Where the Market the Meets Community:  
An Economic and Gender Study of Microfinance in The Gambia

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ACADEMIC ABSTRACT

In The Gambia, financial sustainability and poverty alleviation have been largely based on the assumption that analysis of macro level growth will bridge the gap between the formal and informal sectors; alleviate poverty and exclusion, ignoring other important factors such as political, social, cultural and religious issues. The government, microfinance outlets and international development agencies have implemented many measures to bring the masses into the formal economy to no avail. This dissertation explores Reliance Financial Service and the role of the Osusus in poverty alleviation, and how the Osusus are the edifice of microfinance and economic sustainability in The Gambia.

Firstly, Osusus are small microfinance groups where participants receive substantial amounts of money to meet planned heavy expenditure commitments. To put things into perspective, Osusu is one of the oldest community based microfinance institutions in The Gambia, it has mostly resisted formalization. It is a social and financial system, where members contribute a set sum of money each week or month that is then allocated to one member. This has given some women a degree of independence and solidarity.

Secondly, despite women being the largest segment of the Gambian population, disparities in gender roles, illiteracy, high unemployment and the lack of mainstreaming the interest and needs of women in national policy and the system tends to leave many women economically disadvantaged. Hence, this dissertation found that the provision of microfinance services in the form of micro-credit, insurance and micro-savings could be a great sustainability tool to create equity, uplift the economic and social status of women in society. Also, women could use these services towards productive consumption such as feeding their families, sending their children to school, affording healthcare and engaging in productive economic activities to increase their income. Empirically, it examines the microfinance outlook in The Gambia, its impacts on socio-economics ramifications on the country. It also examines the role of microfinance, contextually Reliance Financial Services Kafoo scheme, as a viable alternative poverty-alleviation avenue.
AUDIENCE ABSTRACT
This study provides and posits microfinance as a sustainable economic development model, contending that microfinance can be a potent method in The Gambia when anchored in the Osusu system. Microfinance, however, is not a silver-bullet but if practiced within the structure of locally based institutions like Osusu – they could potentially move women and other rural Gambians out of poverty.
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Table of Contents

Abstract
Acknowledgements
List of Figures
List of Tables
List of Abbreviations

Chapter 1: Introduction
   1-2 Aid Debate

Neoliberalism and Neoliberal Programs
   1-3 Neoliberalism Defined
   1-4 Neoliberalism and Globalization
   1-5 The Washington Consensus
   1-6 Structural Adjustment Programs (SAPs)
   1-7 Structural Adjustment Programs (SAPs) in The Gambia

Research Context
   1-8 The Gambia: Brief History, Geography, and Population
   1-9 Postcolonial Politics
   1-10 Ethnolinguistic Groups
   1-11 Demographics
   1-12 The Gambia’s Age Composition
   1-13 Socioeconomics
   1-14 Government of the Gambia’s Policy Toward Women
   1-15 Gender and Millennium Development Goals

Chapter 2: Review of the Literature
   2-1 Microfinance Defined
   2-2 The Grameen Model and Literature on Microfinance
   2-3 Perspectives from a Fragmented Field
   2-4 Detractors and Proponents
   2-5 Gap in the Literature
   2-6 State of Microfinance in The Gambia
   2-7 The Role of the Bank in the Regulation and Promotion of Microfinance
   2-8 The Two Main Grassroots Microfinance—VISACAS and GAWFA
   2-9 The Decline of the Village Savings—VISACAS
   2-10 Gambia Women’s Finance Association -- GAWFA

Chapter 3: Research Objectives and Methods
   3-1 Background, Questionnaires, and Interviews
   3-2 Data Collection and Selection of the Participants
   3-3 Research Expectations
   3-4 Methodological Approach
   3-5 Information Collection and Research Approach
   3-6 Qualitative Approach
   3-7 Theoretical Justification
   3-8 Protecting Respondents’ Confidentiality
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-9 Limitations of the Study</td>
<td>52</td>
</tr>
<tr>
<td>3-10 Participant Observer</td>
<td>53</td>
</tr>
<tr>
<td>3-11 Researcher’s Role</td>
<td>54</td>
</tr>
<tr>
<td>3-12 Triangulation: Statistical Approach and Interview Data</td>
<td>54</td>
</tr>
<tr>
<td>Chapter 4: Case Study and Findings and Discussion</td>
<td></td>
</tr>
<tr>
<td>Case Study</td>
<td></td>
</tr>
<tr>
<td>4-1 Reliance Financial Services</td>
<td>56</td>
</tr>
<tr>
<td>4-2 Women Finance Program: Kafoo</td>
<td>57</td>
</tr>
<tr>
<td>4-3 Loan Officer Training</td>
<td>59</td>
</tr>
<tr>
<td>4-4 Kafoo Member Training</td>
<td>59</td>
</tr>
<tr>
<td>4-5 Reliance Financial Services and Commercial Microfinance’s Greatest</td>
<td>60</td>
</tr>
<tr>
<td>Obstacles</td>
<td></td>
</tr>
<tr>
<td>4-6 The Relationship Between the Lenders and Borrowers</td>
<td>61</td>
</tr>
<tr>
<td>4-7 List of Village Banks: Kafoos</td>
<td>62</td>
</tr>
<tr>
<td>4-8 Collateral: Terrie Kafoo, Ndey Ndickay</td>
<td>63</td>
</tr>
<tr>
<td>4-9 Kafoo Constitution</td>
<td>64</td>
</tr>
<tr>
<td>4-10 Two Steps to the Setup of the Kafoo</td>
<td>65</td>
</tr>
<tr>
<td>4-11 Microinsurance</td>
<td>66</td>
</tr>
<tr>
<td>4-12 Urban and Peri-Urban Experiment</td>
<td>68</td>
</tr>
<tr>
<td>Findings and Discussion</td>
<td></td>
</tr>
<tr>
<td>4-13 Standing in the Community, Access to Credit, and Interest Rates</td>
<td>72</td>
</tr>
<tr>
<td>4-14 Multiplier Effect</td>
<td>85</td>
</tr>
<tr>
<td>4-15 Education</td>
<td>91</td>
</tr>
<tr>
<td>4-16 Health and Food</td>
<td>93</td>
</tr>
<tr>
<td>Further Findings and Discussions</td>
<td></td>
</tr>
<tr>
<td>4-17 Is Microfinance a Neoliberal Idea?</td>
<td>106</td>
</tr>
<tr>
<td>4-18 The Osusu Model</td>
<td>107</td>
</tr>
<tr>
<td>4-19 Revisiting the Microfinance—Neoliberalism Debate</td>
<td>112</td>
</tr>
<tr>
<td>4-20 A Remittance Dependent Country</td>
<td>115</td>
</tr>
<tr>
<td>4-21 Remittances and Back-Way Migration</td>
<td>117</td>
</tr>
<tr>
<td>4-22 Microfinance as a Women/Gender Development Strategy</td>
<td>120</td>
</tr>
<tr>
<td>4-22 Women, Microfinance, Politics, Society, Economics, Faith, and Resilience</td>
<td>126</td>
</tr>
<tr>
<td>Chapter V: Conclusion and Policy Implications</td>
<td></td>
</tr>
<tr>
<td>5-1 Conclusion</td>
<td>128</td>
</tr>
<tr>
<td>5-2 Policy Recommendations</td>
<td>131</td>
</tr>
<tr>
<td>5-3 Research Topics Revisited</td>
<td>133</td>
</tr>
</tbody>
</table>
List of Figures and Tables

Figure 1. Map of The Gambia .................................................. 23
Figure 2. Map of The Gambia showing regions discussed in this study—North Bank and West Coast regions 52
Figure 3. Ms. Faal of the North Bank, in her weave store 53
Figure 4. Kafoo members disbursing and repaying loans, in Hamdalai, North Bank Region. 57
Figure 5. A typical village “Bantaba or Pencha” 58
Figure 6. Hypothesis 1 .......................................................... 72
Figure 7. Hypothesis 2 .......................................................... 76
Figure 8. Hypothesis 3 .......................................................... 77
Figure 9. Hypothesis 4 .......................................................... 81
Figure 10. Hypothesis 5 ......................................................... 84
Figure 11. Hypothesis 6 ......................................................... 85
Figure 12. Hypothesis 7 ......................................................... 87
Figure 13. Hypothesis 8 ......................................................... 88
Figure 14. Hypothesis 9 ......................................................... 89
Figure 15. Hypothesis 10 ...................................................... 90
Figure 16. Hypothesis 11 ...................................................... 91
Figure 17. Hypothesis 12 ...................................................... 93
Figure 18. Hypothesis 13 ...................................................... 94
Figure 19. Hypothesis 14 ...................................................... 96
Figure 20. Hypothesis 15 ...................................................... 96
Figure 21. Microloan Survey .................................................. 100
Figure 22. Women fish traders with their children. In the background is a lineup of fishing boats at The Tanji Fish market. 118
Figure 23. Jay’s current mud house in Sameh Village, North Bank Region 123
Figure 24. Jay’s new cement, self-container house in Sameh Village, North Bank Region 123
Table 1. The Gambia Microfinance Market Mix 40
Table 2. List of Village Kafoos in the West Coast Region 62
Table 3 List of Village Kafoos in the North Bank Region 62

Appendix A ................................................................. 141
Appendix B ................................................................. 144
Appendix C ................................................................. 147
Appendix D ................................................................. 149
Appendix E ................................................................. 159
References ................................................................. 136
List of Abbreviations

AfDB—African Development Bank
AFD—African Development Fund
CBG—Central Bank of The Gambia
CFO—Chief Financial Officer
ESAF—Enhanced Structural Adjustment Facility
GATT—General Agreement on Tariffs and Trade
GDP – Gross Domestic Product
GMD—Gambian Dalasis
GOTG—Government of The Gambia
HIPC—Heavily Indebted Poor Countries
HIV—Human Immune Virus
IMF – International Monetary Fund
MENA—Mennonite Economic Development Associates
MFIs—Microfinance Institutions
MSE—Micro and Small Loans
NGOs—Non-Governmental Organizations
SAPs—Structural Adjustment Programs
SAF—Structural Adjustment Facility
UN – United Nations
UNDP—United Nations Development Program
VISACAS—Village Savings and Credit Association of The Gambia
WB – World Bank
WTO—World Trade Organization
Chapter I

I-I Contextual Background and Organization of the Study

Introduction

This study explores the economic, poverty, socioeconomic, and governance problems that The Gambia is currently experiencing. Empirically, it examines microfinance in the country, and its impacts on socio-economic, financial, structural, governance, and political ramifications. It also assesses the role of microfinance as an alternative poverty alleviation mechanism by exploring the role played by the largest commercial microfinance institution in The Gambia—Reliance Financial Services. One of the objectives of the study is to develop an understanding of poverty and poverty-alleviation methods in The Gambia by assessing microfinance and its impacts on its primary recipients, namely Gambian women. Detractors of microfinance contend that microfinance does not move borrowers out of poverty and does not present a viable sustainable economic development plan. This dissertation, notwithstanding, posits that microfinance, especially the ones rooted in the Kafoo system, are more viable and sustainable economic development models than the top-down ones (for example Aid), because they reach and deal directly with the poor. This dissertation anchors its argument on the premise that, microfinance, if practiced properly and built upon communal systems, could be a potent sustainable economic system.
Organization of the Study

The introductory chapter also examines the heated scholarly debates between Zambian-born and Harvard-trained economist Dambisa Moyo, an opponent of government-to-government aid, and her former teacher, Jeffrey Sachs of Columbia University, a proponent of aid. In recent studies, few economic models implemented in Africa have been successful. This consistent lack of success underlies criticisms from emerging African scholars such as Dambisa Moyo. I examine the rationale behind her argument, and assess the merits of the argument through that of Sachs. Furthermore, it discusses neoliberalism and neoliberalization of emerging economies worldwide, delving into structural adjustment programs in the Gambian context.

Finally, it provides an overview of The Gambia since independence, and discusses the demographics of the country, its socioeconomics, the poverty level, and some of its causes. It examines the role of the government and its role in the regulation and promotion of microfinance, with emphasis on the Reliance Financial Services’ Kafoo model and other grassroots microfinance outlets such as VISACAS.

Chapter II reviews literature on microfinance, from inception in Bangladesh with the Grameen Bank. It employs arguments from supporters of microfinance, who believe that microfinance is an alternative development avenue that has the potential of moving people out of poverty. I also examine arguments of detractors of microfinance, who argue that it is one among several neoliberal capitalist ploys to expand and exploit the poor population in the Global South. I assess new literature, with emphasis on Banerjee and Duflo (2011, 2014). The chapter discusses the state of microfinance in The Gambia and the role of the central bank in regulating microfinance, and gives an overview of the two main non-profit microfinance outlets in The Gambia—The VISACAS and GAWFA.
Chapter III defines the research objectives and expected outcomes. This study examines the role of microfinance in The Gambia, and the role of Reliance Financial Services, a commercial microfinance outlet in the country. Addressing obstacles in the way of Gambian women, this study examines:

1. Upward mobility among borrowers;
2. The number of people impacted by microfinance institutions;
3. Multiplier effects, and changes to the lives of families, children, and community;
4. The importance of microfinance in people's everyday lives.

This study also examines whether there is upward mobility among Reliance Financial Services microfinance members. The interest rates charged are important because some commercial microfinance companies charge very high rates, perpetuating a cycle of poverty. The chapter details my research methods. I use a mixed-methods approach to address the research questions, and outline the approaches and strategies used to guide the investigation. This chapter also presents detailed information on the approach to gathering primary source data through data collection, and interviews with Kafoo members of Reliance Financial Services.

Chapter IV offers the background of a case study of Reliance Financial Services, including its setup, history, organization, obstacles, relationships between borrowers and lenders, collateral system, repayment, and Kafoo constitution, which was created and drafted by Kafoo members. It discusses two steps in the creation of the Kafoo (A Kafoo is a Mandinka word, meaning group, club, or age group)—sensitization and financing. Finally, it examines the role of microinsurance among Kafoo borrowers, and narrates an encounter with a deceased borrower’s family.
Moreover, it reports findings from interviews conducted with Kafoo members of Reliance Financial Services, addressing each question separately. I include findings from written material analysis by adding more insights to interviewees’ responses. The chapter interprets findings by explaining their relevance through education, upward mobility, the multiplier effect, health, and food, among others. Discussions include failure and success stories from both interview and literature analysis. It further discusses the nexus between microfinance and neoliberalism—how radical and resistant the Osusus (Osusus are small microfinance groups in which participants receive substantial amounts of money to meet planned heavy expenditure commitments) have been to neoliberalism. It offers an overview of Osusus, its communalistic nature, and how most microfinance finance institutions in The Gambia use the Osusu model as a template for setting up microfinance institutions. Furthermore, it discusses The Gambia as a remittance dependent economy, shifting from an aid dependent country to remittances, and its ramification on the Gambian economy and Kafoo members.

Chapter V explores a conclusion and policy recommendations. For the conclusion, I discussed Donna Beegle’s definition of poverty and tied it to that of The Gambia; The Gambian government’s policies and its ramification on poverty. The chapter also explicitly highlighted my contribution to the canon of microfinance and sustainable development. Furthermore, I revisited my research topics for discussion purposes. Finally, the chapter offers policy recommendation.
I-2 Aid Debate

At Bretton Woods in 1944, war-ravaged Europe was aided by providing it with the help believed to produce long-term economic growth and reduce poverty. Many of those involved were genuinely altruistic, but the hidden motivation was that if poor countries were stable economically and politically, they (the donors) would benefit from the outcomes. This became a common theme among rich countries, and with the success of the European experiment, they decided to replicate the same strategy for newly independent countries in Africa and Asia. Since the end of the Second World War, over a trillion dollars have been given to African countries, to no avail (Moyo, 2009). Since the 1970s, more than a dozen Global South countries have experienced impressive economic growth. Mostly from Asia, these countries reported economic growth of about 10% per annum in Gross Domestic Product (GDP). These numbers outperform all leading industrialized economies in the West, and significantly reduced poverty.

In her argument regarding why aid is not working in Africa, Dambisa Moyo argued that in some cases, poorer countries outperformed per-capita incomes of leading, developed economies, and this trend should continue; emerging market performers such as Brazil, Russia, India, and China are projected to exceed the economic rates of nearly all industrialized economies by 2050. Yet during the same period, as many as thirty other developing countries, primarily aid-dependent countries in sub-Saharan Africa, have failed to generate consistent economic growth, and some have even regressed (Moyo, 2009). Research suggests that the more African countries depend on handouts, the less developed they are and will be.

Some researchers point to Brazil, Russia, India, China, and South Africa (BRICS), which have received less aid in comparison to Africa, and most were in the same predicament as Africa forty years ago. The Chinese market, for example, was not open to the world until about forty
years ago. Coincidentally, this was the same time when the major Western powers, in conjunction with the International Monetary Fund and the World Bank, started giving aid to African countries, after seeing how beneficial the Marshall Plan was to Europe. As a result, China has pulled 300 to 400 million people out of poverty. A 1998 World Bank Policy Research Report selected three developing countries that receive aid, finding that “some countries received a lot of assistance, and incomes fell some countries received little aid, and incomes rose” (WBPRR, 1998). A similar World Bank report found that “as much as 85 percent of aid flows were used for purposes other than that for which they were initially intended, very often diverted to unproductive, if not grotesque ventures” (Moyo, 2009). This brings up the question: what is the purpose of investing money in an economy that is controlled by a despot who is going to funnel the money into a personal bank account in Switzerland and will not use it for what it was initially intended? Aid makes governments delegate responsibilities, instead of working to help their countries and provide basic amenities to citizens; they rely on foreign donors to do these tasks.

Novogratz (2009) offers an example of the shortcomings of handouts, even when they are to help people create businesses. When Novogratz first started working with a self-help group of poor women in Rwanda, they were receiving six hundred fifty dollars each month from a charity organization to keep 20 women earning 50 cents a day. This, according to Novogratz, “was a perfect illustration of why traditional charity too often fails. In this case, well-intentioned people gave poor women something ‘nice’ to do, such as making cookies or crafts, and subsidized the project until there was no more money left, then moved on to a new idea” (Novogratz, 2009, p. 84). This is a good example of how handouts fail the poor year after year. “Aid agencies need to find alternative approaches to helping highly distorted countries, since traditional methods have
failed” (WBPRR, 1998, p. 73). Finding alternative approaches to development, for example, microfinance, remittances, could be a real game-changer in the fight against poverty.

