INVESTIGATING THE IMPACTS OF COMMUNITY BANKING ON SMALL SCALE FARMERS IN THE KAILAHUN DISTRICT, EASTERN PROVINCE.

ABSTRACT

ERIC KOMBA FOYOH MANI, FRANCIS AMADU, DOUFFI .M. SHERIFF, JOSEPH CHARLES BARNETT, AND GODDEY .O. JAMES

EASTERN POLYTECHNIC

PRIVATE MAIL BAG KENEMA

This study examined the impacts of community banking on small scale farmers in Kailahun District. A convenient sampling procedure was used to select One hundred and fifty respondents which include community bank workers and farmers in the study area. Excel software was the major statistical tool used to analyze the data collected from the study area from the research, it was found out that the higher the interest rate, the lower the demand for loan, although this did not depict in the secondary data collected from the study area. In addition, high interest rates cripple infant farmers. That is, higher interest rates tend to have an adverse effect on the development or growth of the farmers or businesses in Sierra Leone since they depend very much on availability and accessibility to funds at reasonable or favourable rates.

INTRODUCTION

From the global look of things, if the current agricultural trends continue unabated to the year 2025, nations especially in West Africa, food scarcity will increase twenty times to 300 million tons (Anderson, 1995). That is, the lower calorie intake could lead to poverty, malnutrition, disease, starvation and hunger. Many Institutional and Non-Institutional sources of rural credit have been made available to African nations in an attempt to alleviate some of these potential problems. It is strongly anticipated that credit and other facilities extended to Small-Scale farmers will enable them to invest and to improve on agricultural and non-agricultural productive assets, to adopt improved technologies and modern farming methods and practices that will increase their yields. Over decades, Sub-Sahara Countries like Sierra Leone has traditionally experienced low agricultural productivity, low income levels, low domestic savings, unemployment, disease and malnutrition. That is, more than 70% of Sierra Leone's population are in rural areas and 70% live below the United Nations' Poverty Index of $1.25 per day as the main economic activity of the rural population is subsistence farming coupled with very poor infrastructure, low level of economic activity and a widely diversified population which result in high transaction costs.

These factors militate against the extension of the right type of financial services into the rural areas needed to promote intermediation and efficiently allocate resources to the rural economic actors in order to accelerate rural economic growth and development. This gap in financial services creates room for informal money lenders whose services do not meet the needs of the farmers, as they lend for very short-term and at very high interest rates earn above normal commercial rates. There are thirteen (13) Commercial Banks with a branch network of eighty-seven (87) branches located mainly in District Capitals and some semi-urban centers. Fifty-two percent (52%) of the branches are located in Freetown; no other District has more than one branch of a bank. It is realized that commercial banks have not extended services deep enough into the rural areas. Provided that most of these banks are foreign owned and foreign shareholdings ranging between 80% and 90%, there is little incentive for such foreign-owned banks to extend branches into rural communities with poor infrastructure and little economic activities. Moreover, the target clientele of commercial banks in terms of product offering are not focused on the rural or small-scale farmers.

i) Microfinance Institutions: There are many microfinance institutions in Sierra Leone of which some main ones are: BRAC, Finance Salone and Salone Microfinance Trust Limited. BRAC has about forty-two (42) branches, Finance Salone has eleven (11) and Salone Microfinance Trust Limited has about five (5) branches respectively. (Most of these branches are urban and semi-urban based. The key Micro Finance Institutions receive external funding support from institutions like, United Nations Community Development Fund (UNCDF), and CORDAID to finance their activities.. The main business model of Microfinance Institutions use is group lending approach since most of their clients do not have property to use as collateral and with a limited time for loan repayment to clients with no grace period which is not suitable for agricultural lending due to their short maturity. From investigations, most of the microfinance institutions deal with female customers leaving out men who are essentially key players in the small scale farming population.

ii) Financial Services Association (FSA): This is a registered institution that mobilizes savings in the form of equity. It offers products and services in rural areas in the form of safekeeping, micro-loans, and money transfers for Shareholders. The Co-Financed IFAD and Italia Development Cooperation project introduced the first FSAs into Sierra Leone, adapting the model from the Kenya origin (Straus Commission, Final Report, 1996). shareholders who own the institutions. They aim at establishing locally accessible, locally Loans to shareholders are financed principally from locally mobilized equity, which constitutes the village bank's risk capital. The loans are guaranteed by the group lending mechanism, or by the bank's knowledge of individual borrowing deriving from the close relationship and the borrowing knowledge by the FSAs. There are about 63 FSAs presently in Sierra Leone all located in the rural areas.

iii) Community Banks (CBs): These are banks regulated by the Bank of Sierra Leone. They offer the following products and services in rural areas: deposits, remittances, payment systems, loans, Client financial educations small business development and rural farmers' development. Currently, there are thirteen (13) CBs operating as formal financial sector namely: Segbwema Community bank, Massimira, Marampa Community Bank, Yoni Community Bank, Pujehun Community Bank, Pendembu Community Bank, Zimi Community Bank, Tongo Community Bank, Nimikoro Community Bank set up to stimulate rural communities to rebuild their lives through access to financial services. Whilst the initial model was innovative, the performance of the Community banks established by the Bank of Sierra Leone was mixed. The Community Banks inherited problems from inception, including low management skills, weak governance capacities, and high costs. This resulted in high loan provisions and write-offs due to in-experienced loan officers and involvement of Board members and management in loan disbursements.

However, there was a restructuring made and the three new banks established were mainly to ensure sustainability and cost-effectiveness through Management Information System well computerized, policy development and procedural documentation, extensive staff training and adoption of business plans and a yearly budget which are reviewed and approved by performance reviews which are undertaken to ascertain whether targets are achieved. Community Banks offer both the individual and group loans. This is done for Commercial/Trading purposes, Agricultural Production purposes, Socio-economic purposes (Salary loans), Industrial purposes and for Community activities (purchase of Bicycles, Motor Bikes and Mobile Phones). They also offer overdraft facilities for Schools and Commercial clients. Loan duration ranges between 6-12 months depending on the type of loan. The interest rate is around 2.0% to 3.00% flat per month, but in most cases agricultural loans are bullet paid with an interest rate of 25% per annum.

Finally, the Government of Sierra Leone has clearly identified the FSA and the Community Bank models as a spearhead of rural finance in the country. Thus the Ministry of Agriculture, Forestry and Food Security (MAFFS) and the Bank of Sierra Leone (BOSL) have sought to replicate the approach of the IFAD funded RFCIP1.

STATEMENT OF THE PROBLEM

Since independence, Sierra Leone Government has made several attempts to improve small-scale farming through rural development in an effort to increase the living standard of the people who reside in rural areas and to ensure food security for the citizens. These projects have failed for several reasons including the high cost of living for farmers and the lack of co-ordination between government agencies.

More farmers in rural parts of the country have problems in dealing with community banks or other credit unions. Some of these problems include preparing viable business proposals and Collateral Securities that the banks do demand. Meanwhile, majority of the farmers are not well educated in order to plan and execute their own business proposals.

The loan facilities extended to customers at commercial banks and other credit unions do not provide facilities to farming activities as a result of high interest rates, short term loan duration and many others. Most Credit facilities given to customers have high interest rates of about 20%

- 30%. This makes it difficult for clients to pay within the specified loan period as the debtors do not reach the market target profit due to the high interest rates. This has been a major concern in the country and thus requires a research of this nature to investigate the impact of the existing community banking on small scale farmers within the study area.

Micro Finance Institutions mostly have not fully targeted small scale farmers and landless rural households who demonstrate interest and endowed with potentials to move beyond subsistence agriculture. In support of this, small scale farmers typically engaged in subsistence farming need to be supported with knowledge base on productivity level, land improvement for effective and sustainable output, finance and markets. However, this has been a challenge faced by these institutions due to the limited capital available for such operations in order to improve their outreach and also strengthening and expanding the rural finance network, including provision of common support services to the network to improve performance and the quality of portfolios. The purpose in strengthening and expanding the network would be to enhance the coverage of the rural population. Many rural and urban farmers lack the knowledge of the operations of Community Banks and other Financial Institutions. These Banks are supposed to create awareness about their existence through outreach activities. This serves as a challenge for community banks to reach out to the farmers and other customers with this idea of operating accounts with the banks in their communities.

AIMS AND OBJECTIVES OF THE STUDY

The aim of this study is to investigate the impacts of Community Banking on small scale famers in Kailahun district, Eastern Region. Other specific objectives will include the following:

i) Determine the importance of community banks on small scale farmers in Kailahun District.

ii) Examining the impact of community banks on small scale farmers in Kailahun District

iii) Assessing the challenges faced by small scale farmers from the activities of community banks in Kailahun District.

iv) . Providing recommendations to improve upon the activities of community bank on the lives of small scale farmers in Kailahun District.

THE SIGNIFICANCE OF THE STUDY

The Banking Industry is an important entity in Sierra Leone economy and for this reason it must not be under-estimated. The main objective of Community Banks is not only to manage cash so as to yield maximum returns, but it also seeks to improve the economy of the country.

