking about overall VISACA impact and women empowerment](image)

**Qualitative Results**

In this section, I will present relevant qualitative findings that are complementary to the quantitative results. Presenting the views of the microfinance stakeholders in this research will provide greater insights and perspectives on the effects of microfinance and its linkage to institutional capacity. This will allow me to capture salient issues pertinent to the phenomenon being studied that could otherwise be missed by the quantitative data. Furthermore, this method allows for triangulation (confirmation) of the different findings, and the validity of the results is improved. Open ended interview questions have been processed, analyzed, organized, and the finding will be presented in themes that have emerged.
Microfinance plays a key role in the socio-economic fabric of The Gambia

It is the view of the national experts, technical service providers, VISACAs, and microfinance recipients that microfinance does have a positive impact on the rural poor. The national experts agreed that microfinance has brought financial services to the doorstep of the poor which they otherwise would not have access to. The facilitation of access to finance is key to any development, they purported. This sentiment is shared by many as shown:

“People used to travel all the ways to the capital in pursuit of credit - which they might not get. But the VISACA has been able to help in the areas of school fees, farming and petty trading”. (MC – Chairman, Burong)

“VISACA has improved the life of the community. People/Kafos are able to obtain loans from the VISACA for agricultural education, livestock, to aid in their business which helps to make their business sustainable. The poor at times in need of money e.g. D200 were required by business people to pay back two bag of groundnut after harvest (D1, 000) thus a huge loss to them. The VISACA has eliminated all that”. (Cashier, Mamud Fana)

“This VISACA has brought a lot of benefit in my life and the community’s. One use to have to keep your money at home where it can be stolen burned by fire, etc., but now, one has a safe keeping place. In the past during the rainy season, loans acquired through money lenders carried a huge interest rate but the coming of the VISACA has eliminated all of that. Furthermore, the bank has empowered our women folks to start engaging in petty trading. In the past, only, men use to sell vegetables in this village but this is done by the women now. It has also kept robbers away as everyone is aware that the whole Madmud Fana keeps their money in the bank and not in their houses”. (56 year old recipient, Mamud Fana)

Although VISACAs do not cover all parts of the country, their impacts on the lives of beneficiaries are numerous. It increases agricultural production which is the occupation of most rural dwellers.
For poor individuals, the VISACAs have enabled a number of students to complete their schooling by paying their tuition through loans obtained by their parents. Some of the VISACAs also fund the health bills of a number of their members. These are the contributions of VISACA in building human capital. They also contributed significantly to asset building of the beneficiaries through the purchase of farm implements, cattle, small ruminants etc. At a national level, VISACA makes poverty alleviation easy for the government.

Beneficiaries are now able to engage in enterprising ventures that are generating income that can be further invested in more income generating ventures. This enables individuals to not only care for their families better but also afford their children an education. This is summed up in the statements made by two recipients.

“It has really impacted me in the sense that could you imagine taking a loan of D400 which I was able to buy merchandise with. With this I was able to make a small profit, pay my loans within 3-4 months and feed the family better”. (70 year old recipient, Sifoe)

“Without this place, my children would have been out of school without an education”. (42 year old recipient, Berending)
Figures 22 and 23 above is a classic example illustrating how successful and beneficial the program can be. The recipient above was able to get a loan for D10, 000 payable in five months. The loan allowed her to engage in petty trading as depicted in figure 22. The small business venture resulted in a profit of D4, 000 after the loan was paid off. She was able to further reinvest the proceeds by buying livestock to help generate additional revenue through milk production and selling the off springs of the livestock in the long run.

There is no doubt that the statements gathered herein confirmed some of the findings as reported within the statistical results. The individuals in this study, based on their statements, felt that microfinance works for them in small ways. The quantitative data as presented, suggests that some of the success being realized by the recipients cannot be attributed to the VISACA. Meaning the quotes refer to the loans themselves, not the VISACAs. Nonetheless, it is the perception of the interviewees that the VISACAs could play a pivotal role in the increased success of the clients that it serves. Ownership, self-
management, geographical proximity and simplicity are key factors, while the VISACAs diffused member, exponential growth, adulteration of the concept, poor technical service provision, weak internal and external control can also contribute to the failure of VISACAs. Financial instruments including responsive regulatory, supervisory environment and adequate capacity building is also minimal in the day to day management of the VISACAs. Two themes do emerge: the need for capacity building at all levels and concerns of long-term sustainability.

The Need for Capacity Building

Whether a VISACA is successful or unsuccessful depends on several factors. To some institutions, capacity building is key and fundamental in the sustainability of any microfinance institution and the process should be continuous. The need for capacity building becomes even greater as the MFI grows and becomes mature. The respondents identified certain components of capacity building that they deem necessary to the success of the VISACAs. A discussion of these follows.

Human Resources

The majority of the respondents thought that the quality of management is central and key. The better the management, they posited, the more successful the clients are. The VISACAs they felt are being managed by illiterate management committees thereby making the need for capacity building all the more important. As I visit each one of the twenty-five VISACAs, this issue was quiet apparent. The VISACAs are governed by a 12 member management committee, with a minimum of one cashier. 90% of these
individuals could not read or write thus limiting their ability to effectively carry out their duties. A management committee member at the Pacharr Sanna Bayo VISACA states:

“Training is very important since most of us are not educated. If we are trained, we can pull the VISACA forward”

In addition to quality management, the respondents also felt that inefficient management committee members and cashiers also hindered the process of the VISACAs. I am in agreement with their observation. Recounting from my field notes, this is one of many similar encounters. In one situation, the research team arrived at the VISACA and had to wait for hours for someone to open the doors, even though this was a scheduled visit. We found out later that the manager/cashier of the VISACA is the Alkali’s\(^3\) son and he is involved in so many things. In addition to running his own business, he also helps his father with the daily affairs of the village, thus leaving him no time to concentrate on the village bank. Training, technical services provision, mobility and empowerment will develop capacity building according to the directors and experts in the field. If the capacity building of micro finance institutions is successful, the VISACA programs will be successful as well.

Training should not only be limited to the VISACA staff, but to the TSPs and clients as well. Of all the 117 microfinance recipients that were interviewed, when asked whether any form of training was offered by the VISACA, they all answered to the negative. The capacity inadequacy of the VISACA staff can be directly or indirectly affected by the services provided by the TSPs.

\(^3\) Village Head
Lack of supervision of the TSPs is a major factor in the success of the participants within the VISACA program. The Technical Service Providers are hired by The Rural Finance Project to support the VISACAs. They are to perform monitoring exercises, backstopping, mentoring, capacity building, and data collection at the VISACAs on a regular basis. The TSPs major job responsibilities are to train the VISACAS and the cashiers in credit management, savings, planning and implementation. But some of them cannot get the training done on a regular basis because of the wide area they have to cover. In addition, due to the lack of adequate transportation, they depend on bicycles to get to the VISACAS. A technical service provider out in the field with me conducting interviews laments:

“The major constraints in performing my duties are lack of advance training in microfinance, and inadequate mobility to conduct regular control visits”.

Another TSP added that:

Improved mobility, exchange visits to other VISACAs in the sub region to learn and share best practices, building our capacities to help in diverse product development, and improved infrastructure, can really help in our abilities to perform our duties”.

In order to effectively carry out their contractual duties, the TSPs themselves need to be fully knowledgeable in the area. They felt that as TSPs, they also need training to better serve the VISACAs. In the long term, if training and capacity building continues, the TSPs felt that the VISACAS can be sustainable on their own because the people working within the VISACA system would have more qualification and experience to be successful. But on the other hand if the management is not committed to helping the VISACAS and improving economic activities, it will be very difficult for them to work and succeed.
Infrastructure

Facilities and technological management is a major constraint. The VISACAs lack the electricity, equipment, and the information systems to better serve their clientele. Of the twenty-five VISACA visited, over 95% of them have no information system, equipment, or electricity in the village banks. They are only equipped with minimal furniture, a safe deposit box, calculator, and a few supplies which makes their banking structure very inefficient. Furthermore, there is lack of transparency and accountability within the VISACAs. Transactions are manually entered in books which make it very difficult to track, report, and reconcile the activities of the VISACAs.