In the process on my research and findings, I argued that microfinance, remittances, and similar programs are alternatives to top-down forms of development, especially government-to-government aid. Furthermore, this dissertation found that The Gambia, in context, is a country of remittances, not aid. Some argue that the aid Africa receives is insufficient in comparison to other emerging regions and countries that have moved out of the poverty zone. One supporter of government-to-government aid is Jeffrey Sachs, a Nobel Laureate and leading economist. He argues that aid is a major component to eradicating poverty (Sachs, 2008, p. 229). Sachs notes that although in some cases, the leading factor to Africa’s poverty is poor governance, the major problem is lack of financing. Sachs contends that the escape from extreme poverty requires four basic types of investment, starting with temporary aid, which boosts productivity and raises savings and investment, and thus helps create sustainable growth for many poor countries. This is attainable through outside funds (i.e., aid), rapidly changing the livelihood of ordinary Africans (Sachs, 2009, p. 229). Sachs argues that aid has done a great deal of good, and demonstrates the effectiveness of aid in the form of support for peasant farmers to help them grow more food, childhood vaccines, malaria control with bed nets and medicines, deworming, midday school meals, training and salaries for community health workers, all-weather roads, electricity supplies, safe drinking water, treadle pumps for small-scale irrigation, therapy for tuberculosis, antiretroviral medicines for AIDS sufferers, and clean, low-cost cookstoves to prevent respiratory diseases in young children (Sachs, 2009).

Sachs also argues that sending food from the United States to Africa should be cut back. Local cultivation of food should be encouraged more, which will help local farmers earn money
and help the economy overall. In this ongoing debate between Sachs and critics of aid such as Moyo, Sachs argues that the critics of aid usually lump all types of aid into one—both good and bad—challenging them to identify what is working and what is not. Sachs contends that detractors of aid like Moyo should focus on the positives, given that many countries have graduated from aid dependence over time because aid programs spurred economic growth in these countries. An example he gives is India, which during the 1960s received an increase in food aid from the United States, paving the way for its growth afterward. Sachs further points to countries that have graduated or are on the verge of graduating from aid assistance, such as Korea, Malaysia, Taiwan, Israel, Egypt, Tanzania, and Ghana (Sachs, 2009).

Sachs argues that donor institutions and countries like Norway and the United States more aid should be given to Africa to ensure that it graduates from aid. Sachs cites that Africa needs to triple its per-capita income to graduate from aid. This goal can be attained by 7% per-capita yearly growth, and in sixteen years, with determined efforts from aid agencies, Africa could graduate from aid by 2025 (Sachs, 2009). Critics of aid concur with such characterizations. Moyo agrees that the major problem with the economically disadvantaged is access to finance and capital, but opposes aid to eradicate poverty. Moyo agrees that aid programs in India, the Marshall Plan in Europe, and temporary aid played roles in the economic reconstruction of those countries. Nevertheless, she maintains that the primary and often ignored difference between the Marshall Plan and such aid interventions, and those that are enigmatic in Africa now, is that the Marshall Plan was short, direct, and focused, whereas the ones plaguing Africa are indefinite commitments. She argues that the problem with indefinite aid is that African governments have no incentive to look for other and better ways of financing development (Moyo, 2009).
Moyo discusses the effects of aid on Africa’s economy. For example, she envisions an Africa that works toward sustainable solutions, in which Africans make their own anti-malaria bed-nets, thereby creating jobs for Africans and a real chance for continental economic prospects, rather than delivering malaria nets across the continent, which put Africans out of economic viable options. The over 60% of Africans who are under 24 need jobs, not sympathy (Moyo, 2009). Critics such as Moyo charged Sachs with double standards when it comes to Africa. She contends that Sachs’ development approach for countries such as Russia, Poland, and Bolivia are different from the aid-dependency approach, whereas aid-dependency, with no job creation, is reserved for Africa. Sachs and Moyo agree that extending credit to poor people in the form of microfinance is a potent solution to the crisis.

Since the end of colonialism, Africans have been searching for an economic/financial answer to poverty, unemployment, underemployment, among other things; they have gone from imperial dictatorships to military dictatorships, from autocratic governments to somewhat anocratic forms of government. Foreign debt and aid have become the new norms, while corrupt and unqualified leaders have demolished their economies making the continent the poorest on earth. A lot has changed since the dawn of the new century, many African countries have adopted the one size fits all International Monetary Fund/ World Bank policies that were meant to catapult their economies into the new global market. But the failures of these IMF/WB policies in revamping these economies have opened a new market for ideas and new economic avenues. One such economic avenue is microfinance. Microfinance provides loans to the poorest of the poor, and has been hailed as a success by many economists and scholars (Moyo, 2009) around the world. On the contrary, other economists and scholars (Bateman, 2009) have considered microfinance a neoliberal propaganda. This dissertation connects and explains the
neoliberalization of Africa, contextually, The Gambia, and neoliberal policies like the Structural Adjustment Programs, the role of microfinance, community based microfinance as one alternative to the top-down forms of development.
Neoliberalism and Neoliberal Programs

I-3 Neoliberalism Defined

The term neoliberalism was coined at a meeting in Paris in 1938. Among the delegates were two men who defined the ideology, Ludwig von Mises and Friedrich Hayek, of the Austrian School, which is related to the Chicago School. Both exiles from Austria, they saw social democracy, exemplified by Franklin Roosevelt’s New Deal and gradual development of Britain’s welfare state, as manifestations of a collectivism that occupied the same spectrum as Nazism and communism. Although no single definition has been widely adopted, Marxist geographer David Harvey (2005) contends that:

Neoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices. The state has to guarantee, for example, the quality and integrity of money. It must also set up those military, defense, police and legal structures and functions required to secure private property rights and to guarantee, by force if need be, the proper functioning of markets. Furthermore, if markets do not exist (in areas such as land, water, education, healthcare, social security, or environmental pollution) then they must be created, by state action if necessary. But beyond these tasks the state should not venture. State interventions in markets (once created) must be kept to a bare minimum because, according to the theory, the state cannot possibly possess enough information to second-guess market signals (prices) and because powerful interest groups will inevitably distort and bias state interventions (particularly in democracies) for their own benefit (2005, p. 2)

In anthropological studies, “neoliberalism is typically depicted as a phenomenon related to the growth of capital, the transnational flow of goods and ideas, and globalization that impacts all levels of society” (Kalb, 2000, p. 32). George Scialabba described neoliberalism as, “the extension of market dominance to all spheres of social life, fostered and enforced by the state, investor rights agreements masquerading as ‘free trade’ and constraining the rights of
governments to protect their own workers, environments, and currencies.” Blomgren (1997) defines neoliberalism as:

a political philosophy giving priority to individual freedom and the right to private property. It is not, however, the simple and homogeneous philosophy it might appear to be. It ranges over a wide expanse regarding ethical foundations as well as to normative conclusions. At the one end of the line is “anarcho-liberalism”, arguing for a complete laissez-faire, and the abolishment of all government. At the other end is “classical liberalism”, demanding a government with functions exceeding those of the so-called night-watchman state (p. 224).

Neoliberalism, though anchored in liberalism, is a new model of economic theory and policy-making, the edifice for the recent stage in the development of capitalist society, and at the same time, a revival of the economic theories of Adam Smith and his intellectual heirs à la Friedrich von Hayek and Milton Friedman.

Wendy Brown (2015), in her magnum opus -- *Undoing the Demos: Neoliberalism’s Stealth revolution*, observed that:

To speak of the relentless and ubiquitous economization of all features of life by neoliberalism is…not to claim that neoliberalism literally *marketizes* all spheres, even as such marketization is certainly one important effect of neoliberalism. Rather, the point is that neoliberal rationality disseminates the *model of the market* to all domains and activities – even where money is not at issue – and configures human beings exhaustively as market actors, always, only, and everywhere as *homo economicus* (p.31).

According to Brown (2015), neoliberalism is the state under economic rationality dictates all forms of human interactions and activities; thereby, becoming the anchor of a certain style of political governance. In contemporary economics and governance, nothing is now sacrosanct or exempt from neoliberalism.

I-4 Neoliberalism and Globalization

After the Cold War, most of Eastern Europe, Russia, parts of Latin America, and Africa joined the neoliberal capitalist movement, most opening their borders and liberalizing their
markets, ushering in a new wave of globalization and global governance (Murphy, 2000). For the most part, economic reforms followed the prescriptions of the International Monetary Fund (IMF) and the World Bank, which are by far two of the “most powerful of the public institutions of global governance” (Murphy, 2000, p. 791). Over the past five decades, the World Bank and the International Monetary Fund have steadily gained power, becoming an outlet in the spread of the neoliberal agenda, and their policies have come under serious scrutiny by many scholars, including Naomi Klein, David Harvey and David Held. Danaher (1994) argues that IMF/WB policies:

> are designed to facilitate the repayment of debt: that is, the steady transfer of wealth out of the Third World countries to the bankers of the industrial countries. This transfer of wealth has had devastating consequences for the poor majority. Money that could have been invested in health, education and housing has instead been transferred to wealthy bankers. Accordingly, the Third World countries under IMF/WB tutelage have seen infant mortality rates increase, schools and housing deteriorate, unemployment skyrocket and the general health of people decline (p. 2).

This conundrum, as George (1992) argues, is not just a clash of north and south, but a clash between the southern technocrats in collaboration with the northern elites against the poor and middle classes of both the north and south (p. 173. Tsing (2005) summarizes, “The concept of globalization at its simplest, encourages dreams of a world in which everything has become part of one single imperial system” (preface). It appears as if the world is run by capitalists, and each country has adopted its own form of neoliberalism, including neoliberal United States, neoliberal-communist China, and neoliberal Gambia. “We are all neoliberals!” Harvey (2007). Paradoxically, this phenomenon of globalization is not global at all; it is a world that consists of the western countries and a few Asian countries, and ignorance of the rest of the world. The African continent is no exception. Ferguson (2006) challenges scholars who champion globalization as an all-encompassing flow, arguing, “Capital does not flow from New York to
Angola’s oil fields, or from London to Ghana’s gold mines; it hops, neatly skipping over most of what lies in between” (p. 38). He calls it globe-hopping rather than globe-covering. Capital investment in Africa is invested in some places on the continent, such as mines in Angola and oil reserves in the Niger Delta.

Globalization has great ramifications on the African continent, and many African researchers suggest that Africa is being alienated from the global market, which is widening the poverty gap between Africa and the rest of the global economy. Some researchers disagree with this assessment; they pointed to the fact that the World Bank, the International Monetary Fund, USAID, UNDP, and other agencies involved in international development, economics, and finance are expanding into microfinance, helping to eradicate poverty. However, enforcement of Structural Adjustment Programs (SAPs) is still being implemented in several African and economically disadvantaged countries. The International Monetary Fund prescribed these policies and the World Bank to African countries, coupled with deregulation and privatization. These policies led to slower growth rates and economic stagnation, and blame was placed on African and other countries that implemented the programs. The effects of one-size-fits-all IMF/WB policies being imposed on African countries are leading to high food costs, higher unemployment, and widespread poverty.

The purpose of SAPs and Poverty Reduction Strategy Papers (PRSPs) in The Gambia have been to liberalize the structure of the country’s economy to encourage domestic economic competition, attract domestic and foreign investment, and promote trade. For example, the logic behind currency devaluation was to make Gambian exports (e.g., groundnuts, fish, and leather/hides) more attractive, and discourage imports. The differential effects of devaluation had to be evaluated carefully. If devaluation discouraged importation of consumption goods, that was
good. However, if it made importation of capital goods more expensive, it had potentially adverse effects on economic growth. So, policy-makers had to look at the composition of Gambian imports and exports, and the differential effects that devaluation had on consumption and investment, and subsequently economic growth. Currency devaluation refers to a decrease in a currency's value with respect to other currencies. On PRSP, the objective was to reduce poverty, especially among the bottom quintile of the population, achieved through various social protection programs such as healthcare, among other things.

The major ramifications of SAP were to rationalize government spending, reduce contingent liabilities through parastatal restructuring, downsize government and cut payrolls to reduce unproductive employment and balance budgets, make pension funds solvent, and improve revenue mobilization by closing tax evasion and loopholes. It was also to rationalize and liberalize goods and labor markets to make them competitive, and liberalize trade. In principle, the intentions were good (Sallah, 2016)—infuse competition and grow the economy. According to Tijan Sallah, formerly of the World Bank, SAPs impacted the poor negatively, in practice, if they were among redundant labor or unskilled (Sallah, 2016).

I-5 The Washington Consensus

Neoliberalism has been a major topic in contemporary international development, and during the past thirty years, especially formulation of the Washington Consensus and implementation of details outlined in it. John Williamson, a laissez-faire economist and former employee of the World Bank, set out the Washington Consensus in a dossier, in which he mapped out free-market policies and goals that Washington, DC officials could use. The officials included 14 members of the World Bank, International Monetary Fund, State and Treasury
departments, the American Enterprise Institute, and other conservative think tanks. Williamson (1993) developed 10 policies/goals:

1. Fiscal deficits/discipline, with avoidance of large fiscal deficits relative to GDP;
2. Reorienting/redirection of public expenditure priorities, subsidies, "especially indiscriminate subsidies," toward broad-based provision of key pro-growth, pro-poor services such as primary education, primary healthcare, and infrastructure investment;
3. Tax reform, broadening the tax base and adopting moderate marginal tax rates;
4. Interest rates that are market-determined and positive (but moderate) in real terms;
5. Competitive exchange rates, liberalization of imports, with elimination of quantitative restrictions (e.g., licensing), and trade protection provided by low, uniform tariffs;
6. Trade liberalization;
7. Securing property rights;
8. Direct foreign investment;
9. Deregulation, abolition of regulations that impede market entry or restrict competition, except for those justified on safety, environmental, and consumer-protection grounds;

These goals were/are being implemented worldwide, and post-apartheid South Africa, serves as a case in point, where during the transition period, the de Klerk government, drawing from the Washington Consensus sketched key areas of economic decision-making a la trade agreements, among other things (Klein, 2008, p. 252).

Implementation, however, was handed over to IMF, the World Bank, the General Agreement on Tariffs and Trade (GATT), and the Afrikaner National Party. Many people were involved in the process, except liberation fighters from the African National Congress (ANC). “It
was a strategy of balkanization, not of the country’s geography (as de Klerk had originally attempted) but of its economy” (Klein, 2008 p. 252). As the South African rights activist put it, “the transition was business saying, we’ll keep everything and you (the ANC) will rule in name…You can have political power, you can have the façade of governing, but the real governance will take place somewhere else” (Klein, 2008 p. 257).

I-6 Structural Adjustment Programs (SAPs)

In the mid-1980s, the IMF recognized that some of its low-income member countries needed highly concessional financial support on a longer-term basis than it could provide through its existing financing mechanisms. It therefore set up the Structural Adjustment Facility (SAF) in 1986, and the Enhanced Structural Adjustment Facility (ESAF) one year later. (IMF, 1997).

The IMF and the World Bank employed the goals set out in the Washington Consensus as a precondition to receive loans, and lately to be considered for heavily indebted poor countries (HIPC) debt-forgiveness program. To receive the full and irrevocable reduction in debt available under the HIPC Initiative, however, the country must establish a further track record of good performance under IMF- and World Bank-supported programs. These sets of policies would be implemented in the form of a program called Structural Adjustment Programs (SAPs). The SAPs require an end to subsidies on goods and services of primary necessity, such as bread, milk, rice, sugar, fuel, and electricity, drastic reductions to social expenditure, devaluation of local currency, development of exports. Moreover, the call for a complete opening of markets through elimination of customs barriers, liberalization of the economy, and especially the abolition of capital movement control and exchange control, protection of capital revenues, massive
privatization of public companies, and subsequent retreat of the state from competitive sectors of production. Most of these policies are not being implemented in developed countries, in which governments have safeguarded many vital government sectors. For example, the America’s George W. Bush administration taxed imported steel from Europe and Asia to protect steel and iron companies in the United States, something the IMF has forbidden for SAP recipients. As Stiglitz (2002) argues:

Most advanced industrial countries, including the United States and Japan, had built their economies by wisely and selectively protecting some of their industries until they were strong enough to compete with foreign companies. While blanket protectionism has often not worked for countries that have tried it, neither has rapid trade liberalization. Forcing a developing country to open itself up to imported products that would compete with certain of its industries, industries that were dangerously vulnerable to competition from much stronger counterpart industries in other countries, can have disastrous consequences, socially and economically. Jobs have systematically destroyed—poor farmers in developing countries simply couldn't compete with the highly subsidized goods from Europe and America - before 17 the countries' industrial and agricultural sectors were able to grow strong and create new jobs. Even worse, the IMF's insistence on developing countries maintaining tight monetary policies has led to interest rates that made job creation impossible, even in the best of circumstances (p. 16).

In many African and developing countries, farmers are forced out of the market because of the flow of subsidized products, and they simply cannot compete. Many give up farming and move to slums in search of better pastures to compete for scarce and low-paying jobs.

I-7 Structural Adjustment Programs (SAPs) in The Gambia

Gambian/African SAPs are met with much resistance across Africa. Leonor Briones of the Freedom from Debt Coalition in the Philippines summarized the situation, stating that SAPs require the repression of democratic rights because the policies require astronomical fiscal, monetary, and economic procedures that displease the public, and that such reactions should be repressed (Dahaher, 1994, p.4). Critics of SAPs and neoliberalism (Sowe, 2016) argue that
neoliberal policies foster a climate of undemocratic governance and autocratic regimes that do whatever the IMF and World Bank tell the recipient country to do as long as the money is flowing into their coffers. Advocates of neoliberalism (Fatty, 2016) argue that neoliberalism is inherently compatible with democracy, and that protecting freedom in the markets also protects freedom politically.

Contextually, neoliberal methods of SAPs have left many Gambians unemployed and lingering too long in poverty. Structural adjustment has not delivered on the promises of the IMF/WB in tackling the problems facing The Gambia, such as healthcare, education, poverty, employment, and underdevelopment. Public-sector layoffs, privatization, and a leaner public-sector workforce call for the selling of government properties and budget cuts, which normally have only one outcome—layoffs send more people into poverty. In African countries, including The Gambia, to qualify for any consideration under HIPC, they must abide by structural adjustment rules, which require massive government cuts and hence more unemployment and poverty. Africa south of the Sahara experienced a huge decrease in income during the 1980s. Average income fell by about 20%, meaning that the average African was poorer than during the years after independence during the 1970s and 1960s. The number of people living under the poverty line doubled, reaching 313 million between 1981 and 2001 (Harrison, 2010, p. 39). In the case of The Gambia:

The introduction of the Structural Adjustment Programs (SAPs) by the World Bank and the International Monetary Fund (IMF), in a bid to curb government spending produced unintended long-lasting negative socioeconomic consequences due to severe austerity measures implemented. Both rich and poor suffered; the cutting of public services, downsizing of the civil service and eradication of agricultural subsidies created a harsh environment that made economic prosperity an unreachable goal for many (Bajaha, 2015, p.24)
Consequently, egalitarian businesses, such as agriculture, which provide food for the household and the community, and has a trickle-down effect, suffered from climate-change shocks and inadequate public support. The groundnut industry (e.g. peanuts), which used to have a dedicated supply chain under the Gambian Produce Marketing Board (GPMB), collapsed with privatization of GPMB, a casualty of SAP and one of the ways in which some of the good intentions of SAP have been betrayed by poor follow-up after privatization (Sallah, 2016). During this period, sovereign debt spiked. In terms of health, The Gambia still has a high infant mortality rate, and neoliberal policies that require governments to cut health expenditures have failed to deal with the HIV/AIDS epidemic.