The Banks in the study area cover large proportion of the nation's rural banking system as it has a large percentage of market shares in terms of deposits, customer base, and many others. Therefore, analysis on it impacts on farmers/customers shows to a larger extent the manner in which it is important in its operational area under study. However, the choice of community banks in the Eastern Region of Serra Leone is based on the fact that they play a very important role in the country's economy especially in nation building; government revenue generation, honoring taxes, payment of individuals to shareholders, credit facilities to rural and urban farmers for agricultural productivity and the employment of large number of Sierra Leoneans, thus improving the standard of living of the people in the country.

The result of this study serves as a useful tool to the Ministry of Finance and Economic Development and other Institutions. It helps to create awareness of the responsibilities of the Community Banks, Credit Unions, Ministry of Agriculture Forestry and Food security and Rural Banks to help people in Sierra Leone and the Policy makers. This enables the nation to adopt strategies which will help to achieve the objectives of the small scale farmers. Finally, the findings of the study provides data base for further research work.

This chapter presents summaries of review of related studies of recognized authorities and previous researches completed on Community Banks and Small-Scale in both developed and developing countries. Sierra Leone is particularly interesting because its tiered system of different laws and regulations for different types of institutions has evolved largely in response to local conditions and so many of the institutions are savings-based. The resulting system resembles the tiered approach recommended by the World Bank's 1999 study of microfinance regulation (VanGreuning et al) and more recently adopted by Uganda. While Sierra Leone's approach has fostered a wide range of both formal and informal Rural/Community Banks and Micro-finance Institutions, it has not as yet been so successful in achieving strong financial performance, significant scale, and true commercialization of microfinance.

The first part looks at, meaning and scope of Community Banks, what is the role and purpose of Community Banks, meaning of poverty, who constitute the poor, access to credit, interest rates levied by community banks and other financial services institutions, community bank approaches of poverty studies in Sierra Leone, rural poverty in Sierra Leone. Moreover, the chapter also looks at poverty and community banks, poverty alleviation and rural banking programmes, how can Rural/Community Banking reduce poverty and why rural finance projects are targeted.

COMMUNITY BANKS

Community Banks are said to be depository Institutions that is, typically locally owned and operated. In other words, it tends to focus on the needs of the businesses and families where the banks hold branches and offices. Lending decisions are made by the people who understand the local needs of the families, businesses and farmers.

ROLE AND PURPOSE OF COMMUNITY BANKS

Moreover, the roles of community banks are clearly to provide extended financial and other services to active rural poor. That is, they do financial intermediation for active and productive rural communities in Sierra Leone. In a developing economy like Sierra Leone, the major functions of these intermediations such as the community banks and other financial services institutions is to make the available means by which funds can be transferred from surplus units in the economy to the deficit unit (Marthons 2002). Community Banks through their intermediation role between farmers and businesses directly or indirectly affect the volume, as well as mobilization of capital by providing the market with different prices liquidity needs of savers and at the same time, making financial and agricultural resources available to Small-Scale Farmers over a long period in accordance with their basic needs (Naur, 1982, Chandra) (Varka 1992). They are purposefully established to consolidate opportunities to complement agricultural activities with rural finance where there are opportunities to facilitate rural finance outreach to small-scale farmers. (Annual Report -Community Improvement Programme 2013).

Commercial Banks: The formal commercial sector in Sierra Leone has always been dominated by commercial banks. There are approximately thirteen (13) commercial banks with a branch network of 87 branches located mainly in District Capitals and some semi-urban centers. Forty-six (46) (52%) of the branches are located in Freetown; no other District has more than one branch of a bank. What is apparent is that commercial banks have not extended services deep enough into the rural areas. Provided that most of these banks (i.e., 10 out of 13) are foreign owned and foreign shareholdings ranging between 81% and 100%, there is little incentive for such foreign-owned banks to extend branches into rural communities with poor infrastructure and low economic activity. Moreover, the target clientele of commercial banks in terms of product offering are not focused on the rural or small-scale farmers. Financial Services Association (FSA): This is a registered institution that continues to mobilize savings in the form of equity. It offers products and services in rural areas in form of safekeeping, micro-loans, and money transfers for Shareholders. The Co-Financed IFAD and Italia Development Cooperation project introduced the first FSAs into Sierra Leone, adapting the model from the Kenya origin. FSAs are rural financial institutions providing a range of financial services to their shareholders who own the institutions. They aim at establishing locally accessible, locally owned and operated financial institutions. Loans to shareholders are financed principally from locally mobilized equity, which constitutes the village bank's risk capital. The loans are guaranteed by the group lending mechanism, or by the bank's knowledge of individual borrowing deriving from the close relationship and

Microfinance Institutions: There are many microfinance institutions in Sierra Leone of which some are: BRAC, Finance Salone and Salone Microfinance Trust Limited. BRAC has about forty-two (42) branches, Finance Salone has eleven (11) and Salone Microfinance Trust Limited has about five (5) branches respectively. (Most of these branches are urban and semi-urban based. The key Micro Finance Institutions receive external funding support from institutions like, UNCDF, Kiva and CORDAID to finance their activities. Some of them take upfront deposit between 20% - 30% of loan granted as a form of cash collateral from loan beneficiaries. The main business model the Microfinance institutions use is group lending approach since most of their clients do not have property to use as collateral. These Microfinance institutions give a limited time for loan repayment to clients with no grace period which is not suitable for agricultural lending due to their short maturity, frequent repayment and lack of any grace period. According to the information obtained, most of the microfinance institutions deal with female customers leaving out the significant section of the population (males) whose needs is not addressed as essentially key players in small scale farming. Community Banks (CBs): These are banks regulated by the Bank of Sierra Leone. They offer the following products and services in rural areas: deposits, remittances, payment systems, loans, Client financial educations small business development and rural farmers' development.

RURAL POVERTY IN SIERRA LEONE

In developing countries like Sierra Leone, small-scale farmers dominate the agricultural economy. Majority of the Sierra Leonean population specifically and the study area constitute a large population of rural areas. (Anaman 1988) disclosed that small-scale farmers are mainly responsible for self-sufficiency of food in Africa and cultivation of export crops. They are also significant in world development with 50 percent of world's population depending on them. Small-scale farms were classified to range between 0.1ha and 5.99ha and they constitute about 81 percent of all farm holdings, the medium scale farms range from 6.0 to 9.99ha and constituted about 13.59% of all farm holdings while large farms range from 10.0ha and above and constituted about 5.63% of all farm holdings (Olayede 1980).

Poverty in Sierra Leone is prevalently rural as already explained above these are all indications of poverty line that are clearly identified in developing nations for small-scale farmers including Sierra Leone of which Eastern Region is no exception. About seventy five (75%) percent of the country's poor people live in rural areas, where they have limited access to basic social services, safe water, motor able roads, and electricity and telephone services, banking services and other health care facilities. The incidence of poverty is highest in the Eastern part of the Sierra Leone in terms of the few named factors above. While poverty has a firm grip on the east, the vicious cycle of poverty is highly at work. The disparity has widened the income gap between people in the urban and rural communities; Poverty is deepest among food crop farmers. Poor food crop farmers are mainly traditional small-scale producers. About eight out of ten small-scale farmers are poor and many of them are women. Despite the efforts of the government which works with development partners such as International Fund for Agricultural Development (IFAD) to reduce poverty in the country, small-scale farmers, herders and other rural people in Sierra Leone including Eastern Region remain poor. Women are among the worst affected and half of women who are heads of households in rural areas are among the poorest 20 percent of the population are poorest of the poor.

The poorest areas of Sierra Leone are complimented with other environmental problems such as flooding, deforestation, erosion and chronic food insecurity. In the Eastern part of Sierra Leone, poverty often has a hold on entire communities especially in the Eastern Region. Livelihoods are more vulnerable in those regions and all members of the community suffer because of food insecurity for part of the year. Throughout Sierra Leone, rural people cope with poverty in various ways like practicing subsistence agriculture. Men take off-farm employment, women carry on small-scale trading, and families reduce cash spending, which may mean taking children out of school. Among the causes of poverty, according to the government's poverty reduction strategy paper are, low productivity and poorly functioning markets for agricultural outputs. Small-scale farmers rely on rudimentary methods and technology and they lack the skills and inputs such as fertilizer and improved seeds that would increase yields. Because of erosion and shorter fallow periods, soil loses its fertility, posing a long-term threat to farmers' livelihoods and incomes. Increasing population pressure leads to continuous cultivation in the densely populated Eastern Region and a shorter fallow period for farming which lead deterioration of the land. Poverty is not limited to the rural settings alone. In most countries including Sierra Leone there is urban poverty. Towns and villages around the cities are characterized by high levels of poverty. In the city of Kenema for instance, people sleep in kiosks, roadsides, lorry stations, petrol stations, and many other unsecured places. The level of slums in the cities really indicates that there is urban poverty. Migration from the villages to the cities in search of jobs has caused congestion in the cities. Many people in the cities live on less than one or two dollars a day because they do not have jobs. Public places of convenience are congested. Even though it is clear that urban dwellers have advantage as compared to their counterparts in the rural settings, it is also obvious that some rural dwellers are better off than their counterparts in the cities. Poverty therefore is not only a rural phenomenon but also observable in the urban settings (Peprah, 2009). Since poverty can be found in both the rural areas and the urban areas, who therefore is the poor. In recent years, Financial Services institutions designed to serve the poor, such as the

Grameen Bank in Bangladesh, have received wide attention, but these institutions depend on subsidies from national governments and international donors. (Zeller & Sharma, 2000) argue that these subsidies represent good investments of public funds on two counts; they enable services to be offered that the marketplace is not willing to provide on its own, and they have been proven to alleviate poverty. Poverty can be reduce when the poor gets access to credit, below is literature review on access to credit.