Financial Management

The VISACAs’ financial management systems are grossly inadequate. They lack the foresight for financial planning, strategic direction, and financial accountability systems that prevent financial misappropriation of resources. As a result, several VISACAs are either dormant or have seized to operate due to financial misappropriation.
In summation, while there were others areas of capacity building that were not mentioned, the information herein captures the main issues that stood out. Supervision from top management to senior officers all the way down to the VISACAS is essential to improve the program. Capacity building is essential in order to maintain the confidence of the Gambian people and the donors. The respondents collectively think that if the following are in place, the VISACAs will be more unsuccessful:

- Members work in accordance to the internal regulations of the village bank
- Increased saving mobilization
- A loan repayment plan
- Efficient and competence management committees and cashiers
- A good loan policy is in place
- Proper governance and management structure is in place
- A better understanding of the concept, aim, and objectives of the VISACA

The two quotes below summed up the major issues that are inhibiting the proper functioning of the VISACAs:

“The project should help us set-up a linkage banking system with Western Union not only to generate income but to benefit the community and surrounding areas. Training in loan recovery strategies should be provided to the management committees. A solar system will help the bank generate income by providing some needed refrigeration services within the community. The management committee usually has to go 6 - 7 km by foot to recover loans, thus, if we can be afforded two bicycles that would make our job easier”.

“We need training in the areas of: VISACA management and governance, book keeping and financial control, and loan recovery strategies. Transportation is a major problem for loan recovery as some of the villages are far. Maintenance of the VISACA is badly needed, along with computerization of the VISACA. Salary
allowances for the cashiers can serve as a motivating factor to attract qualified individuals to manage the books of the VISACAs”.

VISACA Sustainability

Currently, there are no strategies in place to remain sustainable when external funding and support ends. An exit strategy that encompasses business financial planning, building adequate in-country capacity for MFI support, and strategies for long-term sustenance are either in the infant stages or not in existence. When asked whether the VISACAs can be sustainable on its own, a majority of the respondents answered no. They felt that without the continuous influx or external loans and grants, it would be almost impossible as deposit mobilization is one of the major problems faced by the village banks. Adequate training, management structure, lower interest rates on external loans, proper financial management systems, member and deposit mobilization, and infrastructure have been cited as key to sustainability.

With regards to the question of future plans for making the VISACA sustainable, one TSP remarked:

“We are effectively using only external loan to maximize our income. We are actively mobilizing deposits from clients. We are also actively working on the Eco bank Western Union linkage.”

In an effort to initiate plans for making the VISACA sustainable another TSP posited:

“Client sensitization to mobilize more deposits and inviting other villages to the VISACA”

While some respondents stated that their VISACAs were not sustainable, a few of the respondents recommended external investments and other strategies to promote self-sustainability. Some of the ideas include:
- 115 -

- Acquiring a van that can generate income by transporting villages to the major urban areas
- Holding weekly drives where individuals will come and deposit to the bank
- Starting a village stove which will not only generate income for the bank but ease the burden of transportation for the villages as the village is 11 Km from the nearest urban center
- Invest in treasury bills
- Set-up linkage banking agreements with some of the major banks and Western Union

Conclusion

The results for proposition one to four were derived using the paired sample t-test. In all four scenarios, the results suggest rejecting the null and accepting the stated hypotheses. This indicates that the recipients of microfinance that were sampled in this study, on average had seen an increase in their personal income, personal savings, household income, and household savings from the microfinance scheme. The findings of the study also support the hypothesis that participation in microfinance leads to women’s empowerment, and increased ability to feed one’s family. But what it did not support is that membership with a VISACA has an effect on client success. Regression analysis showed that the strength of a VISACA has no effect on personal and household income and savings. Furthermore, a test of independence (Chi-Square) yielded no significant relationship between the strength of the VISACA and women’s empowerment.
Additionally, the quantitative data complemented a majority of the statistical finding and further identified some key areas that are hindering the success of the VISACAs. Lack of capacity and a narrow or limited vision for long-term sustainability were central to this problem.
CHAPTER SIX
IMPLICATIONS, LIMITATIONS, AND FUTURE RESEARCH

Discussion and Policy Implications

This dissertation set out to determine the effects of microfinance on the lives of its recipients in The Gambia. Additionally, the capacity of the institutions that implement the microfinance program was also examined. The results of the investigation showed that the microfinance program do affect the lives of the recipients. The results suggest that participating in microfinance does lead to an increase in individual and household income and savings. There is also evidence that participation in the program does have a positive impact on asset accumulation and the ability to provide for one’s family. What the study fails to prove is that being part of a “strong” or “weak” VISACA have no effect on the success of the clientele. Needless to say, the study did find that the VISACAs lack the capacity and vision to be sustainable in the long run.

While there is some evidence in this study and other studies that concluded that microfinance directed at the poor, especially women, helps improve their lives by increasing their access to health facilities, increased consumption, and increased education for their families. It helps them to expand businesses, employ more people, and increases the empowerment of women. All these benefits reinforce one another to reduce poverty and hence support economic and social development. We still have to be mindful that a review of the literature does have some questioning whether microfinance can work universally as a poverty reduction strategy. Regardless of these questions, developing nations as in The Gambia place a heavy reliance on microfinance as a strategy for poverty alleviation.
The market of microfinance institutions as compared to other institutions such as banks in The Gambia is greater but they have to build their confidence level to attract people. It is still young compared to commercial banks where the industry is saturated and the competition is very high. They are emergent but the penetration rate is very low. The CBTG lacks the capacity and resources to adequately supervise/monitor MFIs in Gambia. Adding to the fact that prudential guidelines are borrowed from Ghana, a neighboring West African country, these rules put emphasis on outreach and other quantity indicators thereby allowing VISACAs to grow into districts banks. Micro finance is also poorly coordinated in The Gambia. A number of NGOs are in credit delivery only and not regulated by CBTG. The social mission of these NGOs tends to mar their financial sustainability. The low interest rates charged by some of these NGOs also create negative externalities that affect well run and managed microfinance intuitions.

**Capacity Building Gaps**

The microfinance institutions in this study have major capacity building gaps that need to be addressed. Some of these include:

- Inadequate technical and managerial skills
- Relatively low outreach due to insufficient awareness about services and products
- High mobility constraints
- Difficulty in retaining good and excellent staff
- Training in (management and leadership skills, book keeping, business skills, loan appraisal, enterprise management savings and credit management, interest rate setting and calculations, record keeping, governance, etc.)
Institutional Unpreparedness for Long-term Sustainability

VISACAs should find a way of building the list of relevant training such as business management into the operations of the bank. Because of the narrow sighted goals and uncertainty in attaining long-term sustainability, it has a huge impact on several areas from training both staff and clients, to the whole area of the operations - infrastructure development. There is no exit or strategic plan to guide the processes of the VISACAs. During the course of my field work, none of the VISACAs had any business or strategic plan in place. Needless to say, the Rural Finance Project at the end of April 2010 has started introducing the concept to the VISACAs. Only time can tell what will be the outcome of this exercise. What is apparent is that they have to incorporate the cost of training and others into their interest rates, membership fee charges, and the cost of passbook. Long-term sustainability would require them to wean themselves from the subsidies as they are currently doing but also integrate some of the following recommendations:

- Invest in adequate software to computerize accounting and MIS
- Integrate loan portfolio monitoring and reporting with liquidity fund management
- Respond promptly to potential loan delinquency problems

Government regulation and policies

So much emphasis is placed on microfinance in The Gambia yet, regarding which Ministry is housing MF is still unclear. Both the ministries of Finance and Agriculture tend to have projects in microfinance under their ministry. As of December 2009, there
was no government entity serving as the focal point of microfinance in the country. This situation is better resolved if The Gambia emulate countries like Mali and Senegal, they have Ministry or Department for Microfinance due to the importance governments in developing nations attaches to microfinance. Furthermore, in Mali again, they have Adviser to the President on microfinance affairs. But in the case of The Gambia, in both ministries, there is not one unit whose main focus is microfinance. It is left to be picked up by anyone in the Ministry.

Central Banks and governments cannot just concentrate on regulation and supervision but must take up developmental roles as a way forward. What do you have to regulate when institutions are failing, constraint by finance, right policies, infrastructure and other supply chain factors. The central bank of Nigeria and Ghana has done very well in that by having Development Finance Department to boost agricultural lending, SMEs and better fund management. This saw the lending to Agriculture and SMEs expanding into many folds, better data collection, treasury management and confidence in the market. In Nigeria, SDF and RFP would have been the same project under the Development Finance Department plus other projects in the country. The projects may face out but that Department continues and data will always be there.