Chapters I demonstrates that there is much literature on aid and the neoliberalization of Africa from both advocates and detractors. This study examines viable poverty-alleviation methods, and one method is microfinance. This study discusses the role of biggest commercial microfinance company in The Gambia – Reliance Financial Services – in its fight against poverty.

In summation, the failure of the neoliberal methods of the Structural Adjustment Programs (SAPs), and with these methods of top-down economic system, the pendulum has not swung towards the way of the poor. Additionally, with the failures of the SAPs in The Gambia, it is safe to reach a conclusion that the neoliberal methods of deregulation, leaner government, government-to-government aid has not yield a great result, and that microfinance and other forms of development, like remittances, are a potent force in poverty reduction, since they deal with the poor directly, unlike the top-down forms of development like government-to-government aid.
In the case of microfinance, it requires a market economy, which is arguably neoliberal; however, the Osusu system of microfinance, which is highly informal, owing its idea to women’s solidary groups, and deeply rooted in traditional, pre-capitalist community institutions, is, in definition, partly neoliberal and partly not.
Research Context

I-8 The Gambia: Brief History, Geography, and Population

The Gambia is a West African country that flanks The Gambia River, 450 km from its mouth at the Atlantic Ocean to the end of the country in the Upper River Region (Figure 1). Surrounded by the Senegal to the north, east, and south, its land area of 11,285 km consists primarily of riverine flats, swamps and tidal creeks, though over 54% is arable land. The country is slightly less than twice the size of the state of Delaware. It has a tropical hot rainy season (June to November), and a cooler dry season (November to May). Settlements are scattered along the Gambia River. The largest communities, including the capital of Banjul, and the country's largest city, Serekunda, are located at the mouth of the Gambia River, along the Atlantic coast. Nearly an enclave of Senegal, the population of 1,849,000 is distributed administratively into five regions—The Kombo St. Mary, West Coast Region, North Bank, Lower River, Central River Region, and Upper River Regions—comprising 35 districts. The Gambia is the smallest country on mainland Africa, and has been peaceful since independence in 1965. The country has had a high average growth rate of 2.8% per year over the last decade. With 177 people per km², it is one of the most densely populated countries in Africa. Most of the population (57%) is concentrated around urban and peri-urban centers (i.e., The Kombo St. Mary and West Coast Regions). The country gained independence from Great Britain on February 18, 1985, and became a republic in 1971, with Sir David Jawara as its first constitutional president.
I-9 Postcolonial Politics

After independence, The Gambia was ruled for nearly 30 years by Sir Dawda Kairaba Jawara, a veterinary surgeon. His reign was peaceful, and in 1971, under his leadership, The Gambia became a republic. However, in 1981, a failed seminarian by the name of Kukoi Samba Sanyang led a Marxist militia to overthrow the government while Jawara was in Great Britain attending the royal marriage of Prince Charles and Princess Diana. The uprising was quelled with the help of the Senegalese military, and immediately after, The Gambia and Senegal entered a confederation called the Senegambia Confederation. This led the two countries to work together closely and exchange intelligence. The Senegalese military helped The Gambia form a gendarmerie brigade, and the borders between the two countries were opened, allowing easy

Figure 1. Map of The Gambia: Brief History, Geography, and Population.
flow of goods and services. This ended in 1989, but the two countries remained close until the end of Jawara’s presidency.

Another coup d’état was initiated by the military, led by a 29-year-old army captain named Yahya Jammeh on July 22, 1994, interrupting the country's long-standing democratic process. It took two years before the rule of decree was done away with, replaced again by constitutional rule. In September 2006, Jammeh was re-elected for a third presidential term, and the country held legislative elections in January 2007. In 2012, President Jammeh won another landslide election for an additional 5-year term. In September 2012, the president ordered the military to execute nine death-row inmates by firing squad, half of whom were political prisoners. This sparked outrage among the international community, straining ties among The Gambia, the European Union, and other African countries.

In 2016, President Yahya Jammeh, then 51, sought his fifth consecutive term in office. However, building up to the election, the main opposition party took to the streets, calling for electoral reform. Dozens of protesters were beaten severely, arrested, and wounded, and one subsequently died. The following day, the leader of the opposition party, Ousainou Darboe, took to the streets to call for the release of the arrested protesters. He was then arrested by the state security and sentenced to many years in jail. In the wake of the incident, other opposition parties decided to form a coalition to end Jammeh’s reign. On December 2, 2016, Gambians voted the incumbent out of office and Adama Barrow, a real-estate businessman, representing the Coalition Party, was voted in with about 41% of the votes.1, 2

Barrow left the country for Dakar, Senegal, while ECOWAS mobilized military troops and gave Jammeh an ultimatum, calling for a transfer of power by the constitutional due date of January 19, 2017.

With a per-capita income of only $460 per year and a ranking of 175 of 188 countries on the UN Development Programme’s 2015 Human Development Index, The Gambia is one of the world’s poorest places. Deteriorating economic conditions, increasing poverty, and widespread illiteracy have subjected a large share of the population, especially in the countryside, to social and political exclusion that has been compounded by decades of tyrannical rule. The marginalization of the poor and their lack of access to unbiased information and policymaking institutions strengthened Jammeh’s power. For two decades, the regime systematically controlled all state media institutions while transforming the influential Supreme Islamic Council and traditional rulers into vehicles of state propaganda. The regime played on the insecurities of Gambians.

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Parliamentary elections were then held for April of 2017, and Barrow’s United Democratic Party won 31 seats (not including the 5 MPs to be appointed directly by the President) in the 53-seat National Assembly. The former ruling Alliance for Patriotic Reorientation and Construction party was reduced to five seats (WB, 2017). Crowdfunding and remittances from Gambians in the diaspora were major sources of support during the election. Kora and Darboe (2017) observed, “In previous elections, the biggest opposition handicap had been lack of money and resources to match the APRC machine with its state assets. To close the gap, diaspora activists used crowdfunding apps and websites, raising enough to turn the wheels of a hard-driving opposition campaign” (p. 152).

I-10 Ethnolinguistic Groups

There are seven major ethnolinguistic groups in Gambia – Mandinka, Fulani, Wolof, Jola, Aku, Manjago, Serer – each preserving its own cultural practices, language, caste system, dance, and music. Nevertheless, there is a large degree of interaction among ethnic groups to a point at which it is appropriate to divide Gambians along ethnolinguistic groups, rather than ethnic groups. There is growth in multiethnic expressions, but the search by groups to reaffirm their identities remains.

I-11 Demographics

The Gambia is youthful; nearly 60% of the population is under 25, and this is likely to persist because the country’s fertility rate remains strong at nearly 4 children per woman, as of 2017. The country’s literacy rate is 55%, and is significantly lower for women than men. Seventy

and relied on a network of patriarchs to buy votes in areas in which it could not generate active political support (Kora & Darboe, 2017).
percent of the people are subsistence farmers, of which most are subsistence farmers. Droughts during 2011 and 2013 caused crop failures to increase poverty, food shortages, and malnutrition.

**I-12 The Gambia’s Age Composition as of 2016**

- 0-14 years: 37.44% (male 385,646/female 382,328)
- 15-24 years: 20.47% (male 207,611/female 212,366)
- 25-54 years: 34.4% (male 345,788/female 359,976)
- 55-64 years: 4.2% (male 41,295/female 44,865)
- 65 years and over: 3.48% (male 33,153/female 38,335) (CIA, 2017)

From these numbers, The Gambia is a youthful population and it is majority female; on almost all the demographics stated above.

**I-13 Socioeconomics (in U.S. Dollars)**

The most recent figures from the World Bank (2017) and IMF (2017) show that Gambian government external debt is $467 million, with $349 million owed to multilateral institutions such as the World Bank, IMF, and African Development Bank, $112 million to other governments, and $6 million to private creditors. The percentage of households living on less than a dollar a day is 53.7%. Due to the small size of its economy in comparison to neighboring countries, its GDP is less than one-tenth of Senegal’s. The country depends on exports and is

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3 The Gambia has a small economy that relies on tourism, agriculture, and remittances, and is vulnerable to external shocks, illustrated most recently by the West Africa Ebola crisis and a poor harvest in 2014. Real GDP growth stagnated at 0.9% in 2014, and although government estimates projected a rebound in 2015 of 4.7%, underlying economic data, such as tourist arrivals, trade data, private credit growth, and agricultural production, indicate that the growth rate was much more muted, if not a contraction. A widening fiscal deficit, *ad hoc* monetary policy shifts, and Central Bank financing of the deficit caused the macroeconomic situation to weaken further in 2016, and is expected to dampen growth and private investment. Between 2013 and 2016, real per-capita GDP fell 20%, suggesting an increase in poverty. A household survey from 2015 is currently under analysis and should shed light on the effects of recent growth volatility on poverty reduction. However, the concurrent surge in outmigration in 2014 and 2015 suggests that aside from pull factors, there is increased macroeconomic fragility. Early official figures might not reflect the real economy.
vulnerable to price fluctuations of agricultural products. The Gambia is a beneficiary of the HIPC initiative, under the aegis of the World Bank and the International Monetary Fund. A major challenge for the government is keeping the public deficit under control; the present value of debt is over 76% of GDP (IFAD, 2015).

There have been prognoses, and solutions, to the poverty crisis in The Gambia. Some of the country’s recent poverty problem is attributed to the 1994 coup d’état, which brought Yahya Jammeh into power. The coup triggered a wide-ranging freeze of aid flows to The Gambia, which severely compromised many poverty-focused programs. For a country highly dependent on European tourists, the instability affected tourism adversely. Another factor that continues to prolong poverty is the influx of refugees from the Casamance region of Southern Senegal, Sierra Leone, Guinea Bissau, Liberia, the Ivory Coast, and recently Guinea Conakry. The immigration of mostly unskilled workers vying for the same few jobs has hit The Gambian economy, and affected the country’s delivery of social services, which is dilapidated and in need of much reconstruction (IMF, 2000, p. 6). Since independence, The Gambia experienced an exponential population boom. The provisional population estimates indicate that the population of The Gambia has steadily grown since the commencement of a complete census in 1963, rising from less than one-third million persons in 1963 to 1.4 million persons in 2003 and now 1.9 million persons in 2013 (Gambia Bureau of Statistics, 2013).

The Gambia continues to have very poor health infrastructures; some people drive many miles to access medical care due to a lack of clinics and hospitals in villages. During this study, I encountered myriad women who deliver (give birth to) infants at home or on carts en route to a nearby hospital, which is approximately 10–15 miles away. In The Gambia, living 5 miles from
the Trans-Gambia 4 highway or a paved road makes access to hospitals, clinics, and hospitals difficult.

As many other African countries, The Gambia has struggled with infant mortality has risen in recent years, and life expectancy is unimpressive, even by sub-Saharan African standards. Life expectancy in Gambia is: Male 59.8, female 62.5 and total life expectancy is 61.1 which gives Gambia a World Life Expectancy ranking of 159 (World Health Organization, 2015).

Other factors that contribute to the rise of poverty in The Gambia are malnutrition and an increase in endemic diseases, including malaria, diarrhea, acute respiratory infections, leprosy, tuberculosis, and sexually transmitted infections. Although the number of reported HIV cases have been low in comparison to other countries in the sub-region, The Gambia has experienced a rise in the number of infections. Literacy in The Gambia is very low; only 42.5% of the adult population 15 and over can read - 30% of women and 55% of men (Point Newspaper, 2009). While literacy has increased during the last decade due to affordable schools in rural areas, The Gambia is ranked 171 of 194 countries. Table 1 shows basic data and several important indicators.

Like many African countries, The Gambia has struggled with infant mortality, food shortages, unemployment, corruption, and poverty. Poverty in The Gambia manifests in the form of multiple deprivations, where 53% of the population is food poor and 61% absolute poor, of which 74% live largely in agricultural rural areas. The rural population is mostly agrarian, and depends on agriculture as the only source of income, though lacking necessary agricultural equipment (ADB, 2006). According to a report from the National Economic Census, 59% of the

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4 The main highway that connects Banjul (the capital) to Basse (the last town in the Gambia)
population is categorized as a potential labor force, though only 14% is employed, of which 79% work in the informal sector (2005). The Gambia has a population of 2 million, with a fairly high average rate of growth of 2.8% per year over the last decade. With 177 people per square kilometer, it is one of the most densely populated countries in Africa. Most of the population (57%) is concentrated around urban and peri-urban centers (WB, 2017).

The Gambia government has struggled to tackle the problems of population growth, poverty, among other things. For the most part, these, including lack of capital, poverty, and inadequate policies to deal with women are further exacerbating the gulf between male and female. As such, it is important to discuss the government’s policy vis-a-vis women.

**I-14 Government of the Gambia’s Policy Toward Women**

The Gambian government ratified most international and regional conventions and commitments dealing with women’s empowerment regarding access to capital, education, poverty-alleviation, and other topics. However, The Gambia is still behind, and therefore I explore why, even though the GOTG ratified most international conventions concerning the protection of women and women empowerment, women seldom feel the progress. Women’s empowerment has always been a part of the national development plan, but development should extend beyond policy formulation. There must be an effective implementation strategy supported by robust monitoring and impact evaluation practices to know what works. Unfortunately, women’s empowerment policy implementation was lacking during the First and Second Republics, 1965–2016. According to S. Kora (2016), the Gambian government was one of the first African countries to create a national women empowerment policy agenda. This was the genesis of the Women's Bureau and financial services such as the Indigenous Business Advisory Service (IBAS), the first government-sponsored microfinance program in country.
Duplication of lenders, corruption, and lack of payments from lenders depleted funds and made women’s empowerment like microfinance unsustainable in the long-term (Fatty, 2016). This experience creates a confidence deficit that made microfinance unattractive; even the few that existed or the banks that give out loans to women imposed high interests on loans as risk premiums (Kora, 2016). This made it difficult for many women entrepreneurs to get loans or micro-credit. The problem was further compounded by the unrestrained domestic borrowing of the government during the Second Republic, 1994–2016. Today, banks are more interested in buying treasury bills or bonds, which are more secure and profitable than giving loans or credit to local lenders who might not repay. This is the challenge of financial inclusion in the country, and culturally, women are disproportionately affected. To engage the Gambian government’s role in dealing with women empowerment regarding access to capital, education, and poverty-alleviation, I use the Millennium Development Goal (MDG) as an instrument.

**I-15 Gender and Millennium Development Goals**

At the beginning of the 21st century, a Millennium Summit of world leaders took place, thereby adopting the United Nations Millennium Declaration, committing nations to a new global partnership to reduce extreme poverty and implement a series of time-bound targets and quantified targets to address extreme poverty in its many dimensions—income poverty, hunger, disease, lack of adequate shelter, and exclusion—while promoting gender equality, education, and environmental sustainability (U.N., 2010). The Gambia made tremendous effort to reach the goals. When it comes to gender equality, The Gambia has been lagging, but the government has promised efforts to reach these goals. In a bid to improve access to education, the government, through the Ministry of Basic and Secondary Education (MoBSE), declared free education in all

Steady progress was registered over the years to achieve parity between girls and boys in primary, secondary and tertiary schools. The ratio of girls to boys in primary school in 1990 was 0.74, and by 2005 surpassed the 2015 one-for-one target. This level of performance was maintained at 1.05 in 2010. Similar positive performance was also recorded at secondary school level. Parity between men and women progressed at the tertiary level from a ratio of 0.71 to 84% between 1990 and 2012, albeit a reversal from the 86% reached in 2010. However, given a higher dropout rate for girls than boys at every school level preceding the tertiary, parity in 2015 at the last level may be just out of reach. Female representation in parliament is making hesitant progress from a low base at 6.5% in 2006 to 7.5 and 9.4% in 2011 and 2013 respectively. Given the latest ratio and faced with parliamentary elections scheduled in 2017, the target of 33% in 2015 will not be achieved. (ActionAid, 2015)

The same report points out that Gambian women face many challenges, and that higher retention of females at secondary and tertiary levels is a prerequisite for improvements to the gender employment ratio. The same effort is imperative for greater gains in occupying senior positions in public and private sectors. Poverty, cultural practices, and early marriages impede the progression of girls and women to employment in non-agricultural sectors. Based on MDG parameters, it is evident that the Gambia has not achieved most. However, in comparison to other sub-Saharan countries, it has done well. Many special projects, such as the GAMJOBS through UNDP, the National MSME Marketing Strategy, The NEPAD Spanish African Women Empowerment Project (NEPAD SPAWEP), etc. (U.N., 2000), have been implemented for women, and yet women still comprise most of the poor. This might be attributed to their limited decision-making, even regarding resources they own.
Chapter II

Review of the Literature

2-1 Microfinance Defined

Since the early 1980s, the term microfinance has been described as a small loan to very poor people for self-employment that provides income and allows borrowers to satisfy basic needs. Microfinance is a form of financial development that is primarily focused on alleviating poverty through providing financial services to the poor. Microfinance refers to an array of financial services, including loans, savings, and insurance, available to poor entrepreneurs and small business owners who have no collateral and would not otherwise qualify for a standard bank loan. Microloans are commonly given to those living in developing countries who are working in a variety of trades, including carpentry, fishing, and transportation (Caramela, 2017).

The Consultative Group to Assist the Poor (CGAP), a division of the World Bank, defines microfinance as:

[a] provision of financial services to low-income people. It refers to a movement that envisions a world where low-income households have permanent access to high-quality and affordable financial services to finance income-producing activities, build assets, stabilize consumption, and protect against risks. Initially the term was closely associated with microcredit—very small loans to unsalaried borrowers with little or no collateral—but the term has since evolved to include a range of financial products, such as savings, insurance, payments, and remittances (Caramela, 2017).

Most African economies are marked by dependency on handouts from foreign governments and private organizations for the provision of basic needs. Microfinance changes this arrangement since it brings people out of poverty and turns them into independent members of the global market, providing them with credit/loans to establish businesses and move out of poverty. Opportunity International (2007) defines microfinance as, “the provision of financial services such as loans, savings, insurance, and training to people living in poverty. It is one of the great
success stories in the developing world in the last 30 years and is widely recognized as a just sustainable solution in alleviating global poverty” (2007).

2-2 The Grameen Model and Literature on Microfinance

Muhammad Yunus, founder of the Grameen bank in Bangladesh, started a group credit program that targets poor rural people, and many countries have since adopted the model. Africa has adopted models that vary across countries. The Gambia has numerous microfinance institutions, many of which have adopted the Grameen model. Until recently, the government microfinance group oversaw most microlending in The Gambia.