COMMUNITY BANK APPROACHES IN SIERRA LEONE

The Government of Sierra Leone in partnership with the Bank of Sierra Leone through Financial Sector Policy has prioritized the promotion of financial sector development to support national growth objectives and poverty reduction strategies. The financial sector development in its establishing strategies to improving access to finance by building and sustaining a responsive financial sector is important aspect in prioritization of the agricultural sector and encouraging private sector growth. This means, related activities can only be financed with efficient and effective financial system. These principles are thus articulated through Government's Financial Sector Development Plan (FSDP). It is at this back drop that the Government through its partners decided to integrate Community Banks and Financial Services Associations models into the national policy. This action is especially designed to improve the efficiency, quantity and quality of services of financial sector through more effective financial intermediation, reduction of financial costs and direction of resources into productive investment. Community banks therefore, are charged with the responsibility to increase access to finance by broadening its outreach, strengthening Community Bank and rural credit governance and supervision (RFCDIP 2 2013). Community Banks provider of loans, savings, money transfers, insurance and other financial services to low-income people. Community Banks which encompass a wide range of providers that vary in legal structure, mission, and methodology-offer these financial services to clients who do not have access to mainstream bank or other formal financial service providers (Adjei,2010). The new thinking embraces services for women, children, and the poorest of the poor. Steel and (Anda, 2003) define Community Banks as small financial transactions with low income household and micro enterprises both urban and rural using non- standardized methodologies like character based lending, group guarantees and short term repeat loans.

Microfinance refers to loans, savings, insurance, transfer services, microcredit loans and other financial products targeted at low-income clients. Microcredit has been changing the lives of people and revitalizing communities worldwide since the beginning of time. During the 1980s and early 1990s, international attention on Community Banking was primarily focused on credit for income- generation activities. It was the belief that if poor people had access to credit it would lead to investment, new stream of income, future investment and more income until borrowers raised themselves above the poverty line, (Adjei, 2010). Micro-credit thus emphasizes the provision of credit services to low-income clients usually in the form of small loans to the poor for income generating activities and consumption purposes.

Micro-credit is the lending side of microfinance (Rallens and Ghazanfar, 2005). It embodies giving small loans to poor people, usually without collateral. Community Banks have stepped in to provide these loans because traditional banks are usually unwilling to serve the market of the poor. Notwithstanding the essential roles played by Community Banks in helping the poor by their loan services rendered, their strength is but less satisfactory in terms of helping farmers in productivity. This is to say, they cannot meet the needs of small-scale farmers in provision of long-term loans and the supply of agricultural equipment and other services rendered by IFAD and also the extension of shares bought by farmers to claim ownership at the community banks. Unlike the microfinance institutions, community banks cater for the scaling up of farmers in development of agricultural activities and to help raise their standard of living hence national development Adubi (2003).

COMMUNITY BANKING AND POVERTY ALLEVIATION

The world is being caught in the poverty web. Poverty continues to be a major problem facing both advanced and less-advanced countries. The main objective of community banking is to reduce poverty. In doing this community banking provides the opportunity for clients to create wealth. Targeting farmers in the society who constitute the majority of the poor, community banking helps to reduce poverty by creating wealth which leads to an increase in the levels of incomes of the vulnerable. Savings services leads to capital accumulation for investment in the short and long terms. With high levels of income farmers are empowered. They are to cater for themselves and children, make decisions that affect their household, educate their children and engage in income generating activities. To what extent does rural financial services contribute to the poverty reduction largely depends on access to these services by the poor. Not only this but also it depends on promising investment opportunities and on capacity of the poor to tap into these investment opportunities. Especially if in the rural areas investment opportunities are not expanding simultaneously with rural financial services, not much can be achieved (Robbinson, 2002).

In Bangladesh, where about one third of the world's estimated 30- 40 million micro borrowers reside, the growth has come from specialized microfinance NGO's and Grameen Bank. What began with a few small grants and loans from international donors has now provided over 100 million dollars in loans. The most distinctive feature of the credit delivery system is the absence of middle men between the credit supplier and end user. The bank's cumulative recovery rate is an astounding 98 percent.Grameen Bank has its own special legal structure, and does not fall under regulatory oversight of the central bank. The bank also aims to raise health and environmental consciousness. Each of its members must plant at least one sapling a year as part of forestation programme. Grameen is perhaps the only bank in the world that encourages birth control, sanitation and a clean environment as part of its lending policy (Yunus, 2001) In Bolivia the Community Bank revolution emerged in the 1990's. Large-scale commercial credit if provided there by BancoSol, a privately owned bank for micro-entrepreneurs and by a number of competitors following hotly on BancoSol's heels (and profits). By 1997 BancoSol, financed by a combination of domestic and international commercial debt and investment and locally mobilized voluntary savings, provided loans profitably to more than one quarter of Bolivia's clients (Robbinson, 2002). The Wall Street Journal (15 July, 1997) notes, 'the real measure of its success is that BancoSol has spawned a slew of competitions'.

In India, despite the large size and depth of its financial system, the majority of the rural poor do not have access to formal finance and financial services. For this reason, innovative community banking initiatives pioneered by government strove to create links between commercial banks, NGOs, and informal local groups to create the SHG Bank Linkage (Development gateway, 2004). India's approach to microfinance making it profitable and so widely available helped the country reduce the incidence of poverty from about 40 percent of the population in the mid-1970's to about 11 percent in 1996 (Robinson, 2002). Members of SHG recognize that several challenges lie ahead, but still believe it has the right ingredients to be scaled-up into offering mass access to finance for the rural poor while improving sustainability (World Bank, 2003).

The World Development Report for 1990 (World Bank, 1990) found that poverty can be reduced most effectively by a strategy with two equally important elements. The first element is to promote the productive use of the most abundant asset of the poor, labour. Broad- based economic growth through appropriate macroeconomic and microeconomic policies is critical in this respect. There is also an important role for policies targeted at promoting infrastructure development and encouraging income generation activities for the poor. The second element is to provide basic social services to the poor. The World Bank found that primary health care, family planning, nutrition and primary education are especially important in this regard. In most developing countries, including Sierra Leone, opportunities for wage employment in the formal sector of the economy are extremely limited, and the vast majority of the poor rely on self-employment for their livelihood. Better access to financial services enables the poor to establish and expand micro-enterprises and thereby improve their income levels and create employment. Even in middle income countries such as Botswana and Egypt, where opportunities for wage employment are greater, many poor households rely on self-employment in micro-enterprises for their livelihood (Peprah, 2009).

Prudent policies drawn up to encourage the development of an effective microfinance sector can also reinforce other poverty reduction agenda and vice versa. Many financial services institutions, including Sinapi Aba Trust, Opportunity International Savings and Loans Company Ltd and HFC Boafo Microfinance Services Ltd, encourage their clients to develop a socio-economic agenda covering matters such as health, nutrition and education of children. Even where this emphasis is not explicit, increased empowerment and higher income for clients as a result of their participation in microfinance programmes will propel them to adopt other socio-economic agenda. At the same time, microfinance institutions are likely to be more effective in raising the incomes of beneficiaries in the case where rapid growth in the economy and in agricultural output and better infrastructure create demand for the products and services provided by micro-entrepreneurs. Microfinance Community Banking will also be more effective where the provision of non-financial services such as education and training enable clients to use their loans more productively (Peprah, 2009)

HOW CAN COMMUNITY BANKING REDUCE POVERTY

The appropriateness of Community Banking as a tool for reducing poverty depends on local circumstances. Poverty is often the result of low economic growth, high population growth, and extremely unequal distribution of resources. The closer determinants of poverty are unemployment and the low productivity of the poor. When poverty results from unemployment, reducing poverty requires creating jobs; when poverty results from low productivity and low income, reducing poverty requires investing in human and physical capital to increase workers' productivity. In many countries, such as Bangladesh, poverty is caused by lack of both physical and human capital. Consequently, the best way to reduce poverty is to deal with both problems: increasing productivity by creating employment and developing human capital. One way to increase the productivity of the poor is through broad based economic growth. Such growth ensures more inclusive participation in development by providing widespread employment opportunities especially for the rural poor as in the case of the small scale farmers in this study. Agricultural development provides opportunities for broad-based economic growth. But substantial job expansion within agriculture may not be feasible, since agriculture already provides more than 70 percent of employment in many low-income countries. If rural poverty is the result of seasonal agricultural unemployment, employment schemes can smooth consumption by the poor (Ravallion, 1991). If unemployment is chronic rather than seasonal; however, sustainable employment generation is needed. Lack of savings and capital make it difficult for many poor people who want jobs in the farm and nonfarm sectors to become self-employed and to undertake productive employment generating activities. Providing credit seems to be a way to generate self-employment opportunities for the poor. But because the poor (small-scale farmers) lack physical collateral, they have almost no access to institutional credit. Informal lenders play an important role in many low-income countries (Adams & Fitchett, 1992); (Ghate, 1992), but they often charge high interest rates, inhibiting poor rural households from investing in productive income-increasing activities. Moreover, although informal groups, such as rotating savings and credit associations, can meet the occasional financial needs of rural households in many societies, they are not reliable sources of finance for income-generating activities (Webster & Fidler 1995). Microcredit programs are able to reach the poor at affordable cost and can thus help the poor become self-employed.

