SRYAHWA PUBLICATIONS

Open Journal of Human Resource Management
ISSN: 2639-197X | Volume 7, Issue 2, 2026
https://doi.org/10.22259/2639-197X.0702004

RESEARCH ARTICLE

A Study on the Effectiveness of Micro-Finance in Sustainable Rural Development: A Case of Kenema District Micro-Finance Institutions, Sierra Leone

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Received: 28 August 2026 Accepted: 18 September 2026 Published: 25 September 2026

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Abstract

Microfinance, also called microcredit, is a banking service provided for low-income individuals or unemployed people who does not have other access to financial service. They do not have enough money to do business and are deprived of traditional financial sources. Microfinance is assisting the underprivileged, particularly in rural areas in this perspective. With the financial support from the microfinance sector, rural women all around the country have experienced significant improvement. Kenema District is the subject of the study. This study evaluates whether microfinance actually assisted the underprivileged in rural area in the Kenema District, Eastern Province. and aims to study how the poor people's standard of living has altered since they joined in microfinance and if microfinance has benefited the people in the district under investigation. Data is collected with a sample size of 99 using a survey method through a structured questionnaire. Pearson Correlation, Group Statistics, and Independent Samples Test were conducted to enable the achievement of the hypothesis and find answers to research questions. The respondents felt that microfinance led to economic development and finally it is concluded that microfinance plays an important role in rural development.

Keywords: Micro-Finance, Sustainability, Rural, Development, Sierra Leone.

1. Introduction

The world rural population generally experiences a prevalent poverty, low standard of living, and consequential depopulation of rural areas which has become one of the principal growth challenges for the world. Globally, rural population books for 43.80% of the total world population and the proportion differs from region to region and country to country. According to World Bank, South Asia has the highest percentage of its rural population of (65.12%), which is followed by Sub Sharan Africa of (58.80%), East Asia and Pacific have their rural population of (39.30%), Central Europe and Baltics of (37.50%), Middle East and North Africa of (34%), Europe and Central Asia of (27.39%), European Union of (25%), Latin America and Caribbean of (18.88%), and North America of (17.45%). In the same way, countries like Papua New Guinea and Burundi have the largest percentage of their rural population of closer to (87%), while countries like Qatar, Uruguay, Iceland have the least proportion of their population living in rural areas of (1–4%), (Imran M. et al., 2022).

Citation: Anthony Swaray Domawa, Foday Kamara. A Study on the Effectiveness of Micro-Finance in Sustainable Rural Development: A Case of Kenema District Micro-Finance Institutions, Sierra Leone. Open Journal of Human Resource Management. 2026;7(2):39-49.

According to IFAD Rural Poverty Report (2001), the rural-urban population gap that has existed in the world is unswervingly spreading. In the world over, rural settings have experienced pervasive poverty. As per IFAD report, an approximation of 60% of the world's population in 2025 will find themselves in the rural settings. Customarily, the rural population has been involved in agriculture for their livelihood. Nevertheless, over the years agriculture has become less lucrative and deteriorating output is one of the main issues in regions like South Asia and Sub-Saharan Africa, with specificity to Sierra Leone. In Sierra Leone, a lot of migration has taken place over the past five to six years witnessing moving of all ages from the rural setting to the urban cities. Even with this movement, there is still widespread poverty in the rural settings.

Due to the endemic poverty in the rural settings in the world at large, conceptually, micro finance has emerged over the past thirty years as a way of supporting the marginalised rural dwellers financially, with the intent of lifting them from poverty to enable them with the capability of sustainably managing their livelihood. In Sierra Leone, microfinance was introduced in 2003, with the adoption of the national microfinance policy. Immediately, some microfinance institutions were established, among which are the BRAC Microfinance Sierra Leone Limited (BMSLL) in 2008, serving as the largest MFI in Sierra Leone, with a focus on empowering women living in poverty. LAPO Microfinance Company SL Launched in 2008 by the NGO LAPO Nigeria, this MFI provides micro-loans to women in disadvantaged areas. ACTB Sierra Leone Created in 2008 by the British Christian charity ACTB and the London impact investing group Truestone, ACTB offers a variety of microcredits, including housing loans. ASA Microfinance Sierra Leone Limited incorporated in 2015, ASA Sierra Leone is a for-profit, non-deposit taking MFI, and Munafa A social microfinance institution that has been offering support to microentrepreneurs since 2019.