During the 1970s, after his country gained independence from Pakistan, Muhammad Yunus left his post as professor at the University of Tennessee and returned home to help with the reconstruction and development of his country. With more than 70% of Bangladeshis living under the poverty line, and knowing that banks would not offer them loans because of their lack of collateral and low income, he started microcredit, which gives loans to ‘unbankable’ people, thus fostering the spirit of entrepreneurship among the poor rural population. Today, the Grameen Bank's 2,500 branches serve more than 8 million borrowers in 81,000 villages. According to Grameen Bank, its clients, 97% of whom are women, repay loans more than 97% of the time, a recovery rate higher than any other banking system. In 2006, Yunus and Grameen Bank were jointly awarded the Nobel Peace Prize for their microfinancing work.

In Bangladesh, studies suggest that the proportion of the population living in moderate poverty is 79% for comparable non-members in project villages, 74% for comparable non-members in control villages, and 64% for Grameen Bank members. Those living in extreme poverty are 46% for members of the bank, in comparison to 62% for non-members in project and
control villages (Islam, p. 140). The study shows that the Grameen Bank has been able to move some members out of poverty. It is evident that microcredit operations from Grameen Bank have helped members move above the poverty line and enjoy much higher income, in comparison to non-members. Microcredit programs have a very low default rate in comparison to other banking programs.

Since the Grameen Bank model is a self-help group, members back each other as collateral; if one defaults on its obligations, everyone in the group pays for it. This makes it difficult for any member to default. Microfinance might not be the only solution, but it is worth trying, and this study explores its potential in the fight against poverty by examining its impacts in The Gambia regarding both commercial and grassroots aspects.

2-3 Perspectives from a Fragmented Field

With microfinance, previously “unbankable and excluded poor are now part of a functioning financial dynamic. With this comes a culture of borrowing and repayment crucial for financial development in a well-oiled successful economy” (Moyo, 2009, p. 130). What made the model attractive is its promise to reach the poor and provide financial sustainability. It also has a growing number of success stories, and unlike the International Monetary Fund/World Bank (IMF/WB), it has the potential to build on traditional systems like Osusus. According to Godinot, Yunus greatly contributed to making people “realize that when the poor are given greater financial capabilities they are most determined fighters in the struggle against poverty [and] they will progress much faster once decision-makers realize that poor people are their partners and not spectators or enemies” (Godinot, 2012, p. 72).
2-4 Detractors and Proponents

Critics of microfinance argue that microcredit is too slow with moving people out of poverty, and despite some economic improvements, poverty is still prevalent among the rural people of Bangladesh. Bangladesh remains a poor country, and its economy is still traditionally rural and agrarian. Others studying the phenomenon suggest that the spread of microfinance in Africa might be neoliberalism’s endgame. A proponent of neoliberal capitalism, Gregor Campbell (2010) of Glasgow University, claims:

Breaking families out of poverty traps means that, with a newfound purchasing power, they are more likely to enter the marketplace, adding competition and consumerism to an even stronger global economy. It is this striving towards such an endgame that leads me to maintain the promise of microfinance as an economic and social catalyst for local liberation and global interdependence. Credit has been and remains responsible for fueling the entrepreneurial innovation and ubiquitous adoption of technological advancements in developed countries. Extending credit sources via microfinancing to foster local economies in the developing world will help ensure neoliberalism’s ultimate goal of shared prosperity (p. 7).

Such sentiments are highly contested. Detractors of microfinance would contend that:

almost all impact evaluations of microfinance suffer from weak methodologies and inadequate data, thus adversely affecting the reliability of impact estimates. Nevertheless, authors often draw strong policy conclusions generally supportive of microfinance. This may have lead [sic] to misconceptions about the actual effects of programmes, thereby diverting attention from the search for perhaps more pro-poor interventions and more robust evaluations (Duvendack et al. 2011a: 2).

Other opponents of microfinance argue that interest rates charged by some banks are incredibly high, which is also inherent in my study of Reliance Financial Services and the village banking -- Kafoo system, prolonging poor people’s efforts to get out of the poverty trap. Ditcher and Thomas (2007, p.73) argue that there should be many components in the fight against poverty, and microfinance alone does not solve the problem. They are alarmed by the hype surrounding microfinance, and the impression that it is the only cure for poverty. They contend that it “is a
potentially dangerous line of argument as it distracts attention from the fact that poverty reduction requires action on many fronts: social safety nets for the poorest and most vulnerable, an effective education system, low cost and reliable health services, governments that can provide social inclusion (and thus maintain law and order) and sound macroeconomic policies, and many other issues (Ditcher and Thomas, 2007).

Entrepreneurship is at the core of microfinance and its appeal is that, the underbanked and unbanked could easily be turned into fully-fledged entrepreneurs. This sentiment has been echoed by many other experts involved in the study of microfinance and poverty. As Karnani (2007: 5–7) argued, most micro-borrowers do not have the vision, wherewithal, available market, skills, and endurance to be true entrepreneurs. Karnani (2007) further noted that even in developed countries with high levels of education and infrastructure, about 90% of the labor force are employees rather than entrepreneurs.

In this dissertation, I discussed the failures of the almost obsolete VISACA banks and why they failed, and some of these failures could be attributed to the aforementioned, that not everyone can be a businesswoman and how poor management practices, lack of knowledge of the program, and the population’s notion of grant money, compared to “Mansa Kodo”, which one has to payback, are important things to consider when discussing some of the failures of microfinance, contextually, The Gambia. Moreover, during the research and subsequent findings, this dissertation discusses how and why Reliance Financial Services Kafoo village banking is successful and could potentially be a sustainable economic development model, based on the fact that it is building upon the communal system of the Osusus. Notwithstanding, this ongoing

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5 The king’s money in Mandinka
debate about the shortcomings, challenges and inherent problems within microfinance are addressed in this study.

2-5 Gap in the Literature

To contest the theoretical dichotomy of microfinance, Banerjee and Duflo (2014) lay out cases for and against microfinance by examining a program in Hyderabad, India. They address the strict framing of microfinance as either liberator or as oppressive, primarily by refuting the notion that microfinance is a sole solution to poverty, and simultaneously argue against the idea that microfinance does not work. The authors ask poignant questions about poverty and poor people, including why the poor need to borrow to save, and why they start many businesses but do not grow them, and even discuss puzzling facts about living with less than 99 cents per day. Rather than identifying a simple, unitary explanation for why international development expert approaches often fail, they emphasize “ideology, ignorance, and inertia—the three I’s—on the part of the expert, the aid worker, or the local policy maker” The three I’s, “often explain why policies like microfinance fail and why poverty alleviation initiatives do not have the effect they should”. They argue, “The poor often resist the wonderful plans we think up for them because they do not share our faith that those plans work, or work as well as we claim” (p. 272). Banerjee and Duflo (2011) propose:

If we resist the kind of lazy, formulaic thinking that reduces every problem to the same set of general principles; if we listen to poor people themselves and force ourselves to understand the logic of their choices; if we accept the possibility of error and subject every idea, including the most apparently commonsensical ones, to rigorous empirical testing, then we will be able not only to construct a toolbox of effective policies but also to better understand why the poor live the way they do (p. 272).
Furthermore, what has been missing in microfinance literature before Banerjee and Duflo (2011) is that we had two polarized (and polarizing) schools of thought. For Banerjee and Duflo, to understand and come up with solid approaches to tackle poverty, they summarized their treatise:

> it is possible to make very significant progress against the biggest problem in the world through the accumulation of a set of small steps, each well thought out, carefully tested, and judiciously implemented… The political constraints are real, and they make it difficult to find big solutions to big problems. But there is considerable slack to improve institutions and policy at the margin…These changes will be incremental, but they will sustain and build on themselves. They can be the start of a quiet revolution (2011).

Banerjee and Duflo (2011) recognize that poverty alleviation is complex and believe that there is little merit in posing generalized questions like ‘do aid programs work’ and consequently coming up with universal, one-size-fits-all answers. The more one studies poverty, or any issue, the more one realizes that there are no single solutions to most problems. Assessing microfinance in Hyderabad, India, Bangladesh, or The Gambia, one rejects sweeping generalizations regarding microfinance, neoliberalism, and top-down models of poverty alleviation.

2-6 State of Microfinance in The Gambia

The Gambian economy is dominated heavily by small businesses, like local grocers in the Albert Market in the capital, Banjul, and local “kobo 2” fish sellers in the Serekunda Market. These endeavors require capital, and some borrow from family members and friends to operate their businesses. Micro and small enterprises dominate the Gambian economy. The African Development Bank found that micro and small enterprises employ the largest share of people between the ages of 15 and 64, of which 70% are self-employed, contributing to 20% of the country’s economy (ADB, 2006, p. 12). Most trade in The Gambia is in the form of micro-commerce, small businesses featured on every street corner that commonly operate just to feed families hand-to-mouth, and lacking management and investment skills.
In The Gambia, microfinance is propelled by promotion and development of micro and small enterprises, and entrepreneurs in both formal and informal sectors. Informal sector clientele is on the rise, reporting 65% of growth, with increased demand for value-added products, both in the confines of the country and the West African sub-region (ADB, 2006, p. 11). There are several microfinance outlets in The Gambia. “Microfinance started in The Gambia in the early 1970s with the creation of the Indigenous Business Advisory Services (IBAS), a government agency established mainly to bring support to the indigenous micro-enterprises” (Alston & Moukhtara, 2010, p. 10). This developed due to liberalization of Gambian banking, in accordance with World Trade Organization (WTO) standards. Despite efforts of modernization and “conformity with the WTO Agreement on financial services, the banking sector remains uncompetitive and thus offers a narrow range of financial products and services to meet comprehensively, the development needs of the economy” (Alston & Moukhtara, 2010, p. 10). This prompted establishment of Informal Business Advisory Services (IBAS), the first government-led microfinance initiative, and a push for microenterprises to the masses (Sallah, 2015). However, after more than 30 years of government-run microfinance, and given a corrupt system, The Gambia is finally following the Grameen Bank by promoting private-run microenterprises, Reliance Financial Services, which is the focus of this study. Four distinct types of intermediary microfinance institutions serve and offer credit facilities and mobilization in The Gambia: Wholesalers (VISACAS, the village savings and credit associations), retailer non-bank financial institutions, projects that support rural microfinance, and commercial banks (Wharton, 2010).
### Table 1 - The Gambia Microfinance Market Mix

<table>
<thead>
<tr>
<th>MFI name</th>
<th>Fiscal Year</th>
<th>Period</th>
<th>Gross Loan Portfolio</th>
<th>Number of active Borrowers</th>
<th>Deposits</th>
<th>Number of Depositors</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAWFA</td>
<td>2005</td>
<td>Ann.</td>
<td>654,999</td>
<td>16,312</td>
<td>—</td>
<td>45,433</td>
</tr>
<tr>
<td>GAWFA</td>
<td>2006</td>
<td>Ann.</td>
<td>752,189</td>
<td>19,088</td>
<td>—</td>
<td>46,987</td>
</tr>
<tr>
<td>GAWFA</td>
<td>2007</td>
<td>Ann.</td>
<td>1,224,491</td>
<td>—</td>
<td>465,675</td>
<td>—</td>
</tr>
<tr>
<td>GAWFA</td>
<td>2008</td>
<td>Ann.</td>
<td>820,382</td>
<td>20,850</td>
<td>333,006</td>
<td>48,350</td>
</tr>
<tr>
<td>GAWFA</td>
<td>2009</td>
<td>Ann.</td>
<td>612,892</td>
<td>9,836</td>
<td>271,032</td>
<td>48,789</td>
</tr>
<tr>
<td>GAWFA</td>
<td>2010</td>
<td>Ann.</td>
<td>—</td>
<td>5,325</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>GAWFA</td>
<td>2011</td>
<td>Qtr.</td>
<td>192,771</td>
<td>—</td>
<td>131,519</td>
<td>5,959</td>
</tr>
<tr>
<td>GAWFA</td>
<td>2011</td>
<td>Ann.</td>
<td>—</td>
<td>3,620</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>NACCUG</td>
<td>2012</td>
<td>Ann.</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>NACCUG</td>
<td>2013</td>
<td>Ann.</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Reliance</td>
<td>2006</td>
<td>Ann.</td>
<td>12,640</td>
<td>2</td>
<td>—</td>
<td>371</td>
</tr>
<tr>
<td>Reliance</td>
<td>2007</td>
<td>Ann.</td>
<td>2,565,733</td>
<td>574</td>
<td>3,613,348</td>
<td>8,825</td>
</tr>
<tr>
<td>Reliance</td>
<td>2008</td>
<td>Ann.</td>
<td>2,346,763</td>
<td>2,595</td>
<td>4,280,394</td>
<td>23,575</td>
</tr>
<tr>
<td>Reliance</td>
<td>2009</td>
<td>Ann.</td>
<td>2,959,146</td>
<td>3,453</td>
<td>5,519,417</td>
<td>38,871</td>
</tr>
<tr>
<td>Reliance</td>
<td>2010</td>
<td>Ann.</td>
<td>3,111,390</td>
<td>1,850</td>
<td>5,915,162</td>
<td>—</td>
</tr>
<tr>
<td>Reliance</td>
<td>2011</td>
<td>Ann.</td>
<td>3,042,226</td>
<td>—</td>
<td>6,201,315</td>
<td>—</td>
</tr>
<tr>
<td>Reliance</td>
<td>2012</td>
<td>Ann.</td>
<td>2,211,844</td>
<td>769</td>
<td>6,040,545</td>
<td>5,574</td>
</tr>
</tbody>
</table>

Table 1 shows that microfinance is increasing in The Gambia, but there is more demand than supply. From a 2005 report, of 1.7 million Gambians, only 17% have had GMD 215 million credit disbursed, and GMD 238 million savings mobilized. Microfinance clientele is primarily
rural poor, 70% of whom are women. Repayment is about 90% (AFDB, 2006, p. 12). Microloans have not reached vast populations in the Central and Upper River divisions due to poor infrastructures and logistical problems.

A report from the Entrepreneurship Promotion and Microfinance Development Project (EPMDP), under the Social Development Fund (SDF) of the Government of The Gambia, painted a grim picture of microfinance in the country. The study found that “Gambian entrepreneurs and rural producers face limited markets and logistical challenges in this very small country,” and “having multiple actors at many levels of the microfinance sector creates a rather crowded, supply-led context for a very small market” (Microfinance Africa). This supply-led approach drove the Central Bank of The Gambia, under the auspices of the Government of The Gambia (GOTG), to implement a demand-led approach. The new policy stressed the need for a new policy direction, emphasizing expansion of the intermediation base to cover grassroots, cooperative, community-owned microfinance institutions like those operated by the VISACAS (CBG, 2008).

2-7 The Role of the Central Bank in the Regulation and Promotion of Microfinance

The Central Bank of The Gambia (CBG) regulates microfinance institutions in the country, and its approach leaves the determination of rates on market forces of supply and demand. However, microfinance institutions use the CBG’s discount rates as a basis for interest rates (Observer, 2008, p.1). The CBG determines interest rates for the MFI in The Gambia, and provides leadership and plays a role as financial and technical adviser. It also serves as coordinator of rural financial institutions by providing policy and operational guidelines for orderly growth and sustainability of micro institutions in The Gambia. For regulation and
promotion of microfinance, the CBG categorizes microfinance institutions according to their capital base and the financial services they offer. The first of the regulatory categories are the VISACAS, which are grassroots, cooperative, community-owned microenterprises. The VISACAS are the lowest micro-financial units. They are savings and credit organizations, and have proven to be the best opportunity to expand formal financial services into rural areas. The VISACAS have been expanding with varying degrees of success to form a comprehensive rural finance system. Under tutelage of the GOTG, the CBG recognizes these rural microfinance institutions as effective tools with which to alleviate poverty and encourage growth in rural areas. The system has a built-in graduation process that allows VISACAS to become rural finance bureaus or finance companies after acquiring requisite capacity (CBG, 2008, p. 3).

The Central Bank recently enacted new regulation that requires all non-profit microfinance outlets to stop lending and essentially become subsidiaries. Consequently, old microfinance entities such as Social Development Fund (SDF) and GAWFA, among other non-profit microfinance institutions, must begin working with commercial microfinance institutions such as Reliance Financial Services. The policy will have huge ramifications on non-profit microfinance in the coming years since only commercial entities such as Reliance Financial Services will be able to operate in microfinance (Seedy Njie, 2015).

2-8 The Two Main Grassroots Microfinance—Village Savings and Credit Associations and The Gambia Women's Finance Association

The Village Savings and Credit Associations known as VISACAS usually operate in rural areas as official microfinance organizations comprised of a network of smaller financial institutions throughout the country. French (CIDR) International Centre founded the grassroots body in 1988 for Development & Research, with the help of a German development bank Kreditanstalt Fuer Wiederanfbau (KFW). Gambian grassroots microfinance organizations are
called VISACAS. Ceesay (2011) conducted a study of the VISACAS in The Gambia, assessing the operations, successes, challenges, failures, and other topics on the impact of VISACAS on the lives of its members. Although The Gambia is a very small country, and the VISACAS do not operate nationwide:

Their impacts on the lives of beneficiaries are numerous. They increase agricultural production which is the occupation of most rural dwellers. For poor individuals, the VISACAS have enabled many students to complete their schooling by paying their tuition through loans obtained by their parents. Some of the VISACAS also fund the health bills of many their members. These are the contributions of VISACA in building human capital. They also contributed significantly to asset building of the beneficiaries through the purchase of farm implements, cattle, small ruminants etc. At a national level, VISACA makes poverty alleviation easy for the government (Ceesay, 2011).

Atta Ceesay’s study of the VISACAS shows a positive side of the impacts they have on the lives of their members. However, the Mennonite Economic Development Associates (MEDA) found some problems with the VISACAS in a 2011 report. There is much uncoordinated policy and donor support, and duplication of effort, and the same projects under VISACAS vie for the same funding and training opportunities (Darboe, L. 2009). These problems are common in development-oriented microfinance in most third-world countries. This problem is not unique to the VISACAS, but the entire system, and this paper discusses these and other challenges.

2-9 The Decline of the Village Savings—VISACAS

While interviewing and collecting data in The Gambia, most of the Kafoo women I encountered were at some point part of the VISACAS, or knew someone who had been, meaning they have some experience or knowledge with microfinance other than with OSUSU and Reliance Financial Services. Village Savings has been in The Gambia for a long time, and although it has many success stories, it has largely become obsolete. One reason the VISACAS are losing popularity has to do with how they were and are being run. Microfinance is facing
many challenges in The Gambia, and among these are grassroots, cooperative, bottom-up kinds of microfinance, which set out to uplift, extend capital, coordinate, empower, and give pride and dignity to the poor. Gambian grassroots microfinance organizations are called VISACAS. After the failure of government-run microfinance institutions, the government decided to involve NGOs in the process, and they would provide technical and other types of support to the VISACAS. Nevertheless, the VISACAS are facing challenges with succeeding democratically, given the politicization of rural Gambia; political heads that represent the ruling party run even the villages.