However, views differ on the role of community and microcredit programs. Detractors view such programs as a social liability, consuming scarce resources without significantly affecting long-term outcomes. Critics argue that the small enterprises supported by microcredit programs have limited growth potential and so have no sustained impact on the poor. Instead, they contend, these programs make the poor economically dependent on the program itself (Bouman & Hospes, 1994). Microcredit programs also depend on donors, as they are often highly subsidized (Adams & von Pischke, 1992). Thus even if microcredit programs are able to reach the poor, they may not be cost-effective and hence worth supporting as a resource transfer mechanism. The Government of Sierra Leone has established several strategies to alleviate poverty in the nation such as food security by empowering the Ministry of Agriculture, Forestry and Food Security, in the development documents of Agenda for Prosperity, Attitudinal Change Anti-Corruption Commission, and many others and one of the strategies is to establish community banks and financial services associations to do outreach with rural banking activities. Finally, the establishment of community banks and other financial services institutions have brought rural development by including the most remote sector through outreach to enhance self reliance to the rural poor through provision of finance and other services. This study therefore is geared towards an analysis of the impact those community banks have created on the lives of the small scale farmers who constitute the rural poor in Eastern region. This step mostly will increase the standard of living of those farmers and the rural sector which will bring economic development to the nation as a whole if well implemented.

THE HISTORY OF MICROFINANCE

Microcredit and microfinance are relatively new terms in the field of development, first coming to prominence in the 1970s, according to Robinson (2001) and Otero (1999). Prior to then, from the 1950s through to the 1970s, the provision of financial services by donors or governments was mainly in the form of subsidized rural credit programmes. These often resulted in high loan defaults, high lose and an inability to reach poor rural households (Robinson, 2001). Robinson states that the 1980s represented a turning point in the history of microfinance in that Microfinance Institution such as Grameen Bank and Bank Raykat Indonesia (BRI) began to show that they could provide small loans and savings services profitably on a large scale. They received no continuing subsidies, were commercially funded and fully sustainable, and could attain wide outreach to clients (Robinson, 2001). It was also at this time that the term "microcredit" came to prominence in development (Microfinance Information Exchange 2005). The difference between microcredit and the subsidised rural credit programmes of the 1950s and 1960s was that microcredit insisted on repayment, on charging interest rates that covered the cost of credit delivery and by focusing on clients who were dependent on the informal sector for credit (ibid.). It was now clear for the first time that microcredit could provide large-scale outreach profitably. The 1990's saw accelerated growth in the number of microfinance institutions created and an increased emphasis on reaching scale" (Robinson, 2001, p.54). Dichter (1999, p.12) refers to the 1990s as "the microfinance decade". Microfinance had now turned into an industry according to Robinson (2001). Along with the growth in microcredit institutions, attention changed from just the provision of credit to the poor (microcredit), to the provision of other financial services such as savings and pensions (microfinance) when it became clear that the poor had a demand for these other services (Microfinance Information Exchange 2005). The importance of microfinance in the field of development was reinforced with the launch of the Microcredit Summit in 1997. The Summit aims to reach 175 million of the world's poorest families, especially the women of those families, with credit for the self-employed and other financial and business services, by the end of 20154 (Microcredit Summit, 2005). More recently, the UN, as previously stated, declared 2005 as the International Year of Microcredit.

MICROCREDIT AND MICROFINANCE

Even though microcredit and microfinance have been used interchangeably, the two terms differ. These two terms do not have the same meaning. Microcredit is small credit basically providing small amount of money to the poor to better their lives. Usually microcredit may range from hundred thousand Leones up to about one million Leones. Alternatively, in the case of rural agricultural farmers, the credit may be in the form of input supply.

Microfinance as explained above is broader than microcredit. In fact microfinance encompasses a wide range of financial and non-financial services that are offered to the poor. Microfinance institutions offer variety of services including credit, savings, insurance, leasing and money transfer. The size of microfinance credit is extremely larger than that of microcredit.

Providing the poor with access to financial services is one of many ways to help increase their incomes and productivity. In many countries, however, traditional financial institutions have failed to provide this service (Braverman and Guasch 1986). Microcredit and cooperative programs have been developed to fill this gap. Their purpose is to help the poor become self-employed and thus escape poverty. Many of these programs provide credit using social mechanisms, such as group based lending, to reach the poor and other clients, including women, who lack access to formal financial institutions (Huppi & Feder, 1990). With increasing assistance from the World Bank and other donors, microfinance is emerging as an instrument for reducing poverty and improving the poor's access to financial services in low-income countries (World Bank, 1990). The question now is how can microcredit reduce poverty?