The purpose of microfinance in Sierra Leone is to surge the economic enablement and suppleness of people living in poverty. Microfinance aims to: deliver access to financial services for disregarded groups, particularly women and the rural poor; encourage self-sufficiency; support small entrepreneurs to increase their industries; increase small businesses; reduction of unemployment; promote economic development; help poor households raise income, build up assets, and cushion themselves against external shocks.

2. Review of Related Literature

2.1 Concept of Sustainable Rural Development

Studies have shown that there is no unanimously agreed description of a rural area or setting. Generally speaking, the concept can be looked at to be the inhabited areas where the economy is mainly built on a natural resource such as agriculture & forestry, where face-to-face interface is more common, rules of daily life are shaped by local customs, and social, economic, and cultural developments are relatively slow and delayed (Özçatalbaş O., 2020). In as much as there is no one acceptable description of rural development, it appears to be a thought-provoking concept in theory, practice and policy. According World Bank, rural development is the levitation of the level of rural income through agricultural modernisation. World Bank further described rural development as the approach to progress on the economic and social life of the rural people. Kata S. (1986) looked at rural development as the indication of the overall growth of rural areas to progress in the quality of life of the rural people. Shepherd A. (1998) considers rural development as the set of events and activities of varied players that take together the leadership in the progression of the rural areas. However, (Bryden J. 2002; & Calatrava-Requena J. 2016) have stated that the descriptions above have missing likes due to lack of certain imperative magnitudes and characteristics of rural development. Adding that in the 19th century the description of rural development was guided by productivity, but in the 20th century the concept was further directed to the sustainability of agriculture and other events that was grounded on an all-inclusive, and participatory local and territorial model.

2.2 Why is Sustainable Rural Development Significant?

Rural development has to do with the enhancement of the quality of life and the social, economic wellbeing of the people living in the rural areas. It is good to know that there is a bit of a variance between rural growth and sustainable rural growth. Sustainable rural growth is concerns about the continuous existence of the practical, socioeconomic, and ecofriendly surroundings of rural areas. As a result, (USND, 2021) the everyday rudimentary needs of the rural population are expected to be protected by genuine public efficacies which are comprised of practical, socioeconomic, and ecofriendly circumstances to support regional economies and urban-rural connections which can be referred to as sustainable rural development. Adding to that, sustainable rural growth can be seen to have developments in diverse pointers, such as, cumulative output, levitation of job openings, huge adoption of up-to-date skills, reduced poverty, improved income, and good infrastructure, etc. The main emphasis on sustainable rural development has to do with meeting the everyday needs of citizens without negotiating the social, economic welfare of the existing generation of rural population, tied to concentrating of the welfare of future generations without negotiating the quality of which type of environment they should live in.

2.3 Challenges facing Rural Settings

Policymakers across the world are experiencing serious issues in closing the gap that exists between the rural and urban settings in terms of services and opportunities that should be created within these two settings. Some of these issues are not limited the following:

2.3.1 Affordable Homes to the Homeless

Mihai F. C. (2020; USND, 2021) asserted that the rural settings well-thought-of as a home for the poor. Commonly speaking, the rural inhabitants are expected to be poor, comparing to the urban settings. Resources are unevenly distributed, employment services, and uneven land ownership are all reason for high poverty in rural settings. Consequently, the poverty rate with the rural inhabitants is 17.2% three times more than in urban settings. For instance, focusing on countries like Sierra Leone, South Sudan, Sub-Saharan Africa in particular, and Latin America, acute poverty has been the reason for lots of undesirable consequences on the rural inhabitants. These countries are more defenseless to life-threatening poverty, climate change events (floods, heatwaves, disease, etc.), and social segregation.

2.3.2 Gender Discrimination

IFAD (2021) opined that gender in disparity has been experiential in the rural settings more than the urban dwellings. In some parts of these countries, women have been restricted to access amenities, assets, industrious infrastructure, and know-hows. The incomplete autonomy subdued to women in the dynamic performance of their responsibilities in the growth of the rural settings stand in for gender discrimination. IFAD (2021) added that women devote their time to 12–13 hours in diverse daily activities, yet they either receive little or no pay at all.