The VISACAS were started to be democratic and give voice and dignity to the poor, but they are managed and directed by the village development committee, which are generally political entities. Those sitting on VISACAS boards are very political, and the VISACAS are highly politicized. The village development committee identifies people who will run the VISACAS, and they are supposed to have a board setup and direct the VISACAS from a policy viewpoint. People such as Yai-Kompin who are members of these boards cannot write their own names, so they face many challenges (Njie, 2016). Another challenge is that people who contribute to savings are those who need credit, and their savings are usually insufficient to go around the group. It takes a long time for them to make an impact. They do not have the capacity to mobilize sufficient funds to go around, and they do not have the capacity to run the VISACAS as funds (Seedy Njie, 2013). The CBG is helping, cognizant of the challenges they are facing. It set up the VISACA body, in which all VISACAS are associated and are provided with the technical support and assistance needed to operate effectively. As the CFO of Reliance Financial Services -- Seedy Njie -- alluded during our 2013 interviews regarding the challenges facing microfinance in The Gambia, things are being put in place by the CBG. However, he also notes:
It is not clear how long it would take to get them to be highly organized, and start serving the poor. The idea is good, because they are grassroots based organizations, to support those in the grassroots, but the illiteracy level in The Gambia is very high, especially in the provinces, and the level of business understanding in The Gambia is very low, as well. (Seedy Njie, 2016)

2-10 Gambia Women's Finance Association

The Gambia Women's Finance Association (GAWFA) was founded in Banjul in 1987 as a non-profit NGO, whose purpose is empowering low-income women entrepreneurs through microfinance. It began with a direct-lending program, offering microcredit services to poor farmers, and people engaged in income-generating commercial activities and enterprise training. In the same year, it was granted membership in the Women's World Banking (WWB) network in New York. Lending to groups stands at 65% of activities, most of which are outside of the Banjul capital. However, GAWFA, as an SDF, no longer meets the regulatory requirements, and is no longer allowed to lend or act as financial intermediaries, both of them are now operating, more or less, as subsidiaries (Seedy Njie, 2016).

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6 In 1990, a loan scheme, supported by Standard Chartered Bank, Ltd. and the woman’s World Bank (WWB), was launched to provide greater access to credit for women. In 1994, however, due to poor repayment rates, GAWFA made it a condition that customers save money before being allowed access to funds. It also introduced a program of group lending. These changes subsequently resulted in a near 100% improvement in repayment rates. In 1997, GAWFA became the initial microfinance institution to be granted a license to operate as a Savings and Credit Company by the Central Bank of Gambia. This was in line with the 1992 Financial Institutions Act, targeted at rural and urban areas. At the end of 2010, GAWFA had membership of 49,000, with over 14,000 borrowers. Over 95% of those to whom the company lent money are women who wish to pursue various business enterprises. Its membership services include non-financial assistance, such as training for capacity building through its affiliated partners and related organizations. In January 2010, the GAWFA was instructed by the Central Bank to set up a finance company, with shares, to take over its financial services activities. One of its other functions is campaigning and lobbying to influence government policy for the benefit of low-income females and microfinance organizations.
Chapter III

Research Objectives and Methods

3-1 Background, Questionnaires, and Interviews

This study explores the economic, poverty, socioeconomic, and governance problems facing The Gambia. It examines poverty and the government’s and international agencies’ responses to alleviate poverty in the country. Empirically, it examines the microfinance outlook in The Gambia, its impacts on socio-economics, finance, structure, and governance, and its political ramifications on the country. It also examines the role of microfinance as an alternative poverty-alleviation mechanism by contrasting the role of commercial and grassroots microfinance institutions. Furthermore, the dissertation adds to the limited data on microfinance, by adding to the literature that, the Kafoo model in The Gambia, under the tutelage of Reliance Financial Services, is a potent sustainable poverty alleviation method, given that it is rooted in tradition, communal practices, like the Osusus.

One objective is developing an understanding of poverty and poverty-alleviation methods in The Gambia by assessing microfinance and its impacts on microfinance recipients. This study addresses several questions:

- How does Reliance Financial Services operate?
- Is there upward mobility among borrowers?
- How many people are impacted by these microfinance institutions?
- Is there a multiplier effect?
- What impacts does it have on their lives—families, children, and community?
- How important is microfinance to people's everyday lives?

To address the overarching themes of this study, I developed 15 hypotheses, with four foci:
the standing of women in the community, their access to capital, and the role or impacts of interest rates on their ability to repay and expand their businesses;

- whether there are multiplier effects—the ability to hire people and expand businesses;
- the impacts of microfinance on their children’s education;
- The role of microfinance on their health and children.

From a commercial microfinance perspective, I use Reliance Financial Services as a case study. A case study is appropriate because this analytic approach allows a researcher to delve into circumstances and develop rich descriptions of phenomena. Case analysis is suited to understanding the complexities involved in poverty alleviation, microfinance, and development initiatives. I chose Reliance Financial Services because it is the only fully operational commercial microfinance outlet that is involved heavily with rural, peri-urban, and urban populations in The Gambia, and it serves as a good example of a commercial, profit-driven microfinance initiative in the country. One goal of the interviews was to gain knowledge on how Reliance Financial Services' clients perceive their roles, and how those perceptions shape the spread of microfinance in The Gambia, with attention given to interest rates, goals/objectives, the multiplier effects, and upward mobility. Interviews were conducted in accordance with IRB requirements, and were recorded, transcribed, and translated from Wolof, Mandinka to English. Translations were then coded and analyzed for salient themes. The coding was a mixture of both deductive and inductive. In the case of the focus groups, the process was more inductive, for it allowed me to be more exploratory and open-ended; while, the surveys and one-one-ones were more deductive, because they were more concerned with testing the four foci hypotheses of the dissertation. The software I used in this process were Dedoose and R.
3-2 Data Collection and Selection of Participants

To obtain better comprehension of microfinance and gauge the impacts of microfinance in people’s lives, especially regarding upward mobility and the amount of money spent on healthcare and families, a focus group and one-on-one interviews were conducted in 20 villages in the North Bank and West Coast Regions, with each village bank comprising about 60 members. After the focus group interviews, I chose 6 members from each group based on how they were faring. Reliance Financial Services provided me with a list documenting the finances of loan recipients, and I interviewed members individually after the focus group. I chose 2 recipients who were doing exceptionally well, 2 in the middle, and those struggling with repayment and savings. I examined 190 borrowers and selected 65 recipients from the Reliance Financial Services women’s banking initiative called Kafoo. The West Coast Region is the most populated in The Gambia, and the North Bank is the third. Two Central Bank officials were interviewed, three people from the Ministry of Trade and Economic affairs, one person was interviewed from UNDP, seven loan officers from reliance financial services, and four non-profit experts based in The Gambia.

3-3 Research Expectations

Since there exist few studies on the topic of microfinance and economic development in The Gambia, this study will be of immense help to policymakers, and might be a catalyst for similar future studies of economic development in The Gambia. My findings are not generalizable to other microfinance entities across Africa, but are analytically generalizable in comparison to the theoretical conceptions against which I investigate them. They might also be useful to decision-makers in The Gambia regarding gender issues, poverty alleviation, capacity development, and economic development.
3-4 Methodological Approach

Contemporary African studies of economic inequality, poverty alleviation, and economic development have been confined to quantitative research methods and analysis. This study uses a mixed research methodology, with emphasis on a qualitative approach to obtain a holistic picture and address the research questions. Document analysis, focus groups, and structured interviews provided qualitative and quantitative data for the study. I visited The Gambia from June to August 2015, and again from May to July 2016, to conduct face-to-face interviews, including focus groups and surveys, which were translated to local languages from English for those who could not read. I observed daily operations of Reliance Financial Services loan recipients in both rural and peri-urban Gambia. I conducted interviews with microfinance recipients based on questions developed from a review of the literature. I recorded all interviews using a smartphone recorder application, and transcribed them in the native languages in which they were conducted, including English, Wolof, and Mandinka. This is the most comprehensive and holistic approach to conduct research, which produces descriptive data—people's own written or spoken words and observable behaviors (Taylor & Bogdan, 1998, p. 7). I then translated them into English, and my knowledge of these languages was sufficient to complete this task. I interviewed Reliance Financial Services Kafoo members, and individuals who have knowledge of the Gambian economy, microfinance, and perspectives on aid and development, and the government's role in microfinance. I also conducted interviews with officers at the Central Bank of The Gambia, and the Ministry of Finance and Economic Affairs, to assess the role of the government in fighting poverty and financial inclusion, with emphasis on women and development.
3-5 Information Collection and Research Approach

Firstly, existing sources, like library resources were accessed to find and understand the literature on microfinance, The Gambia, Africa, poverty, development, foreign aid, Bretton Woods Institutions, Reliance Financial Services, and neoliberalism. Secondly, primary sources like interviews vis-a-vis Reliance Financial Services Kafoo members, officers, local grassroots microfinance members, officials from the Central Bank of The Gambia, officials from the Ministry of Finance and Economic Affairs, to better provide context. Thirdly, online resources on Reliance Financial Services, Central Bank of The Gambia, International Monetary Fund, World Bank, European Union, African Development Bank, and UNDP, were reviewed to further ground me in the theoretical underpinnings of development, capacity building, poverty, aid, and microfinance in The Gambia. Finally, I made contact with Reliance Financial Services, local grassroots microfinance officers and members, officials from the Central Bank of The Gambia, officials from the Ministry of Finance and Economic Affairs, board rules and procedures, budgets, financial statements, long-term strategic plans and documents regarding disbursement and operations.

3-6 Qualitative Approach

Qualitative research is subjective since it seeks to understand human behaviors and the motivations that govern such behaviors. Qualitative research covers a range of approaches, but by definition, none relies on numerical measurements. Such research focuses on one or a small number of cases, uses intensive interviews and in-depth analysis of historical materials, is discursive, and is concerned with a rounded or comprehensive account of a unit. Although they use a small number of cases, qualitative researchers discover enormous amounts of information
from their studies (King & Verba, 1999). The purpose of in-depth interviewing is not only to get answers to questions, test hypotheses, and evaluate as the term is normally used. Siedman (1991) argues that in-depth interviewing is used to understand the lived experience of other people and the meaning they make of that experience (p. 10). Using a qualitative method, I engaged respondents in open-ended conversations, which was appropriate for this study.

3-7 Theoretical Justification

Microfinance envisions a world in which low income households have permanent access to a range of high quality and affordable financial services offered by a range of retail providers to finance income-producing activities, build assets, stabilize consumption and protect against risks. These aforesaid services include savings, credit, insurance, remittances and payments, among others (CGAP 2012). Furthermore, it increases women’s empowerment, access to capital and financial inclusion, provides working opportunities for the poor with limited skills in urban, peri-urban and rural areas. Conventional aid programs alone cannot stimulate the Gambian economy, and with a rather small economy and lack of proactive government to tackle the problem of poverty, where aid has been, at least, for the past 50 years, the only means of development, microfinance might be a method of developing entrepreneurs and fighting poverty in The Gambia.
3-8 Protecting Respondents’ Confidentiality

To protect the identities of participants, I use western names or Gambian pseudonyms. I also show pictures of some respondents who gave me permission to use them.

3-9 Limitations of the Study

There are only three commercial microfinance entities in The Gambia, two of which were established in the past three years and have not yet started lending to borrowers. This prevents comparing Reliance Financial Services performance with other commercial microfinance institutions. Lack of data on the Gambian economy, poverty, and microfinance limits their overviews. Some people who were interviewed might not have given truthful answers to the questions posed to them, for reasons known and unknown. One motive is not wanting to give answers that depict their businesses, livelihoods, and interests negatively. The viewpoint for analysis commissioned by this study is also a limitation since the study reviewed the role of
commercial microfinance largely from the perspective of stakeholders, including Reliance Financial Services, microfinance recipients, and development professionals, who might be inclined to be un-forthright.

3-10 Participant Observer

It was crucial for data collection to immerse myself, living among recipients for a short time to understand their living conditions, family dynamics, businesses and interactions with society, spouses, children, clients, etc., and learn how the loans are impacting their lives. Gambia is a small country and only a 30-minute ferry ride separates the South Bank from the North Bank. When I am in the South Bank, the West Coast Region, I usually visit the villages for just a day to observe, interview; when I am in the North Bank, I usually spend a night in the town of Barra, because I could access two villages near Barra, and the farthest village would be about 50 minutes away. In these interactions, I would visit some of the interviewees homes, after the focus group interviews. I am welcomed to visit some of their businesses, interact with their family, among other things.

Figure 3. Ms. Faal of the North Bank, in her weave store
3-11 The Researcher’s Role

I conducted research in the North Bank, West Coast, and Lower River Regions of The Gambia for two summers during 2015 and 2016 (5 months total). During that period, my activities included participating in meetings, collection, setup, and financing of Kafoos by Reliance Financial Services. I communicated with respondents primarily in Wolof and Mandinka because I am a native speaker of both. This knowledge allowed me to acquire better understanding of nuances and cultural sensitivities. Nevertheless, there existed cultural differences among regions, villages, religions, and cultures, and there were sufficient differences regarding population and economic infrastructures to provide alternate perspectives on economic development.

3-12 Triangulation: Statistical Approach and Interview Data

Qualitative research offers many advantages, but applying a triangulation method will “map out, or explain fully, the richness and complexity of human behavior by studying it from more than one standpoint” (Cohen & Manion, 2003).

Consequently, the quantitative aspects of this study included a Likert-type scale, where respondents used strongly agree, agree, neutral, disagree, and strongly disagree to assess statements related to Kafoo microfinance.

Additionally, the respondents, all of whom were Reliance Financial Services Kafoo members, were interviewed at their meetings. First, when we get to the village for the interviews, the women were usually at their normal meeting places; there, the loan officers would inform them of what I was there for, give them and read the consent form to them; all of them were
eager to engage me. I would first engage them in focus group interviews, then, as stated in this chapter, I would call on the previously six members – those that are doing well, those in the middle, and the one that are struggling. These meetings are usually one-to-one and some of them would invite me into their homes or place of work to conduct these interviews.

Appendix C and E show survey protocols and an R Code, respectively. Tests conducted included the Kruskal-Wallis, which uses a chi-square distribution. I used R software for the process, steps, results, and plots for the micro-loan survey data, which represent the 15 questions on the survey completed by the Kafoo microfinance members.
Case Study, Findings and Discussion

Case Study

4-1 Reliance Financial Services

I interviewed and observed Reliance Financial Services Kafoo members in the Western Coast, North Bank, and Lower River Regions of The Gambia. I also interviewed loan officers and Reliance Financial Services’ chief financial officer, Seedy Njie, to study the organization’s localized approach to development and extending credit to the poor. I questioned them on matters regarding daily running of the business, interest rates, and the impacts of loans on borrowers’ livelihood, family, health, standing in the community, household, upward mobility, and multiplier effect, among other topics. Most microfinance institutions in The Gambia are non-profit, except for two Reliance Financial Services and Supersonicz, of which only Reliance Financial Services is fully operational. Empirically, this study examines microfinance in The Gambia, and its impacts on socio-economic, structural, among other things. It also assesses the role of microfinance as an alternative poverty alleviation mechanism by exploring the role played by the largest commercial microfinance institution in The Gambia—Reliance Financial Services. Put differently, this study assesses where the market meets the community, or where Reliance Financial Services meets Kafoo women.

Reliance Financial Services was founded in 2006, and since then, it has been the primary commercial microlender in The Gambia. Three Gambians motivated to give Gambians, including microentrepreneurs, access to credit, without stringent collateral requirements, founded the institution. According to the company’s website, 91% of operations are geared toward microfinance. Knowing that many Gambians could not meet the collateral requirements that
formal banks require for loans, Reliance Financial Services relegates collateral to a secondary status, not a precondition for lending. Unlike the Grameen Bank and the VISACAS, Reliance Financial Services operates as a commercial bank rather than a grassroots microfinance outlet. It has over 30 outlets across the country in the form of branches and kiosks, and over 30 outlet agencies from the West Coast Region to the Upper River Region.

Figure 4. Kafoo members disbursing and repaying loans, in Hamdalai, North Bank Region.

4-2 Women Finance Program: Kafoo

A Kafoo is a Mandinka word, meaning group, club, or age group. In Wolof, it is called “Kompin”, and in most rural communities, the Kafoo plays a powerful role in the affairs of the village. Kafoons are mostly led by a “Yai Kompin”, a female leader of the group. And, most
Kafoos are women only groups, though there are some that include men, but these instances are rare. In almost all villages in rural Gambia, there are “Bantabas” or “Penchas” - in the center of the village. The Bantaba or Pencha is where the men of the village meet to discuss the affairs of the village, gossip, politics, among other things. In these “Bantabas” - women are seldom welcomed, meaning women must form their own cliques called Kafoos or Kompins to also discuss things affecting their welfare, household, etc. The Kafoos were created out of necessity, and today, they play a crucial role in rural Gambia, be it Osusus, politics, and so forth.

Figure 5. A typical village “Bantaba or Pencha”

In April 2013, Reliance introduced the FINCA Village Banking (An international is a non-profit, microfinance organization, which focuses on village banking) - group lending methodology, in partnership with Caurie Microfinance, its sister microfinance in Senegal. Caurie

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7 Meeting place in Mandinka
8 Meeting place in Wolof
Microfinance was identified to support Reliance because of its experience of nearly twenty years and success registered using the FINCA methodology. Caurie has over 75,000 women borrowers and over Euro 10 million in portfolio outstanding. Kafoos in The Gambia are instrumental to every community, especially rural and peri-urban areas.

4-3 Loan Officer Training

Following recruitment, loan officers are taken through a 3-part training program comprising classroom theoretical training, field-level training, and a study tour to Caurie Microfinance in Senegal.