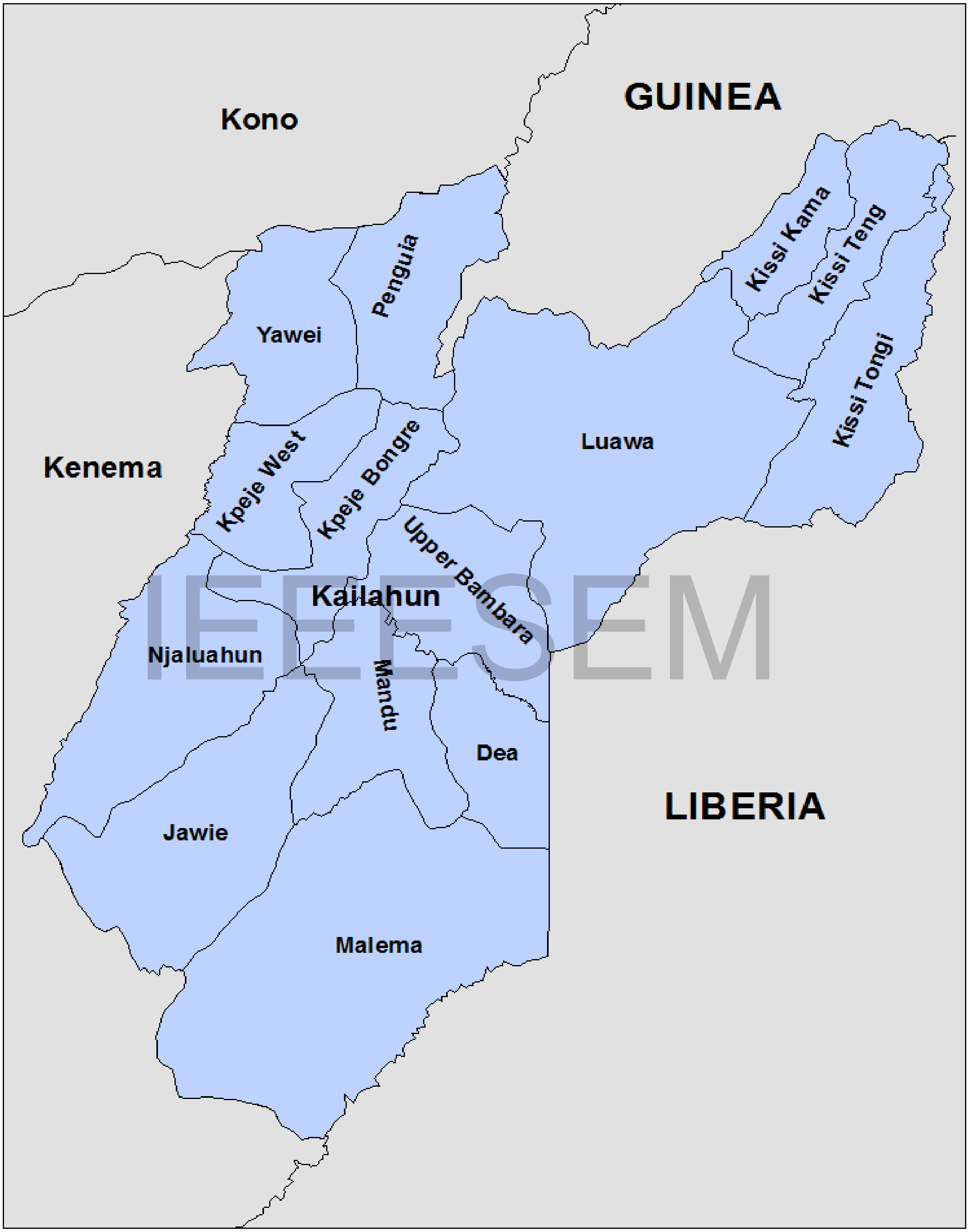
RESEARCH METHODOLOGY

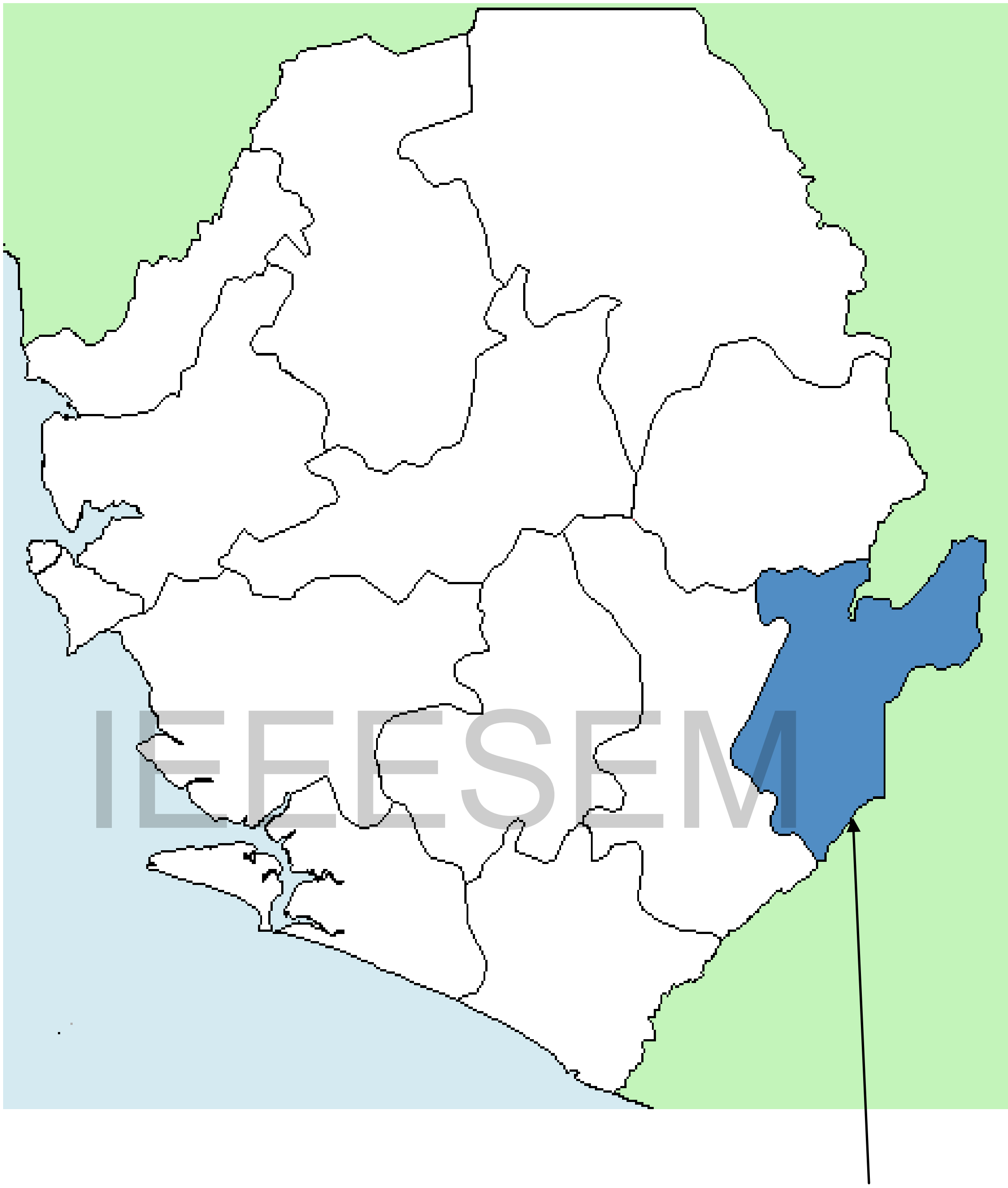
This chapter discusses the fundamental purpose, procedures, tools techniques and methods used in collecting, analyzing and interpretation of data contained in this study. It outlines the methodological approach that the researcher applied to reveal important information that are said to bring out valid results in accordance with the aims and objectives of the study. It also reveals important information about the study area, research population, and characteristics of selected respondents, instruments, data collection methods and the strategic approaches to data analysis. It signifies the nature of the research and reflects research relevance. Furthermore, this section determines the types of data required, time frame, available resources, the constraints faced in the course of research, the available resources or facilities at the disposal of the researcher and how data were analyzed in relation to the cultural setting of the study area (William 1985, Josaiah 1988, Ngegba 2008 and Lebbie 2010). Wheather & Cook (2000:201) describe the term “survey population” as the list of population elements from which the sample will be drawn. In practice, it is difficult to find complete lists or records of all of the elements in the survey population. This results in a sample drawn from lists which do not necessarily contain all of the elements. The survey population, for this study, entails both farmers and workers of the selected community banks in the study area. The study population shows the entire organizational structure involve in this research the community Banks and the farmers in the study area.

In this study, the researcher could not examine all documents and information provided and as a result, a sampling was done to draw up a reasonable conclusion about findings on small scale farmers and community bank impacts. It is usually not cost-effective or practicable to collect and examine all the data that might be available, rather it is necessary to draw a sample information and population from the whole population to enable the researcher to draw up inferences across the entire information and population, a random sampling was used in the distribution of questionnaires and the interview schedules to various respondents selected. The questionnaires and interviews were issued free from biasness since the researcher had no personal relations to any of the respondents selected. The respondents were aware of the formal settings of the interview and provided honest and reliable answers to the questions.

The research area constitutes two communities from the same District of Kailahun which are big towns with a population mixture and their socio-cultural orientations depict any cosmopolitan setting. They accommodate a large scale yield of agricultural productivity. These communities are also attractive to alluvial mining and mineral exploration, agricultural activities and business which perhaps served the reason why the areas continue to experience population influx. The research area lies at an approximated distance of about 200 kilo meters (km) from the capital city of Freetown with good road network, Segbwema is about thirty miles from the Eastern province district headquarter town of Kenema, and approximately 96 miles from the Kono District headquarter town all of Eastern Province. The Kailahun District comprises of fourteen (14) chiefdoms. The Kailahun District topography is transversed by the Moa and Male rivers with a vegetation type constituting farm bushes interspersed by inland valley swamps. The main livelihood activities of the people in the study area is farming, alluvial mining, fishing, Timber logging and business also formed the most fundamental components of their livelihood activities. The predominant languages spoken by the local inhabitants are Mende, Kissi, Kono, Limba, Fullah, Madingo, Temne and Krio. The social life of the people is characterized by secret societies like, Bondo for women and Poro for men. Its social life is also influenced by outings, annual schools' sports, cultural shows, clubs, disco dances and other entertainment centers.

Map of Kailahun District





Kailahun District (Study Area)

SELECTION OF CASE STUDY AREA

Among the many reasons or factors for the selection of the study area, Pendembu and Segbwema Community banks in particular constitute a cosmopolitan population that shared similar cultural orientations with people in other areas of the same study zone and which of course is capable of giving a proportionate representation of the whole District and country at large. It is earlier understood that Pendembu and Segbwema communities and their environs have recently been characterized of rural farming activities which yield agricultural productivity but with less satisfaction to households. These communities are also known for small scale businesses evolving from the farm proceeds and some other marketing activities with low capital investments. The only venue of chance open for any amicable solution was through community banking strategies. It was therefore necessary for such research to be carried out for the projection of concrete recommendations that will support future research on similar fields of study. (Community Bank in Segbwema)

SOURCE: Field Work 2018

DATA COLLECTION METHOD

Research conducted by using appropriate data collection method increases the credibility and value of the research findings which serves as a consistent and reliable indication. Therefore, a structured document review was used for this research to collect required information on the fields. The methods range from the establishment of contacts with the

Bank management to the small scale farmers. Data was also collected face to face interviews, discussions, observations and other evidences which were relevant for addressing the objectives of the study. The investigation therefore reasonably exploited both primary and secondary sources of data.

Primary data were acquired through the administration of questionnaires closed and opened.

Interview schedules were conducted for respondents who do not read and write. The

questionnaires were designed and used to collect information from the respondents that are in one way or the other transacting business or having an account with the Community Banks under review. Other sources of primary data included casual interviews, discussions and on the spot observations.

Secondary data were collected from various sources textbooks, bulletins, newspapers, research papers, annual reports, and the internet, all relating in one way or the other to the subject matter under study and investigation. The method used in the distribution of questionnaires was purely on the basis of careful purposive and administration of questionnaires to both the Community Banks Officials and small scale farmers in the study area (selected areas) This distribution helps draw illustrative examples of certain types of banks and their financial services rendered to small scale farmers. Questionnaires were administered to these categories of people mentioned. A total of one hundred (150) questionnaires were administered. Twenty (20) questionnaires were apportioned to the senior management officials for both Pendembu and Segbwema Community Banks. Thirty (30) questionnaires were administered to the Junior Management category of the two community banks and 100 questionnaires to the small-scale farmers/customers were administered in the two communities. The issues discussed across the three groups of thematic areas were summarized as follows. More specifically, sample questions administered to these categories of staff focus on various types of investment schemes, mode of operations, category of customers they operate with, credit facilities rendered, interest rates levied, qualification of staff, types of accounts operated at the banks, loan repayment trend, centralized and decentralized management scheme and a host of many others. The following were discussed with the farmers/customers, The relationship with the said bank staff, credit facilities enjoyed, their perception on the banks operations, accounts

ISSN 2320-9151

operated, change indicators, etc. This method of data collection has been seen to be effective as respondents have more time reading the questions well before providing answers to the questions.