The Rural Finance Project and Social Development Fund (major institutions spearheading microfinance in The Gambia) have some problems, they are not bankers and have difficulties in appraising projects and investments thus much of their lending becomes highly risky and nonperforming. Some becomes quite irresponsible, case of about D4m loan to GAWFA by SDF which ended in misappropriation by a senior
official. When loans are to be disbursed, no follow up, or an appraisal to know the beneficiaries of the fund before disbursements are conducted. The right training, marketing, timely disbursement of funds and right amounts to VISACAs will change matters. The funds are not being used responsibly. SDF fisheries loans were given to individuals who were never at the beaches, to mainly foreigners who end up fleeing with the funds. A lot could be gained if these projects are merged into one either under CBG as a Department or a future Agricultural Bank to continue refinancing funds, training, marketing, institutional support, and capacity building to ensure long-term sustainability of the microfinance institutions in the country.

**Donor Oversight and Control**

The RFCIP at its inception was solely funded through subsidies. An appraisal of the project conducted by IFAD at the end of the project term in 1999 concluded that there were different areas that needed some vast improvement. According to the findings outlined in the (Rural Finance Project (RFP) Appraisal Report of September 2006), the main barriers that is hindering the effectiveness of the MFIs includes: (i) relatively low OSS; (ii) low outreach – client served; savings mobilization, and loans granted. Furthermore, capacity building needs not only be at the MFI level, but amongst all stakeholders that support the work of the MFIs. Key issues are (i) inception, orientation and refresher courses for staff and members of management committees/Boards; (ii) increased effectiveness in the monitoring and evaluating, management information system, transport, and logistics for monitoring MFIs serving the rural clients; (iii) training in the development and management of lending operations, development of new financial
products, prepare strategic and business plans, and be able to manage their operations efficiently. To help support the remedial of these issues outlined above, and to foster an environment of self-sustainability, governance, and accountability, IFAD in collaboration with the government of The Gambia launched the RFP in 2008. In this second phase of the project, it was funded with a combination of subsidies and loans.

Several years later after the implementation of the RFP, this research as presented in the findings section still find a majority of these issues to be a major hindrance for microfinance becoming an effective tool for poverty reduction in the country. The findings of this research suggested that there is still an issue of accountability, governance, transparency, human resources and even corruption plaguing the microfinance intervention programs. It is the view that the donor agencies, in this case IFAD and the implementing agency (RFP) is not as heavy handed in its oversight of the program as its need to be. This can be attributed to the fact that historically, donor agencies in developing countries only abandon a project when its failures are very obvious and have manifested for a while, and that an alternative project that looks more viable or promising can replace the former (Pischke, 2002).

The Current State of Microfinance
A dark cloud has been hovering over the microfinance movement in recent times. A notable example being the challenges of rapid growth leading to massive failures as reported in Andhra Pradesh. In early 2006, some MFIs operating in the State of Andhra Pradesh in India were halted from conducting business by authorities stemming from charges made against them by their borrowers. Allegations include: charging
exceptionally high interest rates, aggressive collection practices leading to suicide of some of their clients, and over-indebtedness, amongst other things.

Despite some of these minor bumps within the industry, the growth of microfinance has surge. Three decades ago, the growth of MFIs was mostly fueled by small NGOs but its growth has now included many different types of funders. The playing field has expanded to include other donors and investors as shown in Table 16 below. Furthermore, the CGAP in 2009 reported that the total amount managed by investment funds for microfinance was over $11 billion.¹

As Table 17 depicts, microfinance investment has really growth during the past decades in terms of both funders. Additionally, the State of the Microcredit Summit reports for 2009 and 2011 shows that the percentage of poorest clients represented by MFIs has risen from 83.4% in 2009 to 94.6% in 2011\(^2\). Total number of clients has increased from 154,825,825 in 2007 to 190,135,080 in 2007. Total number of poorest clients registered a

\(^2\) 94.6% represents data from MFI reporting in 2010 and 83.4% represents data from MFIs reporting in 2008. In 2009, there were 3,589 microcredit institutions reporting versus 3,552 for (1997-2007). The numbers represented in the 2011 State of the Microcredit Campaign Report was data compiled as of 12/31/2009, and for the 2009 report reflected data as of 12/31/2007.

<table>
<thead>
<tr>
<th>DONORS</th>
<th>INVESTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bilateral Agencies</strong></td>
<td><strong>Development Finance Institutions (DFIs)</strong></td>
</tr>
<tr>
<td>Aid agencies and ministries of governments in developed countries (e.g. Swedish International Development Agency(SIDA), United States Agency for International Development (USAID))</td>
<td>The private sector arms of government-owned bilateral and multilateral development agencies [e.g. KFW(Germany), International Finance Corporation (IFC)]</td>
</tr>
<tr>
<td><strong>Multilateral Development Banks and UN Agencies</strong></td>
<td><strong>Individual Investors</strong></td>
</tr>
<tr>
<td>Agencies owned by multiple governments of the industrialized and developing world [(e.g. World Bank, the regional development banks); and UN agencies (e.g. The United Nations Capital Development Fund (UNCDF), International Fund for Agricultural Development (IFAD))]</td>
<td>Socially motivated individual “retail” investors and high net worth individuals that act as venture philanthropists. Individual investors provide their capital through organizations like Oikocredit, a Dutch cooperative society, investment funds, and online, peer-to-peer platforms like Kiva.org</td>
</tr>
<tr>
<td><strong>Foundations</strong></td>
<td><strong>Institutional Investors</strong></td>
</tr>
<tr>
<td>Non-profit corporations or charitable trusts typically funded by a private individual, a family or a corporation, with a principal purpose of making grants to unrelated organizations (e.g. Bill and Melinda Gates Foundation, Ford Foundation)</td>
<td>International retail banks, investment banks, pension funds, and private equity funds that channel capital into microfinance, often with an expectation of return that is below market (e.g. Deutsche Bank, TIAA-CREF)</td>
</tr>
<tr>
<td><strong>International NGOs</strong></td>
<td><strong>Microfinance Investment Vehicles (MIVs)</strong></td>
</tr>
<tr>
<td>Non-governmental organizations that can be either specialized in microfinance [(e.g. ACCION, FINCA) or work in multiple sectors, including microfinance (e.g. CARE, Concern Worldwide)]</td>
<td>Investment entities that have microfinance as a core investment objective and mandate. MIVs receive money from investors through the issuance of shares, units, bonds, or other financial instruments. They provide debt, equity, or guarantees to MFIs and non-specialized financial intermediaries (e.g. European Fund for Southeast Europe (EFSE), BlueOrchard)</td>
</tr>
</tbody>
</table>

gain of 83%, from 106,584,679 in 2007 to 128,220,051 in 2009. Furthermore, the total number of women clients increased from 109,898,894 to 140,117,727 during the same periods. Of these, the total number of poorest women reached increased from 88,726,893 to 104,726,893.³

Researcher and development specialists alike will tell you that though microfinance results has been impressive, one area still prove to be elusive. According to the microcredit Summit Campaign Report 2011, at the end of 2009, there were 128.2 million poorest households with access to microloans worldwide, which is on pace to reach the goal of 175 million by 2015. But the second goal of 100 million individuals rising above the US $1.25 poverty threshold poses major challenges. These statements cannot be truer for The Gambia. The country has experienced GDP growth rates amounting to about 5.4%. But this growth has been attributed to the formal sectors such as services and manufacturing, thus leaving those engaged in microenterprise to be still vulnerable. The

---

³ Source: Microcredit Summit State of the Campaign reports 2009 and 2011. Available at : www.microcreditsummit.org
Gambia National Household Poverty Survey 2003, reported that 69% of the population to be living below the poverty line. Also, income poverty has risen from 59% to 74% between 1998 and 2003.

This study has confirmed previous findings that microfinance does have some effect on the lives of its recipients. It further shows that while capacity of the MFIs in the short-run might not have any impact of the success of its members, there is evidence that it will do so in the long run if the right capacities are not in place. In the Gambian context, this research will serve as starting point to revisit the thinking on microfinance program design in the country. Moreover, the information and data gathered can serve as a baseline for other researcher, donors, and policy makers interested in examining the effects of microfinance interventions in within the country.

**Limitations of the Research**

Several limitations to this study needs to be noted. First, the primary research method, using a before-after comparison to assess impact does have its flaws. There is a selection bias in that this method only considers individuals that are part of the VISACA. Is there a chance that the impact noted using this method would have been less if a controlled group was established? This speaks to the counterfactual – what would have happened if they have not gotten the loans? While the study seeks to address the microeconomic aspects of impact assessment, no consideration has been given to the macroeconomic effects. Secondly, due to time limitations, the data gathered was cross-sectional versus longitudinal. Will the results still be the same if impact was assessed over a longer period
of time? The current study would have benefited from utilizing extended qualitative methodologies to gain a better understanding of impact from the perspective of the recipients. Lastly, the VISACAs were ranked as being “strong” or “weak” based on their performance using qualitative and quantitative indicators. The quantitative indicators include membership, capital status, deposit mobilization, loan growth, and portfolio-at-risk. Qualitative measures include occurrence of annual meetings, quality management, and evidence of proper record keeping, adequate control system, and compliance with internal and external regulations. The categorizations have the potential to change if other characteristics were considered. Important aspects such as proximity to an urban center can potentially have an effect on the ranking of a VISACA.