4-4 Kafoo Member Training

The initial part of the village banking process is identification and qualifying of groups with which to work. Qualifying groups are sensitized, formed, and the elected management committee members, comprising a president, treasurer, and secretary, trained on how to coordinate the activities of the group and the procedures of conducting a group’s periodic meetings. During the training, representatives from the Kafoo will travel to the regional capital for three days, the trainers will instill and reiterate the goals and mission of Reliance Financial Services. The training, unlike the regular meetings, are very structured and formal. Once the formation exercise is complete, the groups are financed. The first 115 groups identified were financed in two batches.
4-5 Reliance Financial Services and Commercial Microfinance’s Greatest Obstacles

The Gambia faces many challenges in its fight against poverty, and as a commercial entity, Reliance Financial Services is not immune to these challenges. The Gambia is ranked among the bottom of countries regarding literacy, thus affecting growing demand for qualified personnel to run and manage institutions that require skilled, educated people. When this question was put to the CFO, his response was unsurprising, but he asserted that the primary challenge they face as a commercial institution is lack of qualified, talented people who can run and manage the company, stating that they have a problem with getting the people they need to deliver their goods and services across the country. There are limited resources available; everybody is in competition, be it microfinance entities, commercial banks, and other corporations, so talent is scarce in The Gambia (Seedy Njie). Since most of the poor in Gambia live in rural areas, it is paramount that staff from the only commercial microfinance in the country—Reliance Financial Services—to travel upcountry and involve the mostly agrarian and female-dominated sector. As part of its mission, it wants to touch the lives of every Gambian, and going rural ensures that it engages the mostly uneducated demographic. However, the company faces challenges, as the CFO indicated. Infrastructure in rural Gambia is generally dilapidated; some roads are inaccessible by car, and some villagers must walk miles to reach a hospital or go to school, isolating a large portion of the population. The CFO remarked:

The infrastructure is very poor, so by the time you invest, it’d take forever to get your returns. We will need multilateral support to operate in the provinces. But, that’s a big challenge, that is why the commercial banks do not venture into the rural environment. Another problem is capital. We are a regulated entity, we have a minimum capital requirement, and the little capital we have can only take us so far. If you go beyond, the regulators are behind your back. Basically, these are the three main challenges for the organization (Seedy Njie, 2013).
The Relationship Between the Lenders and Micro-borrowers

Relationships between various entities discussed in research were encountered during this study. One is between lenders and borrowers. Lenders such as Reliance Financial Services study the customs, beliefs, and cultures of the people long before they reach out to their Alkali (village head) for a meeting. The village head usually reaches out to the Yai Kompin (the Kafoo head), and she usually attends the meeting. At the meeting, Reliance Financial Services sends two loan officers to discuss programs with the women. These meetings are very interactive; the women explain what they want and how they want it, and how they usually spend their money. The lenders explain that the debt is not mandatory, and that they should take only what they can afford; “just because your neighbor took D5000 ($100) does not mean that you have to.” They assess the viability of a village's potential in their women’s banking program. They assess the number of people in the village, and the number of villages nearby, for market purposes. They also assess whether there is a Kafoo in the village (usually there is), and whether they are involved in Osusu (Osusu is small microfinance groups where participants receive substantial amounts of money to meet planned heavy expenditure commitments). These questions are commonly answered affirmatively since there are usually Osusus in every Gambian village. I visited 20 villages during this study, and each had some form of Osusu and Kafoo. Table 3 and 4 list the Kafoos and number of members whom I could visit. They live in two regions of The Gambia—North Bank and West Coast Regions. Each village chooses its own name. Kartong named its Kafoo after Bill Gates, and when I asked why, they responded that they wanted to be as rich as Bill Gates someday.
Table 2

4-7 List of Village Kafoos in the West Coast Region

<table>
<thead>
<tr>
<th>N°</th>
<th>Locality</th>
<th>Total members</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Busumbala</td>
<td>61</td>
</tr>
<tr>
<td>2</td>
<td>Lamin</td>
<td>76</td>
</tr>
<tr>
<td>3</td>
<td>Mandinaba</td>
<td>73</td>
</tr>
<tr>
<td>4</td>
<td>Bambarrang</td>
<td>52</td>
</tr>
<tr>
<td>5</td>
<td>Bullock</td>
<td>59</td>
</tr>
<tr>
<td>6</td>
<td>Mandinaba</td>
<td>73</td>
</tr>
<tr>
<td>7</td>
<td>Bwiam</td>
<td>52</td>
</tr>
<tr>
<td>8</td>
<td>Brufut</td>
<td>74</td>
</tr>
<tr>
<td>9</td>
<td>Kartong</td>
<td>40</td>
</tr>
<tr>
<td>10</td>
<td>Tanji 1</td>
<td>65</td>
</tr>
<tr>
<td>11</td>
<td>Tanji 2</td>
<td>77</td>
</tr>
<tr>
<td>12</td>
<td>Giboro</td>
<td>65</td>
</tr>
<tr>
<td>13</td>
<td>Sibanor</td>
<td>70</td>
</tr>
</tbody>
</table>

Table 3

List of Village Kafoos in the North Bank Region

<table>
<thead>
<tr>
<th>N°</th>
<th>locality</th>
<th>Total members</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ESSAU 1</td>
<td>75</td>
</tr>
<tr>
<td>2</td>
<td>ESSAU 2</td>
<td>76</td>
</tr>
<tr>
<td>3</td>
<td>CHAMEN</td>
<td>49</td>
</tr>
<tr>
<td>4</td>
<td>BARRA1</td>
<td>75</td>
</tr>
<tr>
<td>5</td>
<td>NDUNGU KEBBEH</td>
<td>64</td>
</tr>
<tr>
<td>6</td>
<td>FASS</td>
<td>59</td>
</tr>
<tr>
<td>7</td>
<td>BARRA 2</td>
<td>76</td>
</tr>
<tr>
<td>8</td>
<td>BERENDING</td>
<td>74</td>
</tr>
</tbody>
</table>
### 4-8 Collateral: Terrie Kafoo, Ndey Ndickay

The default rate of many borrowers under the Grameen Bank model is very low (Yunus, 1995). Success is in part due to its insistence on not collecting collateral; it is the edifice and distinction of microfinance from the other commercial banks. However, with the involvement of commercial banks, which must meet their boards’ and shareholders’ benchmarks, it would be difficult to not take collateral. It is difficult to collect certain kinds of collateral from poor people, unlike mortgage banks and other commercial banks in highly developed countries, and even in urban Gambia, where commercial banks require tangible collateral to take out a loan. Reliance Financial Services devised an innovative collateral formula based on solidarity groups, where borrowers back each other as collateral; if one defaults on repayment obligations, everyone in the group pays for it. This makes it difficult for members to default, much like in the Grameen model. Women choose those they trust to be part of their group—called Ndey Dickay—usually others they know and trust personally, and who are hardworking and have worked in the local Osusus. Given their previous encounters, they know that these people pay their debts on time since most have been involved in Osusus. If the Terrie Kafoo cannot pay, the whole group pays.
The Terrie Kafoos are small units within the main group, usually consisting of four members who have worked together under an Osusus. Therefore, it has a near-perfect payment record.

4-9 Kafoo Constitution

Each Kafoo has its own constitution and rules. During the second meeting, the setting of the group, Kafoo members vote on a group president, treasurer, policeman (law enforcer), and scribe (secretary). They also vote on the name of the group. At the meeting and during drafting of the constitution, they set policies on tardiness, collateral, meetings, roles, and responsibilities. They discuss term limits for president, secretary, and treasurer, and vote on leaders by popular consent, including age minimum and maximum for leaders and group members. For example, in Kerr Ngor, North Bank Region, they agreed that the youngest members of the group must be 16, and the oldest no more than 75. These decisions are usually spontaneous, organic, and conscientious.

In most of these villages, women, although they belong to the Kafoos, have their own individual initiatives and businesses, and the money is theirs to keep. The group is more for solidarity and collateral, just like it is with the Osusu system. Reliance Financial Services’ Kafoo system builds on the Osusu system, which has already been in practice in these villagers for generations. One departure between the Reliance Kafoo model and Osusu system is that borrowers must save a certain amount of borrowed money each month, based on how much they save at the end of the cycle, which determines how much money (i.e., loan) they get during the next cycle.
Sensitization

During the sensitization process, Reliance Financial Services loan officers travel to the villages and explain what the loans are for and why they are available. At these meetings, there is a sensitization process, which usually lasts about 3 hours. It is a question-and-answer approach, during which the loan officers explain their products, what they can be used for, and why they are available. During most meetings, and depending on the geography and location of the village, attendance ranges from 30 to 150 people. During my fieldwork, I traveled with the loan officers to potential villages who they want to form a Reliance Kafoo. In one instance - we visited the village of Sibanor in the West Coast Region. When we arrived the women welcomed us and took us to the house of the Alkali9 for his blessing. The village chief then called upon the head of the village Kafoo (Yai Kompin) to attend the meeting. After the loan officers got the blessing of the village chief, we proceeded to the village center, to begin the sensitization process.

Financing

The loan officers arrive with money for disbursement. During the first monthly cycle, each borrower gets a maximum of $100 (D5000). Some borrowers, especially those in rural areas and who are leery of loans, usually take less than the maximum, and the loan officers stress the fact that they do not have to take out the maximum loan just because their friends are doing so; they should base their decisions on their own needs and nothing else. This advice works in rural

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9 Village Chief
areas, but urban and peri-urban borrowers tend to want more loans, and the idea that they should take less does not work with them.

**Relationship Between Micro-lenders and Micro-borrowers**

There is another interesting aspect of the ethnography of the relationship between micro-lenders and micro-borrowers, which is deeply rooted in the rural Gambian perspective of finance and loans. Shipton (1990) explores the meaning of the word *loan* in the Mandinka dialect, called *Juloo*, which means *rope*.

To a Mandinka, Juloo means several things at once. It refers to a small-scale trader, or to credit or debt. Every Mandinka knows that the meanings are related. Traders are also lenders, and their loans, though sometimes useful like a rope ladder, also tie a farmer down like a rope around the neck. When rural people in The Gambia speak of Juloo in any of these uses, they consciously or unconsciously connote slavery. The Mandinka and other peoples in this small, impoverished river nation, itself an ancient trade route that winds thinly through southern Senegal, have learned about ropes and involuntary servitude, and about debt. The linked images and overtones are full of emotion (Shipton, 1990).

A loan suggests servitude and enslavement, and thus unlike in most developed countries, the people are wary of loans. Since most of the population is Muslim, even the idea of a loan and interest is difficult to accept, and looked on with some sense of suspicion.

**4-11 Microinsurance**

“Some people are born with handicaps, or develop them before they have either sufficient knowledge or funds to insure on their own behalf. They cannot buy insurance after the event” (Dworkin, 2000, p.77), contended that there is always the instance of bad luck, which cannot be anticipated through insurance. Insurance is another important financial service for the poor,
given their vulnerability to risks, not so much concerning life insurance, but of business insurance and insurance for income earning assets (Mahajan, 2006).

Most Gambians, especially those I interviewed, take loans seriously. For example, if a person dies, the first thing the family does is ask their neighbors whether the deceased owed them anything, and if so, come forward to be repaid. As Shipton (1990) puts it, loans are ropes that follow borrowers to the grave. Similarly, micro-insurance covers an entire debt in cases of death or extreme hardship. Microinsurance is insurance that enables low-income people, mostly in the developing world, to avoid debt traps that often imperil their livelihoods, and even their lives. Microinsurance provides life, health, and other forms of insurance, providing limited benefits for low premiums. Under the Reliance Financial Services Microinsurance program, borrowers pay 1% of their loans each month to Micro-Insurance, and if they pass away, Reliance Financial Services wipes out the entire debt and returns the savings to the family. Most women find this to be worth the price, since loans are not taken lightly, as Shipton (1990) suggests.

On one trip from Foni, West Coast Region, I visited the town of Lamin, Kombo North District, on the southern banks of the Gambian river. Together with Reliance Financial Services loan officers and a driver, I visited the Lamin Kafoo and then headed to a recently deceased borrower’s home in the center of the village, next to the Alkali's (Village chief) house. On arrival, the bereaved family welcomed us to its mud, palm-tree, corrugated house. We found 7 Kafoo members in the home, helping with cooking, welcoming guests, and as expected in communalistic societies, fulfilling societal duties. Her daughter, in her 40s, and eldest son, in his late 40s, thanked the loan officers for paying their respects. They then gave the loans officers their deceased mother’s bank book, which had a balance of about D11000, and asked, “How much did my mother owe the bank?” You could sense the weariness in their faces. Although the
Kafoo members told them that their mother paid micro-insurance, which would cover her debt, this was still uncharted territory since they have never heard of such a thing. To their surprise, the loan officers told them that she does not owe Reliance Financial Services because she was paying for micro-insurance, which was about 1% of her monthly payment. They added that in situations of death and family emergencies, during which borrowers were unable to repay, the micro-insurance would kick in; the bank would pay the debt she owes and return her savings to the family. “Abaraka (Thank you) Reliance,” said the son. “Without Reliance Financial Services, this would have put a real strain on the family for we cannot afford the balance payment.” He expressed his gratitude to the Kafoo members who were staying in the home helping, and stated that the Kafoo was like a family to their mother, and even after her death, they would remain part of the family. The dynamics at play here transcend finances in that beyond microinsurance, which most certainly helped, it is important to note the role of Kafoo members and their relationship with one and another, and the family members. In The Gambia, the Kafoo plays an important role, both in terms of helping one another and as an extension of society.

4-12 Urban and Peri-Urban Experiment

When I studied Reliance Financial Services during 2012, the company was not yet involved in the villages, or with group lending. At the time, the company was looking for opportunities to expand beyond the Kombo St. Mary region into rural and peri-urban areas, where many of the women lack access to capital. Two years later during 2014, it started group lending, and extended services to rural and peri-urban areas. Today, most borrowers live in rural and peri-urban areas. The group lending, grassroots phenomenon appears to work in very small villages, like the ones operated by the Grameen bank, where neighbors back each other as
collateral. However, this study focuses on rural and peri-urban areas of The Gambia, and mostly women.

To understand urban microfinance, I visited the Albert market in the capital city of Banjul, and the largest market in the country, the Serekunda market. I went to the Serekunda market to interview a handful of microlenders who graduated from microloans to SMEs, and to observe the market at 6pm, its busiest hour. At the market, all theories of community, supply, and demand are present—the ringing bells, the commotion, the bargaining, the place where market, both figuratively and literally, meets community. The Serekunda market, interestingly, would be a laissez-faire capitalist’s fantasy – as almost all of the commerce is unregulated; all the buying and selling is dictated by supply and demand, with little or no interference from the state. One interviewee was Foday of Churchill's Town, Serekunda East, Kombo St. Mary Region, who sells second-hand clothing in the Foga-Jai section of the market. He is a native of Basse, Upper River Region, but moved to the urban area of Serekunda in search of opportunities. He has sold knockoff CDs, soap, and tangana (local coffee makers). About 8 years ago, he got involved with a friend who was then selling second-hand clothing at Serekunda market. When he started, he did not have capital, and thus had to be an apprentice to his friend, but he realized that he was living hand to mouth. He was introduced to Reliance Financial Services’ microlending, and visited its headquarters on Kairaba Avenue, which is about 4 miles from the market. He pitched his ideas, and Reliance could offer him a small loan. With the loan, he could buy his own ballot of secondhand clothes, which he was able to sell easily. From the proceeds and savings through Reliance, the company offered him a larger loan, and he used it to expand. Five years later, he is no longer a microlender or even SME; he is taking loans of D450,000 ($10,000) per
cycle, with revenue of over D700,000 ($16,000) per year. He hired two family members, who moved from the provinces to urban areas. His take on urban microfinance is that:

“The big banks would have never lent me money, because I was poor, no tangible collateral and thanks to Reliance, I am now able to open 4 more canteens, bring my family members to Serekunda, to live with me, give them their own canteens and, I would consider myself a graduate of the small loans.” (Foday)

Mariam, a Reliance urban borrower, who also graduated from microloans to SMEs, shared the following:

“With microfinance, I, my husband, children are living a more stable life. We can now afford cash-power for electricity, cell phone data credit, my children now have a study teacher; during Eid, we no longer worry about the ram, clothes, and what to eat, without worrying about where to get the money from. I also no longer worry when any of my children get sick regarding medications, because with my business, I can afford to buy those things for my children.” (Mariam)

Essentially, Foday and Mariam are different from Kafoo borrowers in that they are individual borrowers, living in the largest city in The Gambia. These urban borrowers were Reliance Financial Services’ primary borrowers before Kafoo village banking. From the beginning, they were mostly lending to urban borrowers who could repay their debts. For example, Mariam had to put up her marital bed as collateral. This is no small thing, especially among Gambian women; the marital bed is a valued asset. For their urban borrowers, Reliance takes a material of sentimental value for collateral. Furthermore, the problems Mariam faces are different from Kafoo borrowers. She was mostly concerned about cell phone data and electricity, and those in rural areas worry about food. Business owners living in a populated, urban area like Serekunda have sales in the hundreds of thousands, if not millions, of Dalasis because of access to the
market. It is easier to expand their businesses, even though burdened by family. In general, urban areas are less communalistic than rural areas. Many borrowers in the villages have a limited market; they must travel to regional capitals to be able to sell large amounts of goods. Understanding the rural-urban borrowers, experiences, is crucial to understanding microfinance and how the community and the market interacts.

Unlike the Kafoo model, the urban individual microfinance scheme is quite different from the Kafoo system. As Seedy Njie alluded to in the interview when the question was posed to him about some of the differences between the urban and rural lending vis-a-vis advising and what have you, he stated that, unlike the Kafoos, the urban model is not based on a cooperative system, they advise them on how the product works, and then it is up to them to contract the loan. To subscribe to the product, he further lamented, there is a lot of risk in lending, and that they make sure that they lend in a responsible manner, when they lend they will be able to collect the money, and to use that to give loans to other customers. They have to, for obvious reasons, have to be convinced that the loans are collectible (Seedy Njie, 2013).

As previously stated, about 40% of Gambians live in urban and peri-urban areas and many of them lack access to capital and are poor, hence, having an institution like Reliance Financial Services offering them access to capital is as crucial to extending capital to those in the provinces.
Findings and Discussion

4-13 Standing in the Community, Access to Credit, and Interest Rates

**Hypothesis 1**: Involvement in the Kafoo and having access to micro-loans made a positive change in your standing in the community.

![Bar chart](image)

*Figure 6. Hypothesis 1*

**The Intersection of Community, Gender, Patriarchy and Microfinance**

Literature exists and debates continue regarding whether microfinance advances women's social, economic, and political standing in their communities. This study examines learning and whether there is nexus between microfinance and women. Although Kafoo or Kompins are microfinance entities, they are also very political in that women solidary groups extend beyond involvement in micro-enterprises. They play a role in the body politics of The Gambia, and encourage members to join political campaigns. Gambian women are more politically active than
males are. The Women’s Bureau of The Gambia, an extension of the vice president’s office, who is a woman, encourages women to form political Kafoos, and these Kafoos or Kompins become the mobilizing force of Gambian politics. Gambian Kafoos or Kompins are extremely political. The *Yai Kompin* (group leader) is an influential member of the community. Nearly every community in The Gambia, rural and urban, has a Kafoo or Kompin, wielding some political clout. However, the government in return uses Kafoos to garner votes and disseminate messages. In 2015, then president, Yahya Jammeh, in collaboration with the Women’s Bureau, abolished and criminalized the antiquated practice of female genital mutilation (Point, 2015). A group of Yai Kompins were assembled with the hopes that they would spread this message among members. Kafoos in Gambia also include community gardening, which is becoming highly political (Shipton, 1990). The former president capitalized on their involvement in gardening and farming to push participatory farming initiatives, in which women farmed for him, and in return, he gave them financial rewards. Being part of a Kafoo advances standing in the community.