Table1: Distribution of the questionnaires

Targeted Respondents	No of administered Questionnaires	Percentage
Senior Management of Pendembu Community Bank	10	6.7
Junior Management of Pendembu Community Bank	15	10
Senior Management of Segbwema Community Bank	10	6.7
Junior Management of Segbwema Community Bank	15	10
Small scale farmers in Segbwema town	50	33.3
Small scale farmers in pendembu town	50	33.3
TOTA	**150**	**100**

Source: Field work 2018

DATA ANALYSIS

Having carefully obtained and tested the validity of the data collected, different means of analysis and presentation will be done to ensure its accuracy and relevance to the study through qualitative and quantitative methods like Excel using graphs, tables and charts to analyze and interpret the data collected at the two community banks from the questionnaires completed from respondents. A careful study and analysis of the data collected from various sources and by various means have greatly helped in arriving at the conclusions and in making recommendations that would be of help in assessing the impact of community banking on small scale farmers.

DATA ANALYSIS AND INTERPRETATION OF THE FINDINGS

This Chapter consists of the data analysis and the interpretation of all the findings of the research.

FINDINGS FROM THE FIELD WORK

Table 2: Age Distribution of the respondents

Age	Frequency	Percent
16-25	4	2.67
26-35	24	16
36-45	76	50.67
Above 45	46	30.66
Total	**150**	**100**

Source: Field work 2018

From Table 2, the age bracket of 36-45 representing 50.67% of the respondents interview. Whiles the other half occupied the following age brackets, 16-25years representing 2.67%, 26-35 years representing 16% and above 45years accounting 30.66%. Also none of them are below the age of 26. This is represented graphically below

Figure 2: Age Distribution of the respondents

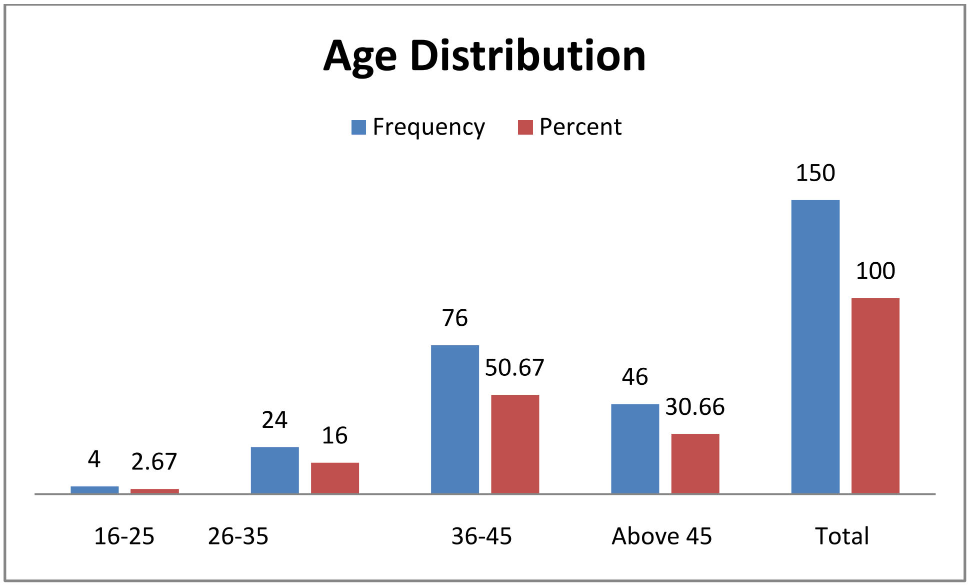


Table 3: Gender Distribution of the Respondents

Gender	**Frequency**	**Percent**
Male	110	73.3
Female	40	26.7
Total	**150**	**100**

Source: Field work 2018

From Table 3, it could see that 73.3% of the respondents are males accounting for 110 respondents. 26.7% respondents interviewed are females representing 40 interviewees. This can drawn in the ratio of 1:3 indicating that the total number of males is thrice the number of females since the researcher wants to know those largely involved in farming and at the same largely working with the community banks. The graphical representation of this information is shown in Figure below.

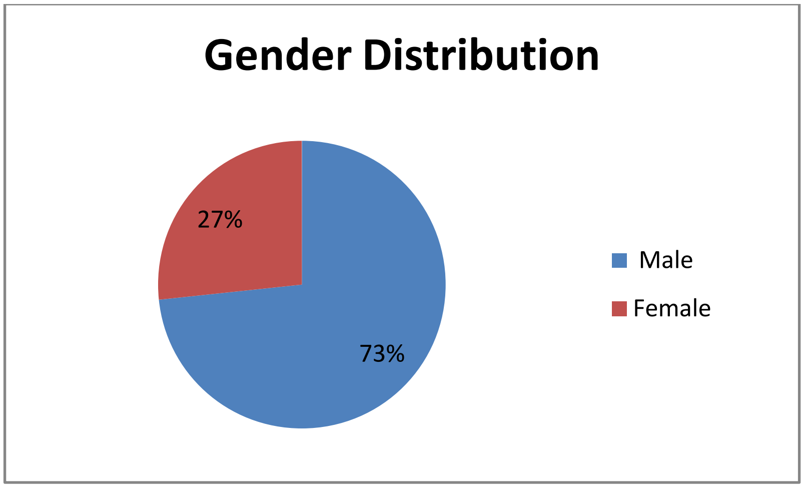


Table 4: Level of Education

Education	Frequency	Percent
Primary	42	28
J.S.S.	40	26.7
S.S.S	18	12
Tertiary	30	20
Non formal Education	20	13.3
Total	**150**	**100**

Source: Field work 2018

From Table 4, it is obvious that more of the respondents are University or polytechnic (20%) or high school (12%) graduates. Few of them are primary or J.S.S. graduates accounting for 28% and 26.7% respectively. On a whole it is analysed that 86.7% of the respondents interviewed have formal or basic education while 13.3% representing 20 respondents have no formal education.

Figure 4: Educational Level

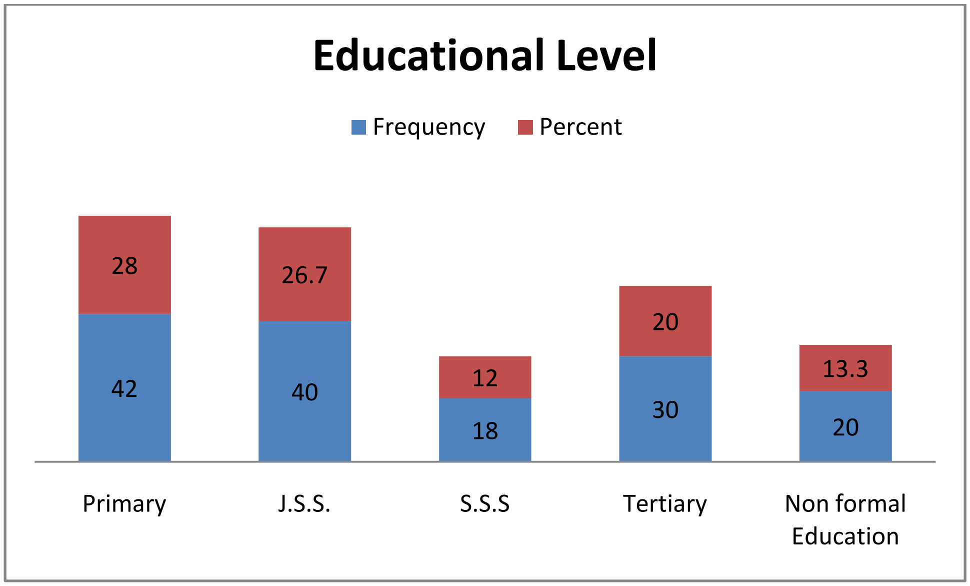


Table 5: Marital Status

Marital Status	Frequency	Percent
Single	55	36.7
Married	95	63.3
Total	**150**	**100**

Source: Field work 2018

From Table 5, majority (63.3%) of the respondents are married, just to signify the saying “behind every successful man there is a woman, vice versa”. Only 36.7% of them are not married accounting 55 respondents. It can be interpreted that the population sample interviewed are largely married.

Table 6: Frequency distribution representing the question 'Is farming your only occupation?'

Responses	Frequency	Percent
Yes	40	40
No	60	60
Total	**100**	**100**

Source: Field work 2015

From Table 6, majority (60%) of the respondents are into other businesses or works. That is, the respondents are not engaged in farming but have other petty businesses which compliment the farming proceeds. Only 40 % of them relay on farming as their main occupation.