2.3.3 Limited employment opportunities

It is believed that in the rural settings, employment opportunities are seasonal. More the NGOs are visible in the rural settings, and women are left of in all these. There are very low productivity jobs in the rural areas than in the urban areas. As a result, the rural youngsters are discouraged, therefore, lots of rural-urban migrations are visible which leads to upsurge in urbal population.

2.4 Microfinance idea and operational instrument

The whole idea around microfinancing has to do with the distribution of financial facilities in small amounts, which appears in the form of loans and progressively savings and insurance to businesspersons who characteristically do not have access to conventional or traditional financial services. The service targets at individuals with lower socioeconomic backgrounds, or better put, to those who lack access to traditional financial services. Microfinance comprises a number of services, such as savings accounts, checking accounts, fund transfers, microinsurance, and microcredit.

2.5 Group loan Model

A loaning apparatus which permits a group of individuals, often called a commonality group to provide security or loan agreement through a group repayment pledge. The inducement to repay the loan is based on peer pressure, if one group member defaults, the other group members make up the payment amount. The group loaning is the preferred model of micro credit in the world today. The primary reason is that those taking micro-credit loans are unable to offer collateral and, hence, the group apparatus is regarded as a substitute for the collateral. The groups themselves vary in the level of reinforcement of the joint liability concept. In some cases, while the joint liability of the loans is documented, in others it is more implicit.

2.6 Microfinance Risk Management

Credit risk is most basically looked at as the probability that a bank borrower or counterpart will fail to meet its responsibilities in accordance with agreed terms. The goal of credit risk management is to maximise a bank's risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. While the types and degree of risks in microfinance institutions may vary up on a number of factors such as size, complexity, business activities, volume etc., these guidelines cover the most common risks in microfinance institutions namely, Strategic Risk, Credit Risk, Liquidity risk, Interest Rate Risk etc. These are some of the risk management practices essential in microfinance practices:

- *Peering Lending*— Peer lending decreases credit risk by diffusion of the risk of lending without collateral over a larger number of debtors, and shifting the problems of encouraging repayment and collection from loan officers to clients. For instance, several MFIs use a 2-2-1 disbursement device, which inspires the customers in the group who have not yet received a loan to put pressure on the first two members to repay their loans, thereby ensuring their access to a loan.
- *Character Assessment*—Microfinance institutions develop proficiency at evaluating the charisma of debtors, and become familiar with those features that decrease the risk of future loan avoidance due to credit risk or fraud risk. For instance, MFIs consider clients who have statuses for being honest and hard-working to be lower credit and fraud risks.
- *Forced savings or co-signature requirements*—Forced savings and co-signature necessities act as security alternatives, which decrease the risk of avoidance by moving part of the risk to the borrower or third party.
- *Small loan sizes*—By making many small loans, the microfinance institution reduces its credit and liquidity risk exposure by diversifying its loan portfolio.
- *Varied loan terms*—By disbursing loans regular or by issuing loans with different term lengths, the MFI reduces its liquidity risk exposure by having loans mature and renew frequently.
- *Limit on loan size increases*—Microfinance institutions reduce credit risk by increasing loan sizes in strict increments to ensure clients can manage gradually larger loans. In addition, MFIs manage risk by basing loan sizes on clients' demonstrated capacity to repay.
- *Eligibility Requirements*—Many MFIs require applicants meet certain criteria such as run a business for more than six months, live in the village, are of a certain age, have proper identification, complete business plan/survey, etc.
- *Collateral Requirements*—Can be traditional such as property deeds or non-traditional such as personal guarantees, household assets, or forced savings
- *Loan approval processes*—Some MFIs require a credit committee to approve larger loans, which reduces the chance of making poor loan decisions (transaction or fraud risk) and increases the control for loans that pose a greater financial risk to the institution (credit risk).

2.7 Challenges faced by MFIs in Sierra Leone

Poverty is the reason why developing nations are very slow in growth, which has been influenced by enormous inequality in income distribution. Sierra Leone being a nation with it economy partly driven by agriculture, more that half of its population survives on agricultural products. Microfinance was introduced in to the Sierra Leone economy primarily for financial inclusion of more disadvantaged and regressive segments, particularly the women. The growth path of the Sierra Leone microfinance business has been impressive since the time it was established.