The social and economic dynamics are complicated. Rural Gambian men are usually seasonal workers, meaning they farm during the rainy season, and after harvesting, they rarely work or bring in income (Shipton, 1990). Unlike women in urban areas of the Kombo St. Mary region, rural women seldom receive fish money from their husbands during these times; they earn most of the money, send thee children to school, take care of the children and so on. This leaves a huge burden on the women to provide lunch money for the children, school uniforms, and meet other needs. Contextually, here is the typical rural Kafoo borrower’s everyday life: her day starts before the break of dawn: she fetches water from the well for the husband, kids, and other family members for their bathing; also for cooking and what have you; then prepare breakfast for the family; bathe the kids, give them lunch money for school; after that they go to
the farm/garden to work on the land; then off to the market around noon to get some cooking items that are missing from their forever dwindling food stock; cooks lunch, washes the bowls; back to the farm/garden, for more back breaking work; get back home, bathe the kids again, prepare dinner for the entire family; go to bed, wake up in the morning and do it all over again the next morning.

Most husbands are also poor and rely largely on subsistence agriculture, which is seasonal, for their survival. A bad rainy season might have devastating ramifications on their livelihoods. Microfinance gives these women access, an avenue to more capital, thereby bettering their lives and that of their families. However, this still does not enhance their standing in the family or their communities. In The Gambia, like most African countries, society remains patriarchal, in which men dominate and control the affairs of politics and finance, and are considered “natural” leaders. Being a member of a Kafoo increases their position among women who do not possess the same means because these women can now afford basic needs that other women not part of the Kafoo cannot. During my fieldwork during the summers of 2015 and 2016, I encountered the endurance of the patriarchal system and the limitations of women in rural Gambia:

A woman contributes equally, and in many cases, more to the family than the man does. They need permission from their husbands before engaging in political, social, financial, and economic ventures. For example, women who wanted to join the microfinance initiative in Kerr Gumbo, North Bank needed to ask for their husbands’ permission first, and a handful had to withdraw their interest because their husbands would not allow them to join. When asked if their husbands consulted them on issues, they said no because they are the Kilifas. Some explained that their husbands do not even consult them when marrying a second wife until the day of the wedding (Njie, 2016).
The patriarchal system limits Gambian women, even though they carry a sizable amount of the social and financial burdens of the family, especially in villages. In almost every village that I encountered, the Gambian woman carries most of the financial and social burden – since men work seasonal jobs: summer farming; while the women work all year round. Microfinance, even though, is a great way of alleviating poverty, offers access to capital, improves the lives of women; however, based on my findings, especially in rural Gambia, it does not eliminate patriarchy and it would be very hard to see that changing in the provinces, anytime soon.

In some instances, women being part of the Kafoo means that the husband, who, gives money every now and then, is going to totally stop helping financially, instead, they would go and marry a second wife.

“My husband married a third wife when I started making more money than him.” Kris, Sibanor, West Coast Region.

I interviewed a borrower who was struggling to repay her loan because she took a loan precisely to give it to her husband, who was involved in some business. He would not specify exactly what kind of business; however, digging deeper, she acquiesced that her husband was courting another woman and used the money for that and when she asked him, he said he invested in some timber business. The woman ended up selling some of her possessions to repay the loan and had no plans, at least at the time of our interview, of taking out another loan. These are some of the examples of how risky taking loans could be for some women. In summation, one of the pitfalls of rural microfinance, The Gambia in context, is that, in some instances, strengthens the patriarchal system, seldom changes the power dynamics at home.
**Hypothesis 2**: Involvement in the Kafoo and having access to micro-loans made you able to meet your needs and those of your household.

One of the highest affirmative responses on the survey was that most respondents strongly agree or agree that their involvement in the Kafoo helped them in this way. These usually include their access to food, better healthcare, education for their children, and most importantly access to money when needed. These are discussed separately in subsequent sections.
Hypothesis 3: Involvement in the Kafoo has helped me save money.

For poor people, savings are particularly paramount since they provide equity for borrowing, act as a cushion for sudden demands for cash (e.g., illness in the family and natural disasters), and guarantee repayment of loans when savings are deposited with lenders (Mahajan, 2006). With Reliance Financial Services, saving is a requirement to be part of the Kafoo. Borrowers are required to deposit 20% of their loan amount every month, which is why the survey reflects the high number of borrowers who claimed to have been able to save money. All three categories of borrowers (those doing well, those in the middle, and the ones struggling to repay their loans) agreed that they can save money due to the Kafoo.

“The savings help me a lot. It was hard to save money before the Kafoo. But since it is a requirement - I can now save up money and use them only when needed, instead of
having it at home, because I will end up eating the money.” Joyce, Berending, North Bank

Since banks are far and will have to pay for fees, having a savings through the Kafoo has been a revelation. Nowadays, I just must wait for our monthly meeting to withdraw money, if needed. (Kim, Kerr Ngor, North Bank)

Savings is mandatory, so I really do not have a choice. The only problem is that the money is available to me once a month, meaning, I cannot access the savings whenever I want to. This, sometimes, hamper my way of doing business, because I am in the business of selling cooking oil and palm oil. When palm oil was scarce - I wanted to travel to the Casamance Province, to buy a lot of palm oil, and come sell it. But, because, I could not access my savings until a week and a half later, I missed out on a big opportunity. (Jes, Sibanor, West Coast)

Women tend to save more because it offers a sense of pride. At the monthly meeting, people are called up to pay their interest and save the minimum. For many women, they want to be doing well, and in this case, many save more than required. Savings help women get a larger loan during the next cycle, so they save as much as possible to expand their businesses. This is important because the loans they get during the following cycle are based on the amount of money they saved with the Kafoo.

I saved D19,000 last cycle, and got a loan of D12,000 this last cycle. They doubled my loan from D6000 to D12,000. My business is growing and I am saving a whole lot more,
next cycle - I am expecting a loan of about D20,000 given my current savings of D24,000. (Mariam, Barra, North Bank)

A Challenge to Microfinance and Wealth Accumulation in The Gambia

Societal responsibilities, such as paying for feasts (e.g., weddings and naming ceremonies) are some of the greatest challenges facing Gambian women microlenders, especially when it comes to wealth accumulation. Indigenous societies such as those on the banks of The Gambia river and in the bluffs of Pacific Northwest, United States have similar cultural practices. The potlatch in the Pacific Northwest, United States is an ostentatious display of wealth. In context, a leader gathers the community for feasting, gift-giving, and destruction of valuable objects to promote the social standing of the leader's house. Potlatches are practiced by many groups across the Northwest Pacific Coast of North America, and they vary substantially. Most information about potlatches is known from the Kwakiutl, or Kwakwaka Wakw. The etymology of the term derives from gift-giving in the Kwakwaka'wakw language (Helmer, M).

Ditcher (2007) argues that some microcredit is used not for income-generating projects, but to facilitate consumption spending. Consumption smoothing is a useful survival technique, but the transformation represents a dramatic break from the original Grameen Bank innovation. For example, Jali from the village of Barra, Upper Niumi district, North Bank Region on the northern shore of the Gambia river worked as a petty trader for the past 12 years. She was and has been involved with myriad Osusus, but the money was used primarily for consumption, with no savings. In 2012, she took out a D5000 loan from Reliance Financial Services. During subsequent years, she profited, established a savings account, took out several loans, and eventually opened her own shop selling bread, sweets, cooking oil, and soap. I talked to her in
her small store at the Barra ferry crossing. During my first visit in 2015, her business was doing well; she could help pay for her 5 children's schooling across the pond in the Gambian capital, which is separated by a 30-minute ferry crossing. The children commute each day and help at the store during evenings and weekends. Her savings at Reliance Financial Services was around D90,000, at that time. When I returned in 2016, I visited her again and this time the store was nearly empty. I asked her what happened to the business, and she said that one of her daughters was getting married and she had to help with the wedding with food, clothing, etc. Jali’s business was not what it was during its booming days a year earlier. Societal responsibilities, such as paying for weddings, represent one of the largest challenges with which Gambian women must deal.

Dalton (1968) discusses the core of most African economies, explaining what many Western experts missed about African economies concerning economics and society. He argues that the absence of a market exchange as the dominant economic organizational allows indigenous African production to take forms different from those in Western economies. These forms invariably entail social control of production, kinship, religion, and political organization. Change to “primitive” economies means inevitable changes to social organization. Absent these changes, outlook of societal structures, it would be incredibly difficult for wealth accumulation to flourish among rural Gambian women. Due to society, religion, and the indigenous economy, women share their half bowls of rice with their neighbors, and spend their savings on their daughter’s weddings and naming ceremonies, because in such societies, neighbors are also family, and if one does not have, a neighbor gives.
**Hypothesis 4**: Interest rates have had negative impacts on my ability to repay and buy more products. One of the biggest challenges facing Kafoo recipients is interest rates.

In my encounters with the women, a small but growing number of them argue that a 30% interest rate is too high. Bin, of Bwiam village, Foni Kansala, West Coast region stated:

> My loan of D5000, of which, I must pay D120 per month for 6 months, has negative ramifications on my business; in that, sometimes, I prioritize the interest payment, instead of buying more goods to expand my business.

*Figure 9. Hypothesis 4*
Bin lives in the village of Bwiam, which is about 50 miles or some such, from the Gambian capital -- Banjul. She buys and sells fruits at the local market; she sells these produces, laying them on a piece of cloth, on the ground, during the rainy season (May to October) and vegetables during the dry season (October to May). Most of what she sells is perishable and does not have a refrigerator to store these produces.

Amy from the same village has a different perspective on interest rates, loans, and the Kafoo:

My interest rate, I do not think is high or let me say, it does not hinder my business, given the benefits I am gaining from the loan. My business is strong enough, at this point, that the few hundred Dalasis I must pay do not affect my pocketbook. However, would I like to see an interest free loan? Yes. However, before this loan, I was part of another microfinance initiative, which went insolvent, because people did not see that as a loan, it was more of a grant, through an NGO, and many people did not think they had to pay back the loan, since it was international donor money. With Reliance, *Mansa Kodo*, everyone knows that they have to pay back the loan, plus the interest - and that motivates everyone to work even harder, save more money; thus, the interest has not been a problem for most people in my Kafoo. Additionally, the people who thought the loans were high, unlike the NGO microfinance, knowing that they would have to pay this loan, that it is not free money, decided to not join the Kafoo. In turn, the default rate is low - because only people who are building upon their businesses and those who are capable of joining are the only ones joining. For most of these people, the interest rate does not affect them. To me, personally, I think the interest rate is very reasonable. The fact that a

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11 Government money
commercial bank thought of us as worthy loan borrowers, alone, is a source of pride and respect, for we are industrious people, who, like our forebears, only need access to capital to expand our small *tabulo* into a *boutik*\(^{12}\) (Luckily, I was able to expand from a *tabulo* to a *boutik*); small *nako*\(^{13}\) into a big one; save enough to send our children to travel to Europe or America, and hopefully, small *banku bougou*\(^{14}\) into a cemented self-container.

The dynamics at play also highlight the schism, or contrast, between those doing well under the Kafoo system and those struggling. The ones doing well tend to have a favorable view of the loans and interest rates, which represents most borrowers. Those struggling to repay their loan have faltering businesses and have a negative view of interest rates. They represent the minority, but a very vocal one. Some women took out loans with the idea that they could become business people, but then found that they lacked the skills for self-employment. Proponents of microfinance as a strategy for poverty eradication assume that poor people want to be self-employed. During interactions with that minority, I discovered that self-employment was not for them. Knowing this when forming the Kafoo, Reliance Financial Services stressed that not everyone should take the loan, which was why it chose Kafoos. In future research, it would be interesting to examine whether struggling borrowers decide to leave the group or remain because of the interest rates. The majority of those surveyed did not necessarily have a problem with interest rates, and are happy that they are being thought of as worthy of receiving loans from a bank.

\(^{12}\) Local store

\(^{13}\) Garden

\(^{14}\) Mud house
**Hypothesis 5**: You once belonged to a vibrant Osusu and/or are still part of an Osusu, even though you are part of Reliance Financial Services’ Kafoo.

The majority of Kafoo borrowers and Gambian women are involved with Osusus. Before Reliance Financial Services reaches out to a bank, it asks whether the people have an Osusu because its presence guarantees that the people have been exposed to some form of microfinance, and when forming a collateral group, the women choose members who are likely to repay the loans. An Osusu helps the women figure out who will be viable members of the Kafoo. Even after joining the Kafoo, women keep their Osusus, which remains highly informal and unregulated. Having experience with the Osusu helps with high repayment and low default rates.
4-14 Multiplier Effect

**Hypothesis 6**: Given involvement in the Kafoo and access to microloans, you have been able to expand your business. Business expansion is crucial when measuring the success of a business.

![Frequency: Hypothesis 6](image)

*Figure 11. Hypothesis 6*

Most borrowers could expand their businesses. In Kombo South, West Coast Region is the village of Kartong, sitting at the mouth of the river Gambia where the Allegheny Bolong meets the Atlantic Ocean. As a child growing up in The Gambia, Kartong was a fishing village, but today, it is a peri-urban area, bustling with settlements because of new money, mostly from remittances and local families selling land. Gambians, both at home and abroad, are increasingly interested in buying and building houses on the coast. Families that can sell land have sent their kids to the Backway, the landless and disinherited families, especially women, who cannot inherit property and must settle for selling vegetables, female clothing, perfumes, and food items.
in local markets. In Kartong, I encountered the Bill Gates Kafoo, a handful of whom were involved in a Senegalese microfinance group that crosses the 5-minute boat ride to engage women in the village on the other side. However, their experiences with the Senegalese microfinance outlet were disappointing. With the Reliance Financial Services Kafoo, women, who are mostly disinherited, have access to more capital and can expand their businesses. Since the area is peri-urban, demand for their goods is higher.

Before Reliance - I had a small stand - at my door - where I sell groundnut cake; today, I have a place at the market - where I sell fish, legumes and, in the evenings, I sell “Mburro Nyebeh\textsuperscript{15} and Fried Fish”. My profit margin has increased by tenfold because - I have access to more money, meaning, I can buy and sell more things. Also, I went from a revenue of D1000 per month to D7000 per month. (Fanta, Kartong, Kombo South, West Coast Region)

With the Kafoo loan - I am now able to go to Serekunda Market\textsuperscript{16} twice a week to buy goods, in the form of cosmetics, clothes, perfumes, skin-bleaching lotions, hair products. Two years ago, I was only a housewife with only dreams of being like my nyongoo\textsuperscript{17} - who are running their own businesses. When I started with Reliance - I started small with the first loan - selling ice-blocks, and seasonal fruits. I have my own shop at home now, at our main gate, and my daughter helps me in the evenings with selling. My plan is to open another shop in the coming year - because business is good. (Faye, Kartong, Kombo South, West Coast Region)

\textsuperscript{15} Bread and Beans.
\textsuperscript{16} The largest market in the country.
\textsuperscript{17} Equals in Mandinka.
Many women could expand their businesses by simply having access to more capital. For example, Fanta started by selling at her door, but later acquired a place in the market where she could reach more clients. For people whose earnings are about D1000 per month, giving them a $6000 loan would easily expand their businesses. However, this does not mean that they are middle class, and that they have been able to expand their businesses from a small stand, selling few items and with little revenue, to selling more items that generate more revenue.

**Hypothesis 7:** Given involvement in the Kafoo and having access to microloans, you have been able to hire people.

*Figure 12. Hypothesis 7*
**Hypothesis 8**: Involvement in the Kafoo and having access to microloans will allow me to hire people in the future.

![Frequency: Hypothesis 8](image_url)

**Figure 13. Hypothesis 8**

I discuss hypotheses 7 and 8 together because they are inextricably linked. I asked these similar questions by design, largely to gauge what the current situation is and what they are projecting. From the survey, the lowest survey response came when asked whether they could hire now, and most respondents either strongly agreed or agreed that they would be able to hire in the future. When asked about the discrepancy, they responded that they required larger loans to have more shops, stores, and businesses, and hire more people. They reported that they usually have their children help or open a store for them, and thus there was no need to hire anyone now. I sensed optimism and hope, in that many of them, even those experiencing repayment issues, believe that they will be able to hire more people in the future. Nearly all respondents who reported that they would not be able to hire people in the future were those experiencing repayment issues, and having problems with their loan and business.
I would not be able to hire because my business is struggling and I don’t think I would take another loan after this cycle. (Amy, Essau, North Bank)

I spend all my money and usually struggle paying my loan. (Kat, Kartong, West Coast)

Another important aspect is that even though many who have children have them help at their businesses, they do not consider them workers.

**Hypothesis 9**: Given involvement in the Kafoo and having access to micro-loans, you can meet your current and future basic needs of your households. This hypothesis received the fourth highest response. When asked further about their needs, they pointed to improved access to healthcare, their children’s education, and access to food. These are discussed in their respective hypotheses.

*Figure 14. Hypothesis 9*
4-15 Education

**Hypothesis 10:** Involvement in the Kafoo and the loan has increased the amount of money I am investing in my children’s education

*Figure 15. Hypothesis 10*
Hypothesis 11: Given involvement in the Kafoo and having access to microloans, I can satisfy all the educational needs of my children.

![Frequency: Hypothesis 11](image)

Figure 16. Hypothesis 11

The educational needs of Kafoo members’ children and the amount of money they are investing in their children’s education are important to understanding how they fare regarding involvement in the Kafoo, especially since rural women are responsible for providing school items such as books, uniforms, stationery, lunch money, travel money, etc. Since a girl’s education is free, it is important to see how much of their money they can divert to other school needs.

I am 42 years old, my oldest son is currently in Brikama, attending The Gambia College.

He wants to be a teacher - so that he can help me, his father, and his 13 other siblings.\(^\text{18}\)

His father is getting old now and can no longer till the farm, so I must work at the local

\(^{18}\) The father has two wives, both of whom live in the same compound
garden and send him money so that he can buy books and his pass. In his first year - it was hard for me to send him the money - because I also had to help his other siblings, plus everything I ever made came from the garden. Since I got my first loan from Reliance - a lot has changed - I am no longer solely reliant on the garden; in tandem, with working in the garden, I also opened a tailoring shop, where I sew clothes. I make a lot of money especially during the Juli\textsuperscript{19} season and when the children are going back to school. There are only two tailors in the entire village - meaning - I get a lot of business. With this money - I can help my son pay for travels and other needs. Recently, my other daughter also graduated from the middle school here, my hope is to send her to live with my sister in Serekunda and go to Gambia High School in Banjul, the Gambian capital. Since education is free for girls now - all I must worry about is her lunch-money and pass from Serekunda to Banjul. (Ann, Mandinaba, Kombo Central, West Coast Region)

For a long time, I said, when my children grow up, I was going to send them to school in Kombo, because that is where all the good schools are located. My first child went to St. Fatima, in Bwiam, Foni Kansala district. She graduated without a job for 3 years, and now, she is a clerk at the hospital. My youngest child is in the 8th grade, and with my current savings, I want her to go to St. Joseph’s High School, in Banjul, which is a much better school. By the time she graduates, I would not have a lot of problem paying for it, if God willing. This was only a dream and it is becoming a reality for me now. (Jankey, Bambarang, Foni Kansala, West Coast Region)

\textsuperscript{19} Eid festivities
4-16 Health and Food

**Hypothesis 12**: Given involvement in the Kafoo and having access to microloans, my health and that of my children have improved.