Table 7: Frequency distribution representing the question 'Do you save money at the financial institutions (Banks)

Responses	Frequency	Percent
Yes	90	90
No	10	10
Total	**100**	**100**

Source: Field work 2018

From Table 7, all 90% the farmers do save their gains from farming at the financial institutions. This means that, the farmers believe that the financial institutions are the safest or secured places for keeping their monies. Despite the fact that they save at the financial institutions, only a handful of them saves by other means and this account for 10%. The main reason advanced by this little proportion of respondents that do not save with any financial institutions is that the interest rates charged are very high. A pictorial view of this information is illustrated below:

Figure 5: Save money at the Financial Institutions

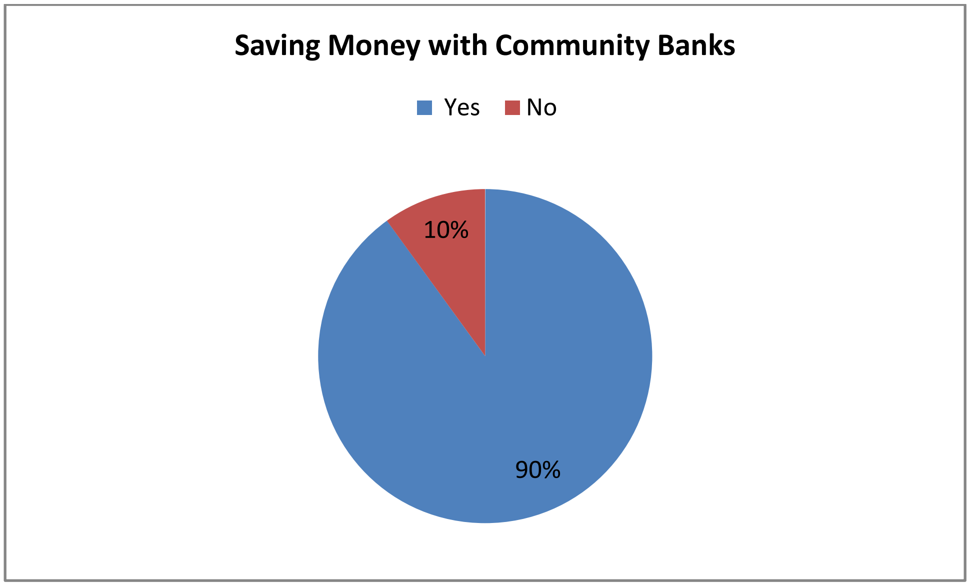


Table 8: Frequency distribution representing the accounts that farmers normally open

Type of Accounts	**Frequency**	**Percent**
Savings A/C	85	85
Current A/C	5	5
No account with community bank	10	10
Total	**100**	**100**

Source: Field work 2018

The table indicates the type of accounts the farmers in the study area operate with the community banks. From Table 8, 85 % of the farmers do open savings account while 5% opens current accounts and 10% has no account with any community bank in the study area. Those who opened the current accounts said they have advantage over saving account such that they have a faster business transactions compare to saving account. The graphical representation of this information is shown below.

Figure 6: Type of accounts that farmers normally open

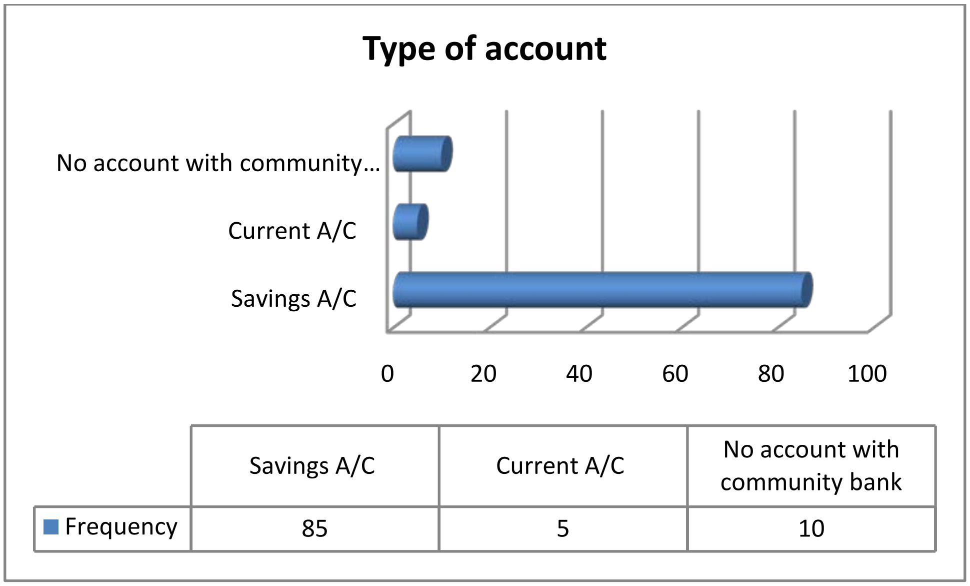


Table 9: Frequency distribution representing the question 'Have you ever applied for a loan

Responses	**Frequency**	**Percent**
Yes	85	85
No	15	15
Total	**100**	**100**

Source: Field work 2018

From Table 9, 85% of the farmers have applied for a loan before. 15 % have never attempted to apply for a loan because of the fear they have for the high interest rates being charge by the banks. Those who had the courage to loan, we use the money to improve their farm in terms of land size and other farm inputs. They respondents also complained that, the banks do not even follow up to see whether loans are being used for the said purpose. They also said it takes on average one month for a farmer to process or access a loan from the community banks which appear too long to have this said loan.

Table 10: Frequency distribution representing the views of customers about the interest rates being charge by banks

Responses	**Frequency**	**Percent**
Very high	94	94
On Average	6	6
low	0	0
Very low	0	0
Total	**100**	**100**

Source: Field work 2018

From Table 10, it is clear that the interest rates are too high for the small scale or peasant farmers to cope with. Among the 94 respondents which is accounting for 94% also said this high interest is preventing them from large scale farming

Table 11: Frequency distribution representing the question 'Do interest rates scare you from borrowing from the bank

Response	**Frequency**	**Percent**
Yes	94	96
No	6	6
Total	**100**	**100**

Source: Field work 2018

Most of the farmers are scared from borrowing from the banks as shown in Table 10 above. As we can see from Table 9 above, almost 15 % of the farmers did not borrow from the banks just because of the demands by the banks and also the high interest rates. The graphical representation of this information is shown below

Figure 7: Interest rates scare you from borrowing from the bank

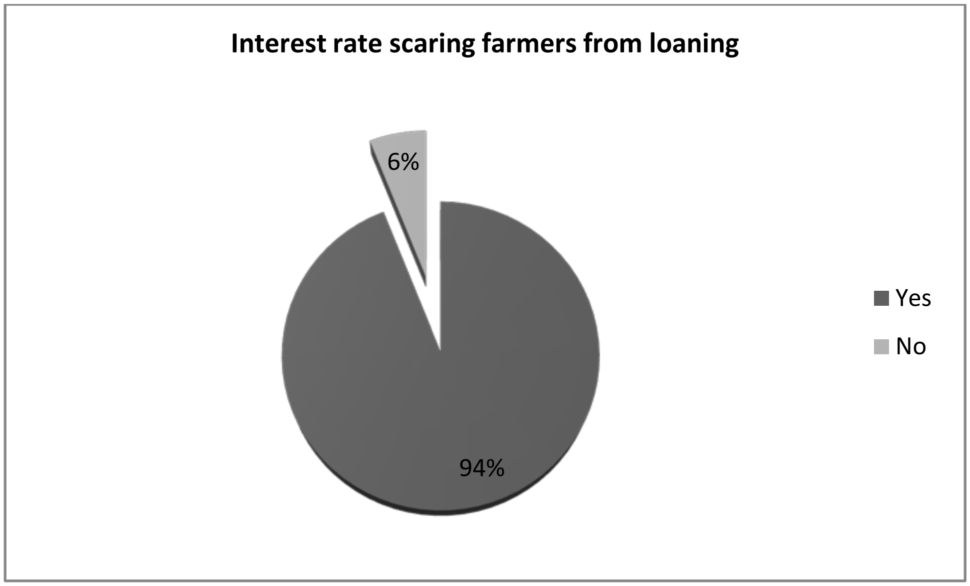


Table 12 Frequency distribution representing the question 'Do you find it tough paying the loans back

Response	**Frequency**	**Percent**
Yes	70	82.4
No	15	17.6
Total	**85**	**100**

Source: Field work 2018

Out of the 85 respondents or farmers who said they borrowed from the bank, 70 respondents presenting 82.4% of them found it tough in paying the loans back as shown in Table 12 above. Some of the respondents accounting 17.6% said they were able to pay back the loans by selling all or some of their farming output. The bar graph is used depicts this information.