Nevertheless, if discussions are made in connection with the comparism of the successes of commercial banks which are primarily the source of microfinance, it will be very fair to complete the statement by saying that there are difficulties of microfinance in Sierra Leone, and it has a long way to go in terms of solving it. Microfinance institutions do not just lag behind in organisational and operational method, but also in their general financial procedures. These are some of the major challenges faced by micro financial institutions in Sierra Leone, which are also visible in lots of ither developing nations.

a. *Over-Indebtedness*—because the microfinancing sector focuses on marginalised segments in the Sierra Leonean society with the intent to develop the living standard, the whole process has been experiencing over-indebtedness, and that has caused serious challenge in its growth. Multiple borrowing by customers and very poor management of risks are very significant factors that creating huge challenge for the microfinance commerce. Loans are issued with no collateral, which upsurges the chances of unpaid debts. Any progressive growth needs appropriate infrastructural scheduling, which is what the Sierra Leone microfinance segment obviously lacks.

b. *Huge Interest Rates Compared to Conventional Banks*— The financial success of MFIs in Sierra Leone is inadequate once equated to commercial banks. Lots of microfinance institutions are requesting a very high rate of interest, with variance among MFIs. For instance, in 2019 Brac's interest rates were 30%, which was higher than the 22% average charged by other microfinance institutions in the country. In 2023, the loaning interest rate in Sierra Leone was 19.64% by Brac. In 2003, a bank offering group loans with interest rates of 15% per annum. Compare that to countries like India, even when their citizens complain of high interest rates; their interest rates were (12-30%) when compared to commercial banks (8-12%). The regulatory authority RBI issued guidelines to remove the upper limit of 26% interest on MFI loans. This shows that Sierra Leone's interest rate charged by MFIs are exorbitant. One will find out that the purposes for which these loans are taken are not served, instead of alleviating poverty, dur to the huge interest rates on the borrowers, they end up been even poorer than they were before taken the loans.

c. *Huge Dependency on Sierra Leone Banking System*—one challenge of MFIs in Sierra Leone has to do with the over dependency on commercial banks. Almost all MFIs in this country registered as NGOs, therefore, depending on commercial banks to effective stabilisation of funding for their lending activities. Unfortunately, almost all of these banks are private owned and therefore charge huge interest rates, and do not allow given loans for shorter periods. The MFIs have now become incompetent in the eyes of observers because they hugely depend on commercial banks with high interest rates and stiff conditionalities.

d. *Insufficient Investment Authentication*—Additional delinquency confronted by MFIs Sierra Leone is an insufficient investment authentication. Investment appraisal is a critical competence for the healthy operationalisation of an MFIs. Though, due to the emerging nature of the markets in which MFIs function, market activity is often inadequate. This constraint makes it tough for MFIs to gain access to market data for assessment drives. The lack of dependable and consistent assessment measures hampers MFI management teams from obtaining the quality information they need to make asset choices successfully.

e. *Regulatory Issues*—Supervisory matters pose a noteworthy delinquent of MFIs in Sierra Leone. While the Bank of Sierra Leone (BS) serves as the chief regulatory body, it tends to provide more to commercial and traditional banks than it does to MFIs. The needs and structure of MFIs are completely dissimilar from those of conventional lending institutions. Some guidelines have benefitted MFIs, but others have left numerous issues unaddressed.

2.8 Achievements made by MFIs in Sierra Leone

Microfinance habitually aims at the informal sector. It is recorded that microfinance has facilitated the economically deprived to decrease their vulnerability to outward surprises, enhanced income, and build practicable businesses. Further, it has been a powerful tool in permitting the frugally feebler segments, particularly women, to be self-reliant, and become economic representatives of change. There are several benefits of microfinance in Sierra Leone and to Sierra Leoneans.

a. *Instant funds*— The microfinance arrangement supports to offer a supplementary side by side robust behaviour in the economy as a whole. It supports the families to work professionally and successfully together. It also supports these families to ease poverty. It tolerates the entrepreneurs to run their businesses and upscale their trades at the same time. It delivers the prospect for the business to get instant capitals for keeping their business on. It also helps in wealth buildup that leads to more access to funds when needed.

b. *Access to credit*— Because the amount of loans requested for is small, which the economically feebler segments of society take as loans, the banks do not participate in providing them. Microfinancing comes to the liberation here, as they are based on the ideology that small credit amounts can be a step towards ending the sequence of poverty. Women habitually do not have proper documents for proof of identity or documentations of land or house possession, thereby impeding their access to formal financial institutions.