Future Research

A number of possible future studies using the same experimental set are apparent from the limitations noted above. Future studies should be expanded to include all seventy-four VISACAs which will allow for a true picture of the magnitude effect of microfinance in The Gambia. Furthermore, introducing a controlled group and utilizing a longitudinal approach will address several issues. The issues of the counterfactual and selection bias will be eliminated, if not minimized. The findings of this study have a number of implications for future practice. The government of The Gambia needs to pay a key role in structuring the future design of what a sustainable MFI should look like. There are a number of potential changes that need to be made such as introducing a ministry of microfinance, merging the many mini policies on microfinance into a comprehensive
document to address the growing emphasis place on microfinance as a poverty reduction tool.

**Conclusion**

During the 70s, when nations such as Indonesia and Bangladesh were plagued with floods and famine, the international community, governments, and NGOs used microfinance as a way of reducing the massive suffering being experienced by the citizenry of these nations. The success of this initiative prompted most developing nations to include microfinance as the key items in their Poverty Reduction Strategy Paper (PRSPs). The overarching goal of microfinance as introduced in the country is to assist The Gambia to reduce poverty and better provide for basic human needs of its people through increased access to financial services to the poor. In the case of The Gambia, microfinance provisions can be found in its Poverty Reduction Strategy Paper/Strategy for Poverty Alleviation (PRSP/SPA-II), and as part of its vision 2020 plans. Thus making small loans to the poor to engage in entrepreneurial activities has become a global phenomenon.

The Gambia is among the poorest countries in the world; ranked 151 out of 169 in the UNDP’s Human Development Index (HDI) in 2010. The country through the implementation of its first strategy for poverty alleviation (SPA1) in 1994 is still struggling with rising poverty and inequality in the socio-economic status of its citizenry. Poverty is most prevalent in the rural areas and most of these individuals are engaged in the agricultural sector. The agricultural sector received only two-thirds of its credit needs
from the commercial banks, because the commercial banks will only extent loans to large short-term loans for groundnut trading. The MFIs in the country has stepped in and is providing one-third of the credit needs of these individuals. They are bringing financial services to the door step of the poor which they would otherwise not have access to.

Microfinance interventions had led to increased individual and household income, asset, savings, and ability to feed families, and provide educational opportunities to the poor. Women are now able to better influence household decisions, participate in community affairs, and enjoy increased bargaining powers within the household. In order for this to continue, the microfinance institutions that serve these individuals are to have the right capacities in place to ensure their long-term sustainability and mission attainment.
REFERENCES

AIMS – Assessing the Impact of Microenterprise – www.mip.org


Horton et al. (2003). Developing and evaluating capacity in R&D organizations. ISNAR Briefing paper NO. 62


Ott, Beverly and Hauville, Olivier (2003) Banking with Women in Togo and Benin, signs: Journal of Women in Culture and Society vol.29 no. 2


Republic of The Gambia, Department of State for Finance and Economic Affairs. 2005


The Small Enterprise Education and Promotion Network (The SEEP Network) – www.seepnetwork.org


Women’s World Banking – www.swwb.org


APPENDIX 1
Interview Consent Form (Recipients)

Dear Participant,

You are invited to participate in a research study about how micro finance interventions affect its recipients. This exploratory study is being conducted by Atta Ceesay as a partial requirement for the Ph.D. program at the School of Public Affairs and Administration, Rutgers University – Newark Campus, New Jersey. This form will act as your consent to be included in this study.

During this study, you will be asked to answer some questions pertaining to your views and perspectives on the micro finance program. This interview was designed to be approximately 30mins to an hour in length. However, please feel free to expand on the topic or talk about related ideas.

Please understand that your participation is voluntary and you may discontinue participation at any time without penalty. You may also refuse to answer any particular question, and your privacy will be maintained in all published and written data resulting from the study.

Also understand that this study may involve the audio taping (videotaping) of the interview with the researcher. Neither your name nor any other identifying information will be associated with the audiotape (videotape) or the transcript. Only the researcher will be permitted to listen (or view) to the tapes.

I understand that the tapes will be transcribed by the researcher and erased once the transcriptions are checked for accuracy. Transcripts of my interview may be reproduced in whole or in part for use in presentations or written products that result from this study. Neither your name nor any other identifying information (such as my voice or picture) will be used in presentations or in written products resulting from the study.

I further understand that immediately following the interview I will be given the opportunity to have the tape erased.

Please check one of each pair of options.

A.____ I consent to participating in the interview.
   ___ I do not consent to participating in the interview.

B.____ I consent to have my interview taped.
   ___ I do not consent to have my interview taped.

C.____ I consent to have my taped interview transcribed into written form.
   ___ I do not consent to have my taped interview transcribed.
D. ___ I consent to have pictures of me and my business taken.
    ___ I do not consent to have pictures of me and my business taken.

If you have any questions regarding the research, you may contact the principal investigator: Atta Ceesay at 7896169 or I can also be reached through email at atta@pegasus.rutgers.edu. You may also contact my faculty advisor, Dr. Kyle Farmbry (kfarmbry@andromeda.rutgers.edu / (973) 353-3980) if you have any additional questions.

If you have any questions about your rights as a study participants or are dissatisfied at any time with the aspect of this study, you may contact the office of Research and Sponsored Programs at Rutgers University, located at 3 Rutgers Plaza, New Brunswick, NJ 08901 (Cook Campus). They can also be reached at 732-932-0150 ext. 2104 or email at humansubjects@orsp.Rutgers.edu.

Thank you for taking the time to do this interview. You will also be provided a copy of this form for your records.

__________________________________ ________________
Participant’s Name                      Date

__________________________________ ________________
Participant’s Signature                 Date

__________________________________
Participant’s Address

__________________________________
Investigator's Signature               Date
APPENDIX 2
Interview Consent Form (VISACAs)

Dear Participant,

You are invited to participate in a research study about how microfinance interventions affect its recipients. This exploratory study is being conducted by Atta Ceesay as a partial requirement for the Ph.D. program at the School of Public Affairs and Administration, Rutgers University – Newark Campus, New Jersey. My goal is to gather information about the capacities that your VISACA have in place to ensure your mission of reaching and helping the poor are met. I would also like to gain an understanding of the cross-cutting issues that your center is dealing with.

This form will act as your consent to be included in this study. The survey will be conducted with you filling out a survey form, which will be held in anonymity during the data analysis and destroyed thereafter. Please understand that your participation is voluntary and that you may discontinue participation at any time without penalty. You may also refuse to answer any particular question, and your privacy will be maintained in all published and written data resulting from the study.

If you have any questions regarding the research, you may contact the principal investigator: Atta Ceesay at 7896169 or I can also be reached through email at atta@pegasus.rutgers.edu. You may also contact my faculty advisor, Dr. Kyle Farmbry (kfarmbry@andromeda.rutgers.edu / (973) 353-3980) if you have any additional questions.

If you have any questions about your rights as a study participants or are dissatisfied at any time with the aspect of this study, you may contact the office of Research and Sponsored Programs at Rutgers University, located at 3 Rutgers Plaza, New Brunswick, NJ 08901 (Cook Campus). They can also be reached at 732-932-0150 ext. 2104 or email at humansubjects@orsp.Rutgers.edu.

Thank you for taking the time to do this interview. You will also be provided a copy of this form for your records.

__________________________________
Participant’s Name

__________________________________
Participant’s Signature _____________________ Date

__________________________________
VISACA ________________________________

__________________________________
Investigator’s Signature _________________ Date
APPENDIX 3

AUDIO/VIDEOTAPE ADDENDUM TO CONSENT FORM

Participant,

You have already agreed to participate in a research study entitled: “Is Microfinance the Answer: VISACA Intervention in The Gambia” being conducted by Atta Ceesay. I am asking for your permission to allow me to include both audio and videotape as part of that research study. You do not have to agree to be recorded in order to participate in the main part of the study.

The recording(s) will be used for analysis purposes only. As the fieldwork might possibly involve videotaping subjects while conducting their daily microfinance activities, recording will include full facial pictures and mentioning of one’s name. Recording(s) will be stored in a locked file cabinet and linked with a code to subjects’ identity and will be destroyed upon publication of study results.