Figure 8: Finding it difficult in paying back loan

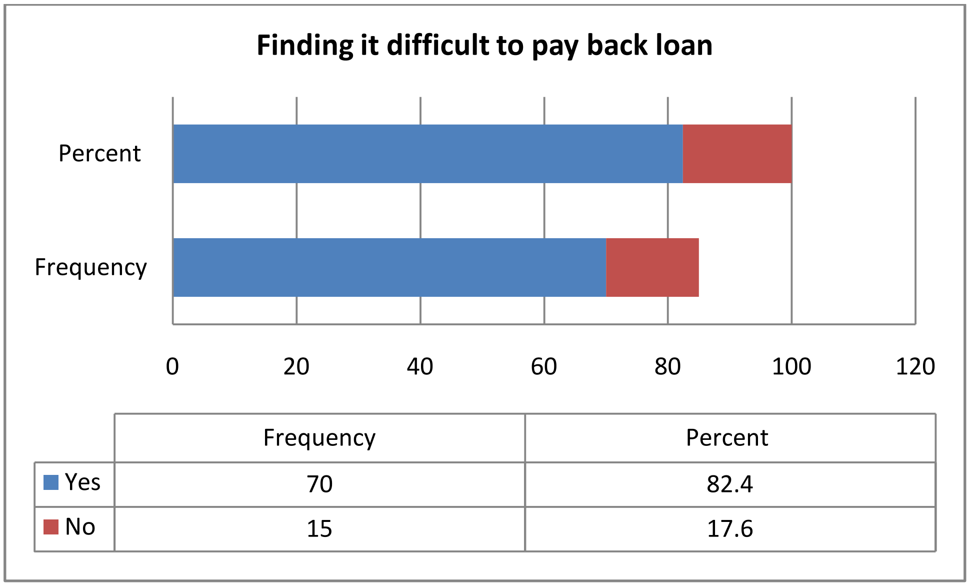


Table 13: Frequency distribution representing the question 'Does the high interest rate affect your farming

Responses	**Frequency**	**Percent**
Yes	100	100.0
No	0	0.0
Total	**100**	**100**

Source: Field work 2018

From Table 13, all (100%) the farmers were affected by the high interest rates being charged by the banks. Some were not able to borrow; others had to sell some of their farming assets in order to pay back the loans they have borrowed from the banks. This has really collapsed a lot of infant farms in the study area. The pictorial view of this information is shown

Figure 9: High interest rates affect your farming

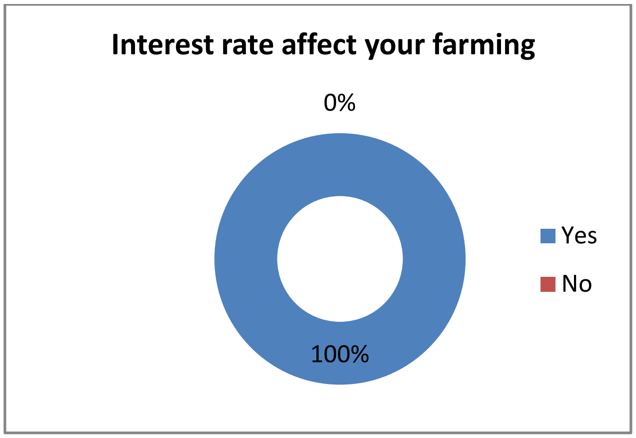


Table 14 Frequency distribution representing the minimum interest rate charged by banks per loan

Interest Rates	Frequency	Percent
21-25%	100	100
26-30%	0	0
Total	**100**	**100**

Source: Field work 2018

From Table 15, it is obvious that the minimum interest rate charged by community banks or financial institutions ranges between 21-25% which is very high for the infant farmers to cope with. This is because, 100% of the workers interviewed selected 21-25% as high interest rate. Therefore, if this is even this is minimum interest rates for community banks, it is still clarion call from respondents that the bank interest rates are too high.

Table 15 Frequency distribution representing the question 'Do your customers complain about the interest rates

Complain	Frequency	Percent
Yes	98	98
No	2	2
Total	**100**	**100**

Source: Field work 2018

From Table 15, all workers of the community banks confirmed that, almost all their customers always complain about their interest rates or bank charges. This information is presented graphically in below.

Figure 10: Customers complain about the interest rates

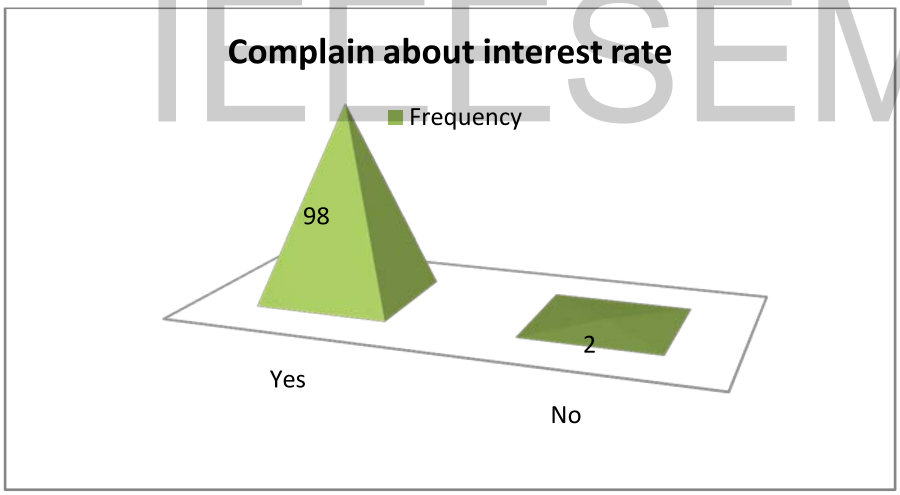


Table 16 Interest Rates and Demand for Loan

Year	Interest Rate	Demand for Loan
2002	30%	80
2003	30%	81

2004	30%	70
2005	30%	60
2006	30%	60
2007	30%	71
2008	30%	87
2009	30%	51
2010	30%	78
2011	25%	86
2012	25%	98
2013	25%	99
2014	25%	100
2015	25%	120
2016	25%	0
2017	25%	140

Source: Field work 2018

From table 16, it is seen that the highest interest rate is 30% from 2002 to 2010 while the lowest is 25% in 2011. In addition, it is obvious that the interest rate remained stagnant from 2002 to 2010 and decreased in 2011. Also, despite the interest rate remained constant, the demand for loan decreases. The most astonishing thing is that, the reduction in the interest rate in the year, 2011, led the high demand for loan rather increasing significantly with a total hart in 2016 as a result of the Ebola outbreak. The Excel software has been used to represent graphically. It can be concluded that the correlation coefficient between bank charges and demand for loan from the community banks are strongly positive. That is ‘a decrease in interest rate resulted to an increase in the demand for loan’. The rural financial institutions or banks also play some other vital roles in the country. They serve as advisory, safe custody, mortgage financing, intermediary for lending and borrowing, intermediary in international trade, network for business, investment advisory, brokerage, etc for individuals or companies. They also said they do businesses with all sectors of the economy that have viable business proposals. They complained that, lack of data and information (Records of operations of business), management succession plan and individual’s or customers’ data base are their major problems. They suggested that, the nation or government should help in creating a natural data base on citizens or inhabitants. Also, additional credit unions should be set up and there should be more co-operations between or among all the financial institutions in the country. In addition, the prime rate charged by the central bank should be minimized and companies should also be trained how to do business with the financial institutions.

SUMMARY, CONCLUSION AND RECOMMENDATION

Generally the main objective of the study was to assess the impacts of community banks on small scale farming. The study had specific objectives, which included finding out theimportance community banks on small scale farmers, finding out the impact(s) of community banks on the small scale farmers. Find out whether community banks do help all categories of small scale farmers in the study area and an attempt to offer suggestions and recommendations based on the findings of the research. The study found that there is high interest rate attached to loans. Also this community banks have helped in reducing poverty by playing an important role in enabling the poor to save and access credits.

SUMMARY OF FINDINGS OF THE STUDY

This study examined the impact of community banking on small scale farmers in Kailahun District. It was found out that all the farmers do save their monies at the financial institutions. In addition, the major type of account they do open is a Savings Account while that of currently account is on a small scale. Majority of the farmers applied for loan and few percent of the respondents don’t even attempt to apply for a loan because of the fear of the high interest rates. Some of the requirements needed to borrow money are a viable business proposal or a business plan, guarantors and collateral securities. The reason why the banks do ask for these items is to protect the interest of the bank and propel customers’ commitment to payment of the loan.

In addition, the interest rates are too high for the small or peasant farmers to cope with This is because, those who borrowed money from the bank, found it difficult to pay the loans back. This resulted in the sale of assets and the collapse of most of these farms. The banks also provide services including: advisory, safe custody, mortgage financing, and intermediary for lending and borrowing, network for businesses, investment advisory. On the other hand major difficulties facing the banks are:

- Lack of data and information (Records of operations of business)
- Management succession plan and
- Individual's or customers' data base are their major problems.

CONCLUSION OF THE STUDY

The findings of this study show that, the higher the interest rate, the lower the demand for loans. In addition, high interest rates cripple farming businesses. That is, higher interest rates tends to have an adverse effect on the development or growth of farming or businesses in the study area since they depend very much on availability and accessibility to funds at reasonable or favourable rates.

RECOMMENDATIONS OF THE STUDY

Based on the findings of the research, the following suggestions or recommendations are made:

- ✓ Government should help in creating a natural database on citizens or inhabitants as this helps in collating, accessing and calculating. These processes aid better planning for the near future.
- ✓ Additional credit unions should be set up in the localities as this helps improve the community famers in increasing on their savings and farm size.
- ✓ There should be more co-operations between the financial institutions and farmers.
- ✓ In addition, The Prime Rate charged by the central bank should be minimized to allow the other financial institutions to also reduce their interest rates.
- ✓ Farmers should be educated on how to establish, manage, sustain and expand their farms.

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