c. *Better rates for Loan Repayment*— records show that women are less likely to default on repayment of loans, and hence MFIs have a habit of targeting women debtors. They are the harmless investment choices for financiers, and also help empower women. 55% of women show characters of morality and truthfulness while the numbers are at 48% in the case of men. MFIs know this and therefore target women as credit debtors, therefore having a total repayment rate of more than 98% though there are many unpaid accounts at a microfinance institute at any given time period.

d. *Cater for the unnoticed*—Principally women, people with debilities, jobless persons, and people who need to meet the basic requirements are those who receive microfinance products from the microfinance institutions.

e. *An opportunity to receive education*— Kids of economically feebler families moreover are not registered in school or will miss out in their school days, as these families are typically of agronomic background, and necessitate their kids to work in order to earn and help the family economically. Microfinance can come to the liberation of these kids by providing funds to meet the economic needs of the household, thereby permitting the kids to complete their education.

f. *Creation of Tangible Jobs*— Businesspersons, when they borrow credit from MFIs to start their trades, they create employment opportunities for others. An increase in employment benefits the local economy as more money mingles through local businesses and services.

3. Research Methodology

3.1 Research Population and Sample Size

3.1.1 Population

The population of the study is the business women in Kenema who rely on microcredit loan facilities and the MFIs that offer loans to the debtors.

3.1.2 Sampling

Simple random sampling technique was utilised to enable respondents have opportunity to be selected among the research population. The research studied 100 respondents as the sample size to enable him collect data which will help him answer to the objectives and hypothesis.

3.2 Research Objective (s)

a. To identify the progresses made in the living standards of micro finance user in enema District.

b. To identify the challenges faced by microfinance users (women) in the period the loan is secured up to pay back in Kenema District.

c. To find out about the percentage of interest rate on loans offered to clients by micro-finance institutions.

d. To access the repayment impact of group loans on women in terms of compliance by members.

3.3 Data Collection Instruments

3.3.1 Primary Data

This research is principally founded on experimental examination. The main data were principally collected from primary source through the use of questionnaire by direct contact with the women in the Kenema District who survives through the utilisation of microfinance loans.

3.3.2 Secondary Data

The researcher collected secondary data from a number of reports published and unpublished by scholars, MFI agencies and local bodies and also from a number of offices at the district level, such as the MFIs in the Kenema District.

3.4 Research Hypothesis

H_{01} The lives of Kenema District women are not improved even with the use of microfinance loans due to the percentage of interest rates.

H_{02} The objective of the establishment of MFIs in Sierra Leone has not been met.

3.5 Data Analysis and Discussion

3.5.1 Reliability and Interpretation

The statistical instruments applied are:

a. *Data Validity:* The validity of data guides the research in checking for any missing values present in the data which would affect the supplementary statistical analysis.

b. *Cronbach's alpha*: Cronbach's alpha Reliability test is used to check the internal consistency of items under consideration of any variable.

c. *Descriptive Statistics:* Descriptive Statistics help the researcher to find the tendency of responses under procedures of central tendency (mean, mode and median), standard deviation as a measure of dispersions, skewness and kurtosis.

3.6 Findings

3.7 Demographic Data of Respondents

3.7.1 Age Range of Respondents

Table 1. *Age range of Respondents*

Age range	Frequency	Percent
21-25	22	22.3%
26-30	30	34.4%
31-35	21	21.3%

36-40	12	12%
41-43	10	10%
Total	99	100%

The oldest among the participants in this study is 40 years, indicating that those in the enema District actively participating in micro-finance activities are much younger in the Sierra Leone population. this is to show that there is much poverty in the country, because these ages are supposedly expected to be among the working classes instead of the business world, all in the name of survival. The age range between 21-25 are 22 with 22.2% total response rate. between 26-30 are 30 respondents with 34.3% total response rate; between 31-35 are 21 respondents with 21.3% total response rate; between 36-40 respondents are 12 with 12% total response rate; between 41-43 are 10 respondents with 10% total response rate.