Your signature on this form grants the investigator named above permission to record you as described above during participation in the above-referenced study. The investigator will not use the recording(s) for any other reason than that/those stated in the consent form without your written permission.

Subject (Print) ______________________________________

Subject Signature ______________________ Date ______________________

Principal Investigator Signature __________________________ Date _________________
APPENDIX 4
Survey Questionnaire (National Experts)

Institution: ____________________
Job Title: ____________________

1. Give an overview of your organization

2. What role does your organization play within the microfinance sector

3. How is the microfinance scheme structured in the Gambia?

4. Do you consider this the right model or not? (If yes why and if no what should the model be)

5. How would you describe the role of microfinance within the socio-economic sphere of the Gambia (please elaborate)

6. What is the market like for microfinance institutions as compared to other institutions such as banks within the country?

7. Regarding the VISACAs, what is your assessment in terms of impacting lives of beneficiaries and national development?

8. What makes a VISACA successful/unsuccessful?

9. What factors would you say contributed to their success/failure?

10. What does capacity building/development mean to you?

11. How important is capacity building/development for the success of the VISACAs?

12. In your view, what are the necessary ingredients for capacity development?

13. In your view, would you say that the VISACAs have the right capacities in place to help them function?

14. How is/has the current global economic crisis affecting the microfinance industry?

15. What coordinating frameworks exist for Microfinance in The Gambia?

16. Are there policy frameworks for Microfinance in The Gambia? How favorable is the policy framework if any, to the growth and development of Microfinance in The Gambia?
17. Additional comments if any?
APPENDIX 5
Survey Questionnaire TSP Staff

Institution: ____________________

Job Title: ____________________

1. What is your level of education?

2. What type of experience do you bring to this job and the number of years working with the rural poor?

3. What is your main area of expertise?

4. What are the major responsibilities of your job?

5. What are the major constraints in performing your duties as a director/ animator?

6. What makes a VISACA successful/unsuccesful?

7. What factors would you say contributed to their success/failure?

8. List down 3 – 5 indicators or things to show how you contributed in improving the VISACAs.

9. Should the non-performing of VISACAs be attributed to the under performance of the TSPs/animators? (Please elaborate on your answer)

10. Do you think the TSP has the required qualified staff to backstop, train, and monitor the VISACAS?

11. How important is capacity building/development for the success of the VISACAs?

12. As an expert working with the VISACAs on a daily basis, do you think that the VISACA will be sustainable on their own in the long-term? Why or why not?

13. Additional comments if any?
APPENDIX 6
Interview Guide (Microfinance recipient)

Date of Interview: ____________________

Interview Number: ________________

Demographic Information

1. Participant’s Location ______________________________________

2. Age: ______

3. Level of education: □ Secondary □ Primary □ Quran □ None □ Other

4. Level of Literacy: □ Write only □ Read only □ Both □ None


6. Number of children______________

7. What is the size of your household (# of people dependent on you)? ______

Business Information/Income/Assets/Savings

1. What year did you become a member of the VISACA? __________

2. How did you know about the program? __________

3. On average, what is the average amount deposited with the VISACA on a monthly basis __________

4. Amount/Number of all loans received from the VISACA

<table>
<thead>
<tr>
<th>Frequency of Loans</th>
<th>Amount</th>
<th>Uses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan 5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5. What kind of Business do you have?

- Gardening
- Tie/Dye
- Basket Weaving
- Market Stall
- Soap Production
- Animal Rearing
- Poultry
- Tailoring
- Catering
- Employed Worker
- Fashion Shop
- Milling
- Bechek-Bechek
- Salon
- Carpentry
- Fishing
- Farming
- Restaurant
- Firewood/Charcoal selling
- Fruit & Vegetable stand
- Other _______________

6. Are you still operating the business as noted in number 12? □ Yes □ No

7. Were there times when you had difficulty paying back your loans? □ Yes □ No

8. If you answer yes to number 14, how did you handle the situation?

9. Are you currently obtaining loans from another source? □ Yes □ No

10. If yes to question 16 above, from what source?

- Informal money lender
- Family member
- Bank
- Other _____

11. Income

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before you received your first loan, about how much monthly income did</td>
<td></td>
</tr>
<tr>
<td>you have?</td>
<td></td>
</tr>
<tr>
<td>Before you received your first loan, about how much monthly income did</td>
<td></td>
</tr>
<tr>
<td>your household have?</td>
<td></td>
</tr>
<tr>
<td>Currently, about how much monthly income do you have?</td>
<td></td>
</tr>
<tr>
<td>Currently, about how much monthly income does your household have?</td>
<td></td>
</tr>
<tr>
<td>About how much of your income comes from the business?</td>
<td></td>
</tr>
<tr>
<td>About how much of the household’s income comes from your business?</td>
<td></td>
</tr>
<tr>
<td>What is the average monthly income generated by the business?</td>
<td></td>
</tr>
</tbody>
</table>

12. Savings

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before you received your first loan, about how much savings did you</td>
<td></td>
</tr>
<tr>
<td>have?</td>
<td></td>
</tr>
<tr>
<td>Before you received your first loan, about how much savings did your</td>
<td></td>
</tr>
<tr>
<td>household have?</td>
<td></td>
</tr>
<tr>
<td>Currently, about how much savings do you have?</td>
<td></td>
</tr>
<tr>
<td>Currently, about how much savings does your household have?</td>
<td></td>
</tr>
<tr>
<td>About how much of your savings comes from the business?</td>
<td></td>
</tr>
<tr>
<td>About how much of the household’s savings comes from your business?</td>
<td></td>
</tr>
<tr>
<td>About how much are you able to save each month from the business?</td>
<td></td>
</tr>
</tbody>
</table>
13. Nutrition/Hunger

Please tell us about your ability to feed your family as a participant in the microfinance program. Would you say that you are able to feed your family:

- Better
- about the same
- Worse than before you join the VISACA

14. Since joining the VISACA, would you say that your quality of life is now:

- Better
- about the same
- Worse than before you join the VISACA

15. Assets

| Before you received your first loan, did your household have any assets? Please List |  |
| Which of these assets have been acquired resulting from the business? Please list |  |

**Training acquire through program**

16. What kind of training did the VISACA offer you? Choose all that applies:

- Accounting /Booking
- Computer
- Marketing
- Business Planning
- Budgeting/Financing
- Reading
- Writing
- Farming techniques
- Family Planning
- Health Education
- Nutritional Awareness
- Group Management/Leadership Skills
- Other(s) ___________________

17. Are you familiar with the bylaws/rules/regulations of the VISACA?

- Yes
- No

**Open-Ended Questions**

**Life before the program**

18. What are your reasons for entering the program
Experiences with the program
19. What have been your experiences with the program? (problems encountered, supportive VISACA, condition of business)

Impact of program
20. What impact has the program had on your life?

Suggestions for reform/improvement
21. What is your opinion about the program (policies, management)/changes you would like to see:

Social support/Empowerment
22. Are your husband and other family members supportive of you being in the program?
   □ Yes □ No

Since joining the VISACA:
23. would you say that your participation in the affairs of your community/village has:
   □ Increased □ Stayed the same □ Decreased
24. would you say that your bargaining power in the household:
   □ Increased □ Stayed the same □ Decreased
25. would you say that your participation in making decisions regarding family investment/expenses:
   □ Increased □ Stayed the same □ Decreased
26. would you say that your ability to spend money without asking permission:
   □ Increased □ Stayed the same □ Decreased
APPENDIX 7
Questionnaire for VISACAs

Date of Interview: ____________________

VISACA: ____________________

MC or Cashier: ____________________

Opening Hours: ____________________

General Overview of the VISACA

1. What were/are the VISACA’s objectives?
2. What are the main types of services offered by your VISACA? (i.e., credit, savings training, marketing, networking, western union, etc.)
3. What are the major funding sources for your VISACA? (What is the percentage of support, on average, from each of these sources?)

VISACA Clients, Markets & Results

4. How does one become a member of the VISACA?
5. How long on average does a client stay as member of your VISACA? (Do you intend to graduate clients or hang on to them?)
6. Are your members aware of the internal regulations of the VISACA?
7. Is your VISACA by design supposed to have an impact on the community?
8. What are the impacts realized by the activities of the VISACA?
9. What strategies do you have in place to engage the poorest of the poor in the VISACA activities?

VISACA Structure & Results

10. What do you do well/ successes?
11. What are your challenges/failures?
12. What reforms/assistance would make your VISACA easier/ most successful?

VISACA Management/Governance/Technology

13. How is the VISACA managed/governed?
14. How are officers elected or appointed and for what duration?
15. How often do you hold meetings?
16. What type(s) of training does your staff gets?
17. Who provides and pays for the training?
18. What happens if there is no sponsor for the training?
19. How often are the VISACA’s accounts/financial statements audited and by whom?
20. Did your VISACA have any experience with misappropriation of funds?
21. What kind of technology (computers, cell phones, cash registers, calculators) is being used to help manage the VISACA?

**VISACA Sustainability**

22. How are you financially sustaining the VISACA?  
23. Is the VISACA sustainable in the short-term?  
24. Is the VISACA sustainable in the long-term?  
25. What plans do you have in place to make the VISACA sustainable?

**Other**

26. What is the impact of external loans on your VISACA?  
27. What are your suggestions on the external loan issue  
28. Have IEC/Community radios play a role in relation to VISACA sensitization on membership, loan recovery, etc?  
29. How supportive has RFP management and field staff been in your operations
Appendix 8
Sample Internal Regulation

1. MEMBERSHIP:
   1. Both Male and Female can be members
   2. From 18 years and above
   3. New sellers can be members
   4. Civil servant can be members
   5. Strange Farmer cannot be a members
   6. Outsiders can be members
   7. Groups can be members
   8. Business men can be members
   9. Relatives can be members

2. HOW TO BECOME A MEMBER:
   1. You are to face the management committee at the Visaca
   2. Membership fees : D50 for individual
   3. Kafo membership fees: D200
   4. Fees is not refundable
   5. Management committee should not collect fees outside
   6. Fees are to be kept as reserve.

3. VISACA PASS BOOK:
   1. Individual Pass Book of D50.00 to replace it
   2. Kafo Pass Book of D100.00
   3. If a Pass Book is destroyed – you buy another one from the visaca
   4. Pass Book is not transferable.

4. USE OF A MEMBER:
   1. All members should save before getting loans
   2. All member Respect internal regulation provisions
   3. Should apply loan if the need arises
   4. None members cannot save or get loan from the visaca

5. USE OF MEMBER:
   1. Sensitize other about the Visaca
   2. Attend Visaca general meeting and express their opinion.

6. DUTIES OF MEMBER:
   1. Attend Visaca work
   2. Attend meeting and express their opinion
   3. Comply with Visaca rules and regulation

7. VISACA REPRESENTATIVES:
   1. Committee
   2. Cashiers
8. VISACA OPENING DAYS:
1. Wednesdays
2. Fridays

9. VISACA OPENING HOURS:
1. 9am to 4pm

10. CASHIERS:
1. Cashiers should not collect monies outside the visaca premises and should not fill forms outside the visaca
2. All transaction should be recorded in the In and Out, Prepare the trial Balance, and carry Cash Count and fill the cash day statement and signed every opening day.
3. They should inform management committee any problem concerning the Visaca.
4. M.Cs can suspend cashiers if necessary and recommend for dismissal at the AGM
5. Cashier should be literate
6. To handle all cash in the visaca
7. Cashiers should adhere to the opening days and hours of the visaca
8. They must secretive
9. Listen to M.Cs advice and tolerant
10. Sensitize members on the internal regulation governing the operation of the visaca.
11. Responsible for the overall bookkeeping of the VISACA

11. MANAGEMENT COMMITTEE:
1. Both male and female can be M.C
2. Management committee should be hard working, steady, honest and trustworthy
3. Should be able to encourage others to join and at least three should be able to read and write to join.
4. Respect rules and regulation
5. Attend Visaca meeting and attend duties regularly
6. Should monitor the day to day work of the Visaca
7. Committee has the right to give out loan and follow-up loans
8. Should appraise loans and approve or reject any loan
9. Can apply loans and should not exceed 10% of the total loan issued
10. Should join literacy class if introduced
11. Monitor loans after being disbursed
12. Put in place control measures to minimize fraud i.e. internal controller/audit
13. Responsible of recovering loans
14. Accountable for the operation of the Visaca
15. Make sure Annual General Meeting are held every year

12. DEPOSIT:
1. Deposit duration are 3,6,9,12
2. Current account cannot be given out as loan
3. Short term loan 3-12 months longer term above 12 months
4. The depositor is notified by a letter from the cashier if due
5. Deposit can only be done by owner and deposit contract signed

13. WITHDRAWAL:
1. Withdrawal cannot be done until the due date stated in the deposit contract.
2. Only the depositor or clear authority (with double ID card) can withdraw.
3. None members cannot save with the Visaca

14. INTEREST ON DEPOSIT:
1. 10% Per Annum

15. LOAN:
1. The management committee and cashiers should be responsible of loans
2. These people can also access 10% of loans, if you are a member

16. TYPES OF LOANS:
   2,5,8,11 Months

17. LOAN PURPOSE:
1. Health
2. Food
3. Business
4. Horticulture/Farming
5. Petty Trading
6. No loan for travelling
7. No loan for festivities
8. For Education with guarantee

18. GUARANTEE LOAN CONDITION:
1. Gold
2. Carts
3. Farm implements
4. Tended, planted garden
5. Deposit can serve as guarantee
6. Depositors can access loan
7. Civil servant cannot access loan without sufficient deposit
8. The sounding villagers can access loan
9. Kafos can access loans
10. Young unmarried can access loan
11. Linked saving to credit. No Saving No Credit
12. Access double you saving after a deposit period of one month

19. LOAN SIZE:
1. Minimum   D    75.00
2. Maximum    D3,000.00 depending on the use of loan
20. LOAN REPAYMENT:
1. Installment payment
2. Before due date
3. Due date
4. Send a reminder
5. One week grace period
6. Guarantee size
7. Sell to recover loan
8. In case of the borrower died, guarantee will be siege if next of kin did not pay

21. INTEREST ON LOAN: 2 % per Month. 24 % per Anum

22. VISACA INCOME AND EXPENDITURE:
1. TDS interest paid
2. Loan – interest received
3. Loan application form __D25.00 per form for individual and D100 for groups

23. USE OF MARGIN:
1. Incentive payment to the Visaca workers
2. Cost of stationers
3. Other development activities

24. VISACA PRINCIPLE:
1. Self help
2. Self management for sustainability and self reliance

25. VISACA MEETING
1. Management committee should hold a meeting at least every month to discuss the performance of the Visaca
2. There should be General Assembly meeting every year and discuss the performance of the Visaca and review policies.

26. TERMS OF OFFICE FOR MCS
The committee members shall serve the Visaca within the period of 4 years. However, mcs who are active or have not attended three consecutive meetings without any valid reasons shall be replaced and the existing Mc may elect someone to continue the terms of the inactive member of the MC
Appendix 9  
Selected Impact Statements

“Thank God with help of the VISACA, I was able to get a loan of D10, 000 for 5 months and was able to do petty business in the LUMO. I was able to generate income of D14, 000 and repaid my loan and the business continues from the profit generated. After one year I was able to buy two cows and feed my family of 10 children”. (50 year old female, Mamudfana)

“This VISACA has brought a lot of benefit in my life/community. One use to have to keep your money at home where it can be stolen burned by fire, etc., but now, one has a safe keeping place. In the past during the rainy season, loans acquired through money lenders carried a huge interest rate but the coming of the VISACA has eliminated all of that. Furthermore, the bank has empowered our women folks to start engaging in petty trading. In the past, only, men use to sell vegetables in this village but this is done by the women now. It has also kept robbers away as everyone is aware that the whole Madmuud Fana keeps their money in the ban and not in their houses”. (56 year old male, Mamudfana)

“At the time that one VISACA was able to provide loans it benefited me in that I was able to acquire a small loan to take care of my family affairs during the rainy season”. (50 year old male, Nema)

“I am now able to stand on my own and run my own farm. Now I not only use the harvest to feed my family but am also able to sell some to keep some away as savings. I do not depend on anyone else”. (28 year old female, Kass Wollof)

“A very big change in the sense, whenever the need arises, the VISACA has always been helpful with educational & farming issues”. (57 year old male, Tujereng)

“I am very glad because the programme has given me way to make deposits which I later use to improve my livelihood”. (30 year old female, Sifoe)

“It is because of this bank, that my kids are still able to attend school”. (65 year old male, Nyofelleh)

“It increased my earnings. It put me into petty trade”. (36 year old female, Kabekele)

“My business has expanded and I am now able to provide adequately for my family”. (49 year old male, Tujereng)

“It has served as a safe keeping place for my funds”. (55 year old female, (Kataba Mandika)
“It is good for me for the fact that I am able to continue my small business at the market”. (40 year old female, Sifoe)