Table 2. *Educational Level of Respondents*

Education Level	Frequency	Percent
Adult Education	12	12.1
BECE	10	10.1
Secondary School	22	22.2
WASSCE	55	55.6
Total	99	100

The education level of respondents shows that all those involved in taking loans from MFIs in enema District, which I believed is statistical representation of the nation's population that everywhere in Sierra Leone it is these range of educational level of citizens that go in for micro-finance to survival. Those who only have adult education, more of a non-formal kind of literacy are 12 respondents with 12.1% total response rate. those with Basic Education Certificate Examination (BECE) are 10 respondents with 10.1% total response rate. those with secondary education are 22 respondents with 22.2% total response rate, and those with West African Senior Secondary Certificate Examination (WASSCE) are 55 respondents which serves as the highest educated group in this study wit 55.6% total response rate.

Table 3. *Marital Status of respondents*

Marital status	Frequency	Percent
Married	45	45.5
Single	46	46.5
Widow	8	8.1
Total	99	100

The table above shows that in Kenema District both married and single are strongly involve in micro-finance business of borrowing loan for sustainability. The married are 45 respondents with 45.5% total response rate, those single are 46 respondents with 46.5% total response rate, and 8 widows with 8.1% total response rate. this result shows that even the married persons do not rely on their marriage for survival, hence turn to borrowing money for business with profit; which only explains the level of poverty in the country.

Table 4. *Annual Income of Respondents*

Annual Income	Frequency	Percent
Le15000-25000	38	38.4
Le3000-8000	20	20.2
Le9000-15000	41	41.4
Total	99	100

From the above table, the annual incomes of the respondents explain it all as a justification for going in for micro-finance. With 38 respondents ranging between Le. 15,000-25,000 annual incomes derived from the micro-finance business, though averagely that amount is very small when compared to the present cost of living in Sierra Leone. range between Le. 9,000-15,000 are 41 respondents with 41.9% total response rate, and between the range of Le. 3,000-8,000 are 20 respondents with 20.2% total response rate. the result above is a clear indication that whatever meagre profit acquired at the end of the day could just be spent on feedings and basic amenities in running the home.

Table 5. *Gender of respondents*

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	62	62.6	62.6	62.6
	Male	37	37.4	37.4	100.0
	Total	99	100.0	100.0	

The above table explains that more women are involved in micro-finance business that men not as an MFIs, but as citizens that loan from the MFIs with return on profits basis, with 62 respondents with a cumulative percent of 62.6% total response rate, and 37 men with 37.4% response rate.

3.8 Research Hypothesis Achieved

3.9 Hypothesis one Achieved

Table 6. *Pearson Correlation in response to H1*

Correlations			
		commercial banks	MFIs in terms of improving the lives of citizens in Kenema District.
commercial banks	Pearson Correlation	1	.003
	Sig. (2-tailed)		.973
	N	99	99
MFIs in terms of improving the lives of citizens in Kenema District.	Pearson Correlation	.003	1
	Sig. (2-tailed)	.973	
	N	99	99

The result from the table above shows that there is a no significant relation between commercial banks and the MFIs in terms of improving the lives of citizens in Kenema districts, with a P-Value = .973 and a Pearson correlation = .003, which is a positive correlation.

3.9.1 Hypothesis Two Achieved (Group Statistics and Independent Samples Test)

Table 7. *Group Statistics*

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Is the percentage of interest too high for the amount of money you loan?	Male	37	1.81	.995	.164
	Female	62	1.32	.742	.094

Table 8. *Independent Sample Test*

		Levene's Test for Equality of Variances		t-test for Equality of Means	t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference
Is the percentage of interest too high for the amount of money you loan?	Equal variances assumed	24.134	0	2.782	97	0.006	0.488
	Equal variances not assumed			2.586	59.916	0.012	0.488

The table above which is the group statistics, show that more women are affected by the high percentage interest of the amount of money they loan. The table further shows that women are not improved even with the use of microfinance loans due to the percentage of interest rates. The independent samples test further shows that there is a significant relationship between gender and microfinance loans due to the high percentage of interest rates.

3.9.2 Hypothesis Three Achieved

The below table explains that the objectives of MFIs in Sierra Leone are met, with 83 respondents agreeing that they have made positive progress since they started using micro-finance with 26.0% rate and 83.8% of case value. 61 respondents agreed that they are to respond to your basic needs with the profit made from the microfinance loan with 28.5% response rate and 91.1% of case value. 71 respondents agreed that they make profit with the loan they take from the MFIs with 22.2% response rate and 71.7% of case value. 74 respondents with almost all of them women agreed that the percentage of interest is too high for the amount of money they loan with 23.2% response rate and 74.7% of case value.

Table 9. *MFI Objectives in Sierra Leone*

		Responses		Percent of Cases
		N	Percent	
Objectives of MFIs Met in Sierra Leone[a]	Have you made positive progress since you started using microfinance loan?	83	26.0%	83.8%
	Are you able to respond to your basic needs with the profit made from the microfinance loan?	91	28.5%	91.9%
	Do you make much profit with the loan you take from the MFIs?	71	22.3%	71.7%
	Is the percentage of interest too high for the amount of money you loan?	74	23.2%	74.7%
	Total	319	100.0%	322.2%

3.10 Some variables in Questionnaire Achieved in Frequency Distribution Tables

Table 10. *Positive progress made in involving into micro-finance loan*

Have you made positive progress since you started using microfinance loan?		
R	**N**	**%**
Agree	83	83.8%
Disagree	5	5.1%
Not sure	11	11.1%
Total	99	100%

The respondents agreed that they have made positive progress from the micro-finance business with 83 respondents with 83.8% total response rate. 5 respondents disagreed to the above statement with 5.1% total response rate, and 11 respondents are not sure about the statement with 11.1% total response rate.

Table 11. *difficulty paying your loan as per the agreement made with the MFI*

Do you have difficulty paying your loan as per the agreement made with the MFI?		
R	**N**	**%**
Agree	40	40.4%
Disagree	45	45.5%
Not sure	14	14.1%
Total	**99**	**100%**

When respondents were asked whether they are faced with difficulties in paying their loans as agreed with MFIs, some agreed while other disagreed and few were not sure, with 40 saying yes with 40.4% total response rate, 45 saying no with 45.5% total response rate, and 14 seem not to be sure if they are faced with difficulties in paying back their loans with 14.1% total response rate.

Table 12. *Responding to basic needs with profit from MFI loan*

Are you able to respond to your basic needs with the profit made from the microfinance loan?		
R	**N**	**%**
Agree	91	91.9%
Not sure	8	8.1%
Total	99	100%

From the above table 91 respondents agreed that they are able to respond to their basic needs from the profit they get from the loan with 91.9% total response rate, and 8 respondents are not sure with 8.1% total response rate.

Table 13. *Challenges of any form after taking loan in terms of pay back*

Do you face any form of challenges after taking the loan in terms of paying back?		
R	N	%
Agree	10	10.1%

Disagree	32	32.3%
Not sure	57	57.6%
Total	**99**	**100%**

From the table above, 10 respondents agreed facing challenges after taking the loan in terms of paying back with 10.1% total response rate, 32 respondents disagreed to the above statement with 32.3% total response rate, and 57 are not sure if they are faced with challenges of paying back loan with 57.6% total response rate. The result shows that majority of the respondents did not either comprehend the question or they are not experiencing any form of challenges; no issues, everything seem fine with them.

Table 14. *People helping loan takers in running business to help pay back*

Do you have people helping you with the business to help you have ease of paying back your loan?		
R	**N**	**%**
Agree	62	62.6%
Disagree	2	2.0%
Not sure	35	35.4%
Total	99	100%

In trying to know whether these people that take the loans have helpers in the business to help them pay the loan, 62 respondents says yes with 62.6% total response rate, 2 respondents disagreed with 2.0% total response rate, and 35 respondents are not sure with 35.4% total response rate.

Table 15. *High percentage of interest for loan taken*

Is the percentage of interest too high for the amount of money you loan?		
R	**N**	**%**
Agree	74	74.7%
Not sure	25	25.3%
Total	99	100%

The above table explains that 74 respondents agreed that the interest percent is too high for the amount of loan taken with 74.7% total response rate, and 25 respondents are not sure about the above statement with 25.3% total response rare.

4. Conclusion

The impact of microfinance on rural development is estimated in this study. MFIs provide loans to the poor and needy in rural regions, and these loans serve as their primary source of income, assuring both their financial stability and the country's economic growth. Following their participation in microfinance, respondent's standard of living marginally improved, and their financial holdings also increased. Thus, it is concluded that microfinance is an important source of income for rural people especially in the enema District, and it plays a crucial role in rural development of the locality. Micro loans helped the rural women to enhance their standard of living and also contribute for the betterment of their families.

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