“It has really impacted me in the sense that could you imagine taking a loan of D400 which I was able to buy merchandise with. With this I was able to make small profit, pay my loans within 3-4 months and feed the family better”. (70 year old male, Sifoe)

“Without this place, my children would have been out of school without an education”. (42 year old male, Berending)

“It helps to rescue me from poverty and also educate my children”. (No age given, female Berending)

“Since we don’t have VISACA in our village when we want money to solve our family problem we have to go around the village or outside of the village to get credit, but now it is easy to get credit from bank”. (65 year old female, Bantanto)

“Since this VISACA started school drop-out has been reduced and farming projects have finished. D260, 000 of the external loan was given to a kafo to run a wholesale business which is working very well”. (Cashier/Manager, Berending)

“This VISACA did a lot for this community. It serves as a safe keeping place. People are able to access loans to help in areas of agriculture, education, business, and health during times of need”. (MC, Kuting – Mandinka)

“The community use to find it hard to gain access to credit and money lenders were charging high interest rates. The VISACA eliminated all that”. (Cashier, Sami Madina)

“[VISACA] Improve the life of the community. People/Kafos are able to obtain loans from the VISACA for agricultural education, livestock, to aid in their business which helps to make their business sustainable. The poor at times in need of money e.g. D200 were required by business people to pay back two bag of groundnut after harvest (D1, 000) thus a huge loss to them. The VISACA has eliminated all that”. (Cashier, Mamud Fana)

“For the past 3 years loans have been given out for petty trading/farming and batik/tie/dye for kafos. This has increase their production and income”. (Cashier, Burong)

“It has really empowered the committee especially the women folk who are our best customers when it comes to loan repay more”. (Cashier, Panchang (Wharf))

“This VISACA not only serve as a safe keeping place but also a medium where the poor can have access to credit to help better themselves”. (Cashier, Chamo Bunda)
“This VISACA serves the poor at the time when it is really needed usually during the rainy season when people find it difficult to feed their families and buy their farms inputs”. (MC President, Dankunku)

“This VISACA has brought progress in this community. During the rainy season farmers use their loans for seedlings and fertilizers. The women folks use their loans to aid in their different business ventures. Loans are also used for educational expenses”. – (MC, Jappine)

“Since the inception of the VISACA none of our children have stayed home because of school fees - Also during the rainy season, it helps people to feed their families before harvest”. (MC – Chairman, Burong)

“People use to travel all the ways to the capital in pursue of credit - which they might not get. But the VISACA has been able to help in the areas of school fees, farming and petty trading”. (MC – Chairman, Burong)

“Our kafos were able to take loans and invest in milling machines for income generation and fertilizer for resale. During the rainy seasons farmers access loans (7-9 mills) for farming implement/input to be paid after harvesting. Loans are even use for educational and health emergencies”. – (Cashier, Suduwol)
# Appendix 10
## Operational Status of VISACAs

<table>
<thead>
<tr>
<th>VISACA</th>
<th>Location</th>
<th>Region</th>
<th>Current Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abuhle</td>
<td>Fulladu West, VPC</td>
<td>CRR</td>
<td>Dead</td>
</tr>
<tr>
<td>Albera</td>
<td>Upper Niumi, FORUT</td>
<td>NBR</td>
<td>working</td>
</tr>
<tr>
<td>Bakadagi</td>
<td>Fulladu east, AFET</td>
<td>URR</td>
<td>working</td>
</tr>
<tr>
<td>Bantantso</td>
<td>Niamina East, VPC</td>
<td>CRR</td>
<td>Potential help</td>
</tr>
<tr>
<td>Batahuta Kantora</td>
<td>Foni Bintang Karnati</td>
<td>WR</td>
<td>Not operational</td>
</tr>
<tr>
<td>Berengro</td>
<td>Kombo South, Micro-Fims</td>
<td>WR</td>
<td>working</td>
</tr>
<tr>
<td>Biggeru</td>
<td>Kombo North</td>
<td>WR</td>
<td>working</td>
</tr>
<tr>
<td>Biroug</td>
<td>Jarra East, FFHC</td>
<td>LRR</td>
<td>financial case at police</td>
</tr>
<tr>
<td>Busumbelola</td>
<td>Kombo North</td>
<td>WR</td>
<td>working</td>
</tr>
<tr>
<td>Byelam</td>
<td>Foni Kansala, AFET</td>
<td>WR</td>
<td>working</td>
</tr>
<tr>
<td>Chamene</td>
<td>Niamina, AFET</td>
<td>CRR</td>
<td>Potential help</td>
</tr>
<tr>
<td>Chamoi</td>
<td>Fulladu east, AFET</td>
<td>URR</td>
<td>working</td>
</tr>
<tr>
<td>Chamoi Bunda</td>
<td>Wuli, AFET</td>
<td>URR</td>
<td>working</td>
</tr>
<tr>
<td>Dankoloo</td>
<td>Niamina Darundo, VPC</td>
<td>CRR</td>
<td>working</td>
</tr>
<tr>
<td>Darsilameh</td>
<td>Fulladu West, VPC</td>
<td>CRR</td>
<td>working</td>
</tr>
<tr>
<td>Darssilameh (EDF)</td>
<td>Kombo Central, Micro-Fims</td>
<td>WR</td>
<td>working</td>
</tr>
<tr>
<td>Demfalejiraja</td>
<td>Sami, AFET</td>
<td>CRR</td>
<td>potential help</td>
</tr>
<tr>
<td>Diabougou Batapa</td>
<td>Sandu, AFET</td>
<td>URR</td>
<td>working</td>
</tr>
<tr>
<td>Dunciti</td>
<td>Komb West, FFHC</td>
<td>LRR</td>
<td>working</td>
</tr>
<tr>
<td>Faraba banta</td>
<td>Kombo East, Micro-Fims</td>
<td>WR</td>
<td>working</td>
</tr>
<tr>
<td>Fass</td>
<td>Lower Niumi, FORUT</td>
<td>NBR</td>
<td>working</td>
</tr>
<tr>
<td>Faleh Manda</td>
<td>Fulladu west, VPC</td>
<td>CRR</td>
<td>working</td>
</tr>
<tr>
<td>Gnjiru</td>
<td>Kombo South</td>
<td>WR</td>
<td>working</td>
</tr>
<tr>
<td>Hila</td>
<td>Upper Badibu, FORUT</td>
<td>NBR</td>
<td>working</td>
</tr>
<tr>
<td>Jilane</td>
<td>Niamja, AFET</td>
<td>CRR</td>
<td>Dead</td>
</tr>
<tr>
<td>Jappeh</td>
<td>Jarra Central</td>
<td>URR</td>
<td>working</td>
</tr>
<tr>
<td>Jereng</td>
<td>Niamina East, VPC</td>
<td>CRR</td>
<td>working</td>
</tr>
<tr>
<td>Jarrayeh Koto</td>
<td>Sami, AFET</td>
<td>CRR</td>
<td>potential help</td>
</tr>
<tr>
<td>Jiffarong</td>
<td>Kiang West, FFHC</td>
<td>LRR</td>
<td>working</td>
</tr>
<tr>
<td>Kabekel</td>
<td>Kombo Central, Micro-Fims</td>
<td>WR</td>
<td>working</td>
</tr>
<tr>
<td>Karantaba Wharf</td>
<td>Sami, AFET</td>
<td>CRR</td>
<td>working</td>
</tr>
<tr>
<td>Kattong</td>
<td>Kombo South, Micro-Fims</td>
<td>WR</td>
<td>potential help</td>
</tr>
<tr>
<td>Kass Wollof</td>
<td>Niam, AFET</td>
<td>CRR</td>
<td>potential help</td>
</tr>
<tr>
<td>Kataba Mandinka</td>
<td>Upper Badibu, FORUT</td>
<td>NBR</td>
<td>working</td>
</tr>
<tr>
<td>Kataba Omar</td>
<td>Niani, AFET</td>
<td>CRR</td>
<td>potential help</td>
</tr>
<tr>
<td>Kaur Janneh Kunda</td>
<td>Lower Saloum, AFET</td>
<td>CRR</td>
<td>working</td>
</tr>
<tr>
<td>Kuyeni</td>
<td>Niam, AFET</td>
<td>CRR</td>
<td>Dead</td>
</tr>
<tr>
<td>Kerudda</td>
<td>Kiang West, FFHC</td>
<td>LRR</td>
<td>working</td>
</tr>
<tr>
<td>Kerewen</td>
<td>Lower Badibu, FORUT</td>
<td>NBR</td>
<td>working</td>
</tr>
<tr>
<td>Koloero</td>
<td>Kombo East, Micro-Fims</td>
<td>WR</td>
<td>working</td>
</tr>
<tr>
<td>Kollang</td>
<td>Niamina East, VPC</td>
<td>CRR</td>
<td>Dead</td>
</tr>
<tr>
<td>Kuating</td>
<td>Sami, AFET</td>
<td>CRR</td>
<td>working</td>
</tr>
<tr>
<td>Madiana</td>
<td>Kombo North, Micro-Fims</td>
<td>WR</td>
<td>potential help</td>
</tr>
<tr>
<td>Madina Sami</td>
<td>Sami, AFET</td>
<td>CRR</td>
<td>working</td>
</tr>
<tr>
<td>Madina Sanchez</td>
<td>Kiang East, FFHC</td>
<td>LRR</td>
<td>working</td>
</tr>
<tr>
<td>Madina Umfallay(VPC)</td>
<td>Fulladu West, VPC</td>
<td>CRR</td>
<td>Dead</td>
</tr>
<tr>
<td>Mamud fana</td>
<td>Niamina East, VPC</td>
<td>CRR</td>
<td>working</td>
</tr>
<tr>
<td>Mandinari</td>
<td>Kombo South, Micro-Fims</td>
<td>WR</td>
<td>Not operational</td>
</tr>
<tr>
<td>Nenzo</td>
<td>Kiang Central, FFHC</td>
<td>LRR</td>
<td>working</td>
</tr>
<tr>
<td>Njaha Kunda</td>
<td>Central Badibu, FORUT</td>
<td>NBR</td>
<td>working</td>
</tr>
<tr>
<td>Njeben</td>
<td>Fulladu West, VPC</td>
<td>CRR</td>
<td>Dead</td>
</tr>
<tr>
<td>Nyofofolo</td>
<td>Kombo South, Micro-Fims</td>
<td>WR</td>
<td>potential help</td>
</tr>
<tr>
<td>Pacharr Sama Bayo</td>
<td>Fulladu West, VPC</td>
<td>CRR</td>
<td>working</td>
</tr>
<tr>
<td>Pacharr (Wharf)</td>
<td>Upper Saloum, AFET</td>
<td>CRR</td>
<td>potential help</td>
</tr>
<tr>
<td>Sarahang Mandinka</td>
<td>Niamina West, VPC</td>
<td>CRR</td>
<td>working</td>
</tr>
<tr>
<td>Sandulay Kunda</td>
<td>Fulladu West, VPC</td>
<td>CRR</td>
<td>Dead</td>
</tr>
<tr>
<td>Sanyang</td>
<td>Kombo South, Micro-Fims</td>
<td>WR</td>
<td>working</td>
</tr>
<tr>
<td>Sifoe</td>
<td>Kombo South, Micro-Fims</td>
<td>WR</td>
<td>potential help</td>
</tr>
<tr>
<td>Somita</td>
<td>Foni Brefet</td>
<td>WR</td>
<td>Not operational</td>
</tr>
<tr>
<td>Sudurwal</td>
<td>Kantoma, AFET</td>
<td>URR</td>
<td>working</td>
</tr>
<tr>
<td>Tanka</td>
<td>Kombo South, Micro-Fims</td>
<td>WR</td>
<td>working</td>
</tr>
<tr>
<td>Tamasana</td>
<td>Jokadi, FORUT</td>
<td>NBR</td>
<td>potential help</td>
</tr>
<tr>
<td>Touba Demba Sama</td>
<td>Niamina East, VPC</td>
<td>CRR</td>
<td>working</td>
</tr>
<tr>
<td>Touba Kuta</td>
<td>Niam, AFET</td>
<td>CRR</td>
<td>working</td>
</tr>
<tr>
<td>Tujeneng</td>
<td>Kombo South, Micro-Fims</td>
<td>WR</td>
<td>working</td>
</tr>
<tr>
<td>Walalum</td>
<td>Upper Badibu, FORUT</td>
<td>NBR</td>
<td>working</td>
</tr>
<tr>
<td>Wassa</td>
<td>Niam, AFET</td>
<td>CRR</td>
<td>working</td>
</tr>
<tr>
<td>Wassara</td>
<td>Lower Badibu, SDF</td>
<td>NBR</td>
<td>Not in operation yet</td>
</tr>
<tr>
<td>Yennemta</td>
<td>Foni Kansala, AFET</td>
<td>WR</td>
<td>working</td>
</tr>
<tr>
<td>Zamba</td>
<td>Sami, AFET</td>
<td>CRR</td>
<td>working</td>
</tr>
</tbody>
</table>

---

7 Based on a working meeting at the Rural Finance Office on January 13th, 2010, at which the researcher was a participant
Appendix 11

KEYS TO RANKING

PARAMETERS USED IN GRADING VISACAs

<table>
<thead>
<tr>
<th>MEMBERSHIP</th>
<th>CAPITAL ('000)</th>
<th>LOANS ('000)</th>
<th>DEPOSITS ('000)</th>
<th>PAR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 1000 – A</td>
<td>&gt; 40 – A</td>
<td>&gt; 200 – A</td>
<td>&gt; 200 – A</td>
<td>&lt; 5 – A</td>
</tr>
<tr>
<td>&lt; 250 = E</td>
<td>&lt; 10 = E</td>
<td>&lt; 50 = E</td>
<td>&lt; 50 = E</td>
<td>&gt; 20 = E</td>
</tr>
</tbody>
</table>

Corresponding Scores on the composite Parameter Basket

Quantitative Measurements (75%)

<table>
<thead>
<tr>
<th>MEMBERSHIP</th>
<th>CAPITAL 5%</th>
<th>DEPOSITS 20%</th>
<th>PAR 25%</th>
<th>LOANS 15%</th>
</tr>
</thead>
<tbody>
<tr>
<td>A = 10</td>
<td>A = 5</td>
<td>A = 20</td>
<td>A = 25</td>
<td>A = 15</td>
</tr>
<tr>
<td>B = 8</td>
<td>B = 4</td>
<td>B = 16</td>
<td>B = 20</td>
<td>B = 12</td>
</tr>
<tr>
<td>C = 6</td>
<td>C = 3</td>
<td>C = 12</td>
<td>C = 15</td>
<td>C = 9</td>
</tr>
<tr>
<td>D = 4</td>
<td>D = 2</td>
<td>D = 8</td>
<td>D = 10</td>
<td>D = 6</td>
</tr>
<tr>
<td>E = 2</td>
<td>E = 1</td>
<td>E = 4</td>
<td>E = 5</td>
<td>E = 3</td>
</tr>
</tbody>
</table>

QUALITATIVE MEASUREMENTS (25%) | TOTAL SCORE RANKING (100%)

<table>
<thead>
<tr>
<th>MEMBERSHIP</th>
<th>QUALITATIVE MEASUREMENTS (25%)</th>
<th>TOTAL SCORE RANKING (100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A = 25</td>
<td></td>
<td>80 – 100 = A</td>
</tr>
<tr>
<td>B = 20</td>
<td></td>
<td>60 – 79 = B</td>
</tr>
<tr>
<td>C = 15</td>
<td></td>
<td>40 – 59 = C</td>
</tr>
<tr>
<td>D = 10</td>
<td></td>
<td>20 – 39 = D</td>
</tr>
<tr>
<td>E = 5</td>
<td></td>
<td>0 – 19 = E</td>
</tr>
</tbody>
</table>
CURRICULUM VITAE

Date and Place of Birth: Born February 2, 1972 in Banjul, The Gambia

EDUCATION

Saint Joseph High School, Banjul, The Gambia
High School GCE O’Levels July 1990

Fairmont State College, Fairmont, WV
BA/BS in Business Administration and French December 1994

Governors State University, University Park, IL
Master of Business Administration, May 1999

Widener University, Chester, PA
Master of Science in Human Resources May 2003

Rutgers, The State University of New Jersey, Newark, NJ
PhD. In Public Administration October 2011

PROFESSIONAL WORK EXPERIENCE

Kimberly-Clark Corporation, Neenah, WI, 1999-2005


Administrative/Project Coordinator (Part-Time), Small Business Development Center, Rutgers University, Newark, NJ, January 2006- December 2008


ACADEMIC EXPERIENCE

Research Assistant - School of Public Affairs and Administration, Rutgers University Newark Campus, Fall 2006-Spring 2010

Adjunct Lecturer - College of Community and Public Affairs, SUNY – Binghamton University, Spring 2011

Adjunct Lecturer - School of Public Affairs and Administration, Rutgers University Newark Campus, Fall 2008-2011