*Figure 17. Hypothesis 12*
**Hypothesis 13**: Given involvement in the Kafoo and having access to microloans, my children and I have better access to healthcare. Improvement in healthcare and having access to healthcare are two closely related yet different hypotheses.

![Frequency: Hypothesis 13](image)

*Figure 18. Hypothesis 13*

The first question, which asked, “Given involvement in the Kafoo and having access to microloans, my health and that of my children have improved,” gauges whether respondents’ health has improved, since in rural and even peri-urban Gambia, people have access to health centers, but they seldom improve their health. The second question, which asked, “Given involvement in the Kafoo and having access to microloans, my children and I have better access to healthcare.”

My child was sick all last summer, and whenever we visited the health center, they would tell us that he has malaria and give him some chloroquine. This persisted all summer long. We were only able to get a better diagnosis - when we later took the child to the MRC\textsuperscript{20} in Bakau, and they diagnosed him with a different illness. I was able to pay for all

\textsuperscript{20} Medical Research Council
of this thanks to my profits from my business, which I owe to the Kafoo. (Aja, Sibanor, Foni, West Coast Region)

In the case of Aja, access to better healthcare led to improved health of her son. She was able to do this through involvement in the Kafoo, which resulted in both access to healthcare and eventually improved health:

For the first time, I can buy diapers for my children. In the past, I used a ngemba\(^2\) - which used to bruise my child. I am also able to buy cerelac - my child does not depend on porridge for all her meals. With my earnings - I can now buy other medications when I or any of my family members are sick - and not solely rely on paracetamol.

Just because a person has access to healthcare does not mean it leads to improved health. Most respondents agreed that involvement in the Kafoo improved their health, and they also have better access to healthcare. Again, those not doing well or who were having problems with their loans strongly disagreed or disagreed with these two questions.

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\(^2\) Piece of cloth
**Hypothesis 14**: Given involvement in the Kafoo and having access to microloans, my household has sufficient meals each day.

![Frequency: Hypothesis 14](image)

*Figure 19. Hypothesis 14*

**Hypothesis 15**: Given involvement in the Kafoo and having access to microloans, my family eats a minimum of three meals each day. Hypotheses 14 and 15 are topically linked, though I expected different outcomes.

![Frequency: Hypothesis 15](image)

*Figure 20. Hypothesis 15*
For the first question, I was assessing whether respondents have sufficient food, which includes the kinds of foods that they were eating. For example, some have three meals per day, but those meals might consist of the same food for each meal. Probing further, the definition of sufficiency was couched in the language of having enough. When asked, “What is enough?” they reported that were not starving. When asked how many times a day or week they get to eat meat, it was revealed that red meat is a luxury in most of Gambia. Given the geography, seafood might also be a luxury, but in the West Coast Region, it is not because residents there have cheap and easy access to seafood, given their proximity to the Atlantic Ocean, the Gambia river, tributaries, and creeks. While asking what kinds of foods they have for the three meals, as a researcher, I got the meaning of their definition of *enough*.

I eat bread and butter for breakfast and tea with milk, rice and soup for lunch with meat and fried-fish and bread for dinner. (Nan, Essau, North Bank)

I eat porridge for breakfast, rice and soup for lunch with fish, *malo-bu-tanga* for dinner. (Jodi, Kerr Jarrga, North Bank)

I eat *malo-bu-tanga*\textsuperscript{22} for breakfast, rice and soup for lunch and *malo-bu-tanga* for dinner. (Ada, Passy Chally, North Bank)

These three respondents represent the three groups of people surveyed—those doing well, those in the middle, and those not doing well. Nan from Essau, North Bank has a thriving business, selling food at the ferry terminal, which she has been able to expand due to her

\textsuperscript{22} *Hot rice*
involvement in the Kafoo. She can afford three meals a day. Looking at the kinds of meals she and her family eat each day, according to Gambian standards, she has three good meals a day since similar meals are consumed by those in the middle class, which associate with wealth or riches. For Jodi from Kerr Jarrga, North Bank, she can afford only fish for most of her meals because meat is too expensive for her family. She believes that in a couple of years, she can afford to eat meat twice a week, but for now, fish is their source of protein, and according to her, that is progress, given where she and her family were a year or two ago rationing food. Ada is from Passy Chally, North Bank, which is located inland, off the main road, and not a coastal village like Essau or a major village like Kerr Jarrga, which is also the home of the Chief of the Jokadu district. In Passy Chally, three meals a day is a luxury. The people there depend solely on subsistence farming, which is getting increasingly difficult, given the short rainy season due to climate change.

In Ada’s village of Passy Chally, people grow during the rainy season, eat 70% to 80% of their produce after harvesting, and sell the remainder at the nearby *luomo*, which they use to buy basic needs. Due to bad rainy seasons, their food rations run out by May, meaning they have 4 months during which they barely have food. This places a huge burden on the women to fend for their families because the men are usually seasonal farmers. Women like Ada must find ways to put 3 meals on the table. Although Ada eats rice three times daily, recycling the same meal for all three meals, in comparison to other women in her community who are not part of the Kafoo, she is doing well. Given this huge burden, Ada uses her money from the proceeds of her business to buy food, in comparison to Nan and Jodi. The majority of those surveyed either strongly agreed or agreed with these questions. Again, those who did not fully agree are experiencing

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23 Regional market
problems with their loans. I used the aforementioned three examples from the North Bank to provide nuance, geography, socioeconomic, and proximity to the coast or a major village. Although the three respondents live in the North Bank, they have distinct experiences due to geography and happenstance. Some Kafoo members told me about things that are more important to them, including what the Kafoo means to them:

The Kafoo has been very positive in my life, for now, I have a ground to stand on. I can buy and sell not worrying where the money is going to come from because I have a healthy savings and I know that every six months, I am getting new funds coming in. (Harriet, Bwiam, West Coast)

Before the Kafoo, I was a recluse, because I moved to this village for marriage, and my clique was quite small. Because of the Kafoo, I have great new relationships, with women who make me feel like I belong. (Sam, Lamin, West Coast)

The Kafoo gives me hope. I am more hopeful about the future and that of my children than ever before. (Joan, Essau, North Bank)

*Figure 21.* Diverging bar plots representing the distribution of responses relative to one another.
This study finds that microfinance has the potential to bring communities together, help with upward mobility, improve livelihoods, grant access to healthcare, and improve the welfare of families. As Reliance Financial Services urban borrowers have shown, this phenomenon also works in urban areas. Microfinance cannot remain a rural poverty-alleviation method if it is to impact all poor people because most urban dwellers in the Global South, including The Gambia, are poor and do not have access to credit. Therefore, it must reach the urban corridors of The Gambia, where 40% of the population resides, most of whom do not have access to capital, credit, or finance. For microfinance to work in an urban setting such as the Kombo St. Mary
Region of The Gambia, the communal Kafoo system, which has been fueling the spread of microfinance worldwide, would not work well given the demographic and spatial makeup of urban Gambia. Since microfinance started in The Gambia (The VISACAS, SDF) it was mostly focused on agrarian, provincial communities of rural Gambia. This has left many poor urban dwellers out of microfinance. The emergence of Reliance Financial Services offers an avenue, where local street vendors, *Foga Jai*, and sellers like Foday and Mariam have access to microloans, bettering their livelihoods.

*Microfinance, As Practiced in The Gambia, Leads Friends and Neighbors to Support Each Other at the Community Level and in so Doing, Lends itself to Community Solidarity*

In the village of Tanji, Kombo South, West Coast Region, you will find Brianna and Hayley, they are both part of the local Kafoo, whom I was able to interview for this dissertation. Before the microfinance Kafoo, they were part of the same local Kafoo. With the emergence of the Reliance Financial Services village banking, the women became part of the same “Terrie Kafoo” - part of a Kafoo and an Osusu before Reliance Financial Services. At the formation of the group - they formed a “Terrie Kafoo” with two other women. Brianna is married with four children; she is the second of four wives. Hayley is also married with two children, she is 22 and is the third of three wives. Both work at the Tanji Fish market, the biggest fish market in the country, selling fish. They are both responsible for fish money, meaning, they have to provide food at the house, since their respective husbands only gives them fish money for the household when he is going to spend the day with them; on the days he is going to spend with the other wives, he does not give them money or provide lunch money for the children. The Kafoo

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24 Secondhand clothes
provides an outlet, beyond finances, for these two women rely on one another for advice, moral support, and camaraderie. When I visited them at their home, they just left their table at the fish market; because, they both wake up early in the morning, around 5am, go to the fish market, buy fish from the fishermen, and prepare their tables for the many customers that frequent the market. After, around 12pm, they rush home, taking some leftover fish with them, and use some of the money they make that day to buy vegetables, oil, and other items to prepare meal for that day. On this special occasion, the market was not that great and Hayley reached out to Brianna for cooking oil, and 3 cups of rice to prepare lunch for her family. When I asked them if this is something they do for one another, they both answered in the affirmative, saying that:

“We are sisters and that is what sisters are for. If I do not have food, clothing, shelter, or lunch money for my children, Brianna is going to help out, and I will do exactly the same for her, too.” Our Kafoo really brought us closer in the past year, we rely on one another for basically everything.” Hayley, West Coast Region)

“Just a week ago, I was short on my payment for the Kafoo because my son was moving to Mansakonso25, Lower River Division to attend the Rural Development Institute. Even before asking, Hayley told me that she was going to help with this month’s payment, because she knew what my situation was and decided to help pay my monthly Reliance installment.” (Brianna, Tanji, West Coast Region)

The story of Brianna and Hayley is not a deviation from the experiences of the Kafoo members, but an expression of it. I have witnessed many situations just like theirs - from the bluffs of the northern bank to the southern bank of The Gambia.

Consequently, Janet’s Kafoo is also involved in community gardening, they have an Osusu, and the Reliance Financial Services village banking. One of her “Terrie Kafoo” members had a naming ceremony, and they put some money together towards the ceremony. When I asked her why would they take their money and give to the lady, she responded:

“The Kafoo, I think, goes beyond financial inclusion, it is an extension of our community. With the Kafoo, my life is better, but so is countless number of women in our community. As

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25 Provincial Capital
“sisters”, it is incumbent upon us to help, because, you see, if I am in the same position, they will do the same thing for me. Also, and most importantly, this is what “sisters” should do for one another. It is the right thing to do.” (Janet, Berending, North Bank)

Mandy from the village of Sameh, North Bank Region, is in a Kafoo with three other women and she is the youngest in her “Terrie Kafoo”; everyone looks at her as the child. Her “Terrie Kafoo” relies on her for some accounting advice, technology, among other things, since she got Western education. She is also the scribe for the Kafoo, she takes notes during meetings. To Mandy, the Kafoo is instrumental in her life, for, it is not only about the finances, but she relies on her “sisters” and “mothers”, given that she is young, she calls some of them “mothers” instead of “sisters”, out of respect for their age. She lamented:

I have a stronger relationship with the members of my community - thanks, mostly, to the Kafoo, I have expanded my network, and I have made new sisters and mothers. (Mandy, Sameh, North Bank)

When I arrived in the village of Lamin, Kombo North, West Coast Region, I met Sam and her Kafoo members, sitting near the Village Chiefs home, chatting and talking about community issues. Sam is a transplant and is not from Lamin, she moved there for marriage. For these reasons, she found it hard to make friends. When she joined the Kafoo, she made new friends, has an adopted “mother” in the village, and calls this woman’s children brothers and sisters; she felt involved in the community, participated in the politicking and events.

“Before the Kafoo, I was a recluse, because I moved to this village for marriage, and my clique was quite small. Because of the Kafoo, I have great new relationships, with women who make me feel like I belong.” (Sam, Lamin, West Coast)

With strong communal ties, women solidarity groups backing each other as collateral, helping each other out in times of difficulty, the loan default rate under Reliance Financial services, is very difficult. Reliance Financial Services, bank on this phenomenon, the solidarity groups, as collateral. In other words, the whole idea of the village banking scheme and its success is the solidarity groups, which do not only make Reliance successful, but it guarantees
that they can expand to other communities, with a simple model based on the Osusu, which has been the core of microfinance in The Gambia. Furthermore, this drastically reduces the risk of loan defaults, because when these women form their solidarity groups, they see one another as “sisters”, not business partners, and they make sure if one of the “sisters” cannot pay, that they come up with the money. Interestingly, Reliance want the women to form solidarity groups within the Kafoo, for precisely these reason, because they know the importance of such relationships within The Gambia. Moreover, having community support, in this case, the solidarity group, women tend to be more confident about taking out more loans, because they know that their “Terrie Kafoo” sisters will pay their debt and not default.

“I can, if Reliance is willing to give me a bigger loan, take out more money, without thinking about the collateral, because I know my “sisters” have my back. Honestly, the collateral part, whether the women in my solidarity group are going to pay or not, is not something I think about, because I know that the only reason why they won’t repay their debt is if they have it, and that is why we are here, to help one another when and if the other person can’t. And, I know that when I am in the same situation, they will have my back, too.” (Miriam, Kerr Jarrga, North Bank)

Microfinance, in my estimation, can prosper in The Gambia, because of the communal values. Also, the traditional, community values system plays a huge part of the Reliance Financial Services scheme. Without this, the entire village banking, based on my research and observation, would come to a halt. Unlike the conventional banking system, which is mostly based on individual collateral and individualism, the core of the village banking is the community, communal ties, in the form of women’s solidarity groups.

The community is one of the most important aspects of Gambian society, especially provincial Gambia. From personal experience, as a Gambian, and in the process of conducting this fieldwork, I encountered the Gambian woman, contextually, the Kafoo borrowers—some of whom wake up every day thinking where the next meal is going to come from, but still manage
to provide food for their families. Many would consider these women to be financially poor; however, the women are the glue of the community, simply because they support one another, would give their cups of rice and cups of cooking to neighbors, whom they would call “Domi Ndey”, colloquial for sister; they are willing to share the little they have with their neighbor. Alexis De Tocqueville’s Democracy in America and the communalistic life that took place in Antebellum America is probably the closest nexus I could draw here. Nevertheless, these folks go beyond De Tocqueville’s observations of Antebellum America – they are the true embodiment of a communalistic society – albeit lacking the structure of a kibbutzim. This communalistic system highlights a bigger discourse in development, poverty alleviation, and the democratization of microfinance: one of the approaches, rooted in the traditional form, which is more rooted in local communal practices and the more technocratic ways poverty alleviation and development. These two dichotomies and how they are being seen, implemented in The Gambia, I believe, has far reaching ramifications on the very nature of participatory democracy – both within the said organizations, and in the larger society, as a whole (Rothschild and Milofsky, 2006). To that end, microfinance, broadens participatory grassroots institutions, and as practiced in the Gambia, leads friends and neighbors to support each other at the community level and in so doing, lends itself to community solidarity.

26 Mother’s child
Further Findings and Discussions

4-17 Is Microfinance a Neoliberal Idea?

Microfinance and its link to neoliberalism as a field is developing, and there will be debates regarding the role of neoliberalism in microfinance in the foreseeable future. The delivery of goods and services, buying and selling, whether bartering that existed in most of precolonial sub-Saharan Africa or exchange of goods and services, has been at the core of every society, and each society has its own economy and structure. However, the systems and structures that observers commonly differentiate as the three modes of delivering goods and services are the market (private sector), state (public sector), and community (informal or third) sectors (Giddens, 1998; Gough, 2000; Polanyi, 1944; Thompson et al., 1991). Microfinance operates in all three structures and in all modes, and have been influenced by neoliberalism. Contemporary capitalism, from the steppes of the antipodes to the bluffs of The Gambia River, have been run by neoliberals. During the past 30 to 35 years, since the predominance of neoliberalism and the neoliberal ideology, it has become difficult to operate outside the market without engaging neoliberalism or its structures.

The fall of the Soviet bloc ushered a new wave of neoliberal capitalism, which in turn took the form of being organized and run through the nation-state. National capitalism was an attempt to manage markets and money through central bureaucracies (Hart, 1971). Its antithesis, argues Abdoulie Sallah (2013), is the informal economy (community, third sector), a term that originated during the early 1970s and began as a way of conceptualizing the unregulated activities of the marginal poor in third-world cities, and over time became recognized as a universal feature of the modern economy (Sallah, 2007). Independence from state rule unites practices as diverse as home improvement, street trade, squatter settlements, open-source
software, and illegal drug trafficking. In The Gambia, the informal economy is known as the domestic economy (ActionAid The Gambia, 2005), which is the driving force of the Gambian economy. The informal sector is enormous; 62.8% of the labor force is employed there. Males and females account for 55.3% and 73.8% of workers, respectively, demonstrating that there is greater participation of females in the informal sector in comparison to males (GOTG, 2005).

4-18 The Osusu Model

Many microfinance detractors, including Ha-Joon Chang and Milton Bateman, argue that the idea of microfinance is a “radically new way of dealing with poverty and underdevelopment, while very much accepting neoliberalism’s determined focus on the unquestioned application of market forces and private individual entrepreneurship” (Chang, Bateman, 2009). David Harvey, characterizes neoliberalism as the reigning ideology of our time—the need to vector all economic activity through private individual initiatives; the need to avoid any aspect of planning or conscious guidance of the market mechanism; the need for all institutions to attempt to “earn their keep on the market”; and the need to ensure that all economic organizations are also as much as possible owned and controlled (Harvey, 2006). To many critics of microfinance and its nexus to neoliberalism and neoliberal institutions, microfinance at its core is a neoliberal idea.

In my observation, one of the reasons microfinance exists is that for a long time, neoliberal financial institutions have refused to offer credit to marginalized, women and the poor people of the world. This was one of the reasons Muhammad Yunus established the Grameen Bank in Bangladesh when it gained independence from Pakistan (Yunus, 1999). In The Gambia, microfinance is not a neoliberal schema. A major microfinance initiative that preceded and worked, and continued to work, outside the neoliberal system is the Osusu system. Osusu is a
form of microfinance found in Africa, sometimes called rotating saving and credit associations (ROSCAs).

Osusus are small microfinance groups in which participants receive substantial amounts of money to meet planned heavy expenditure commitments. In the scheme, each participant agrees to contribute to a pool set at intervals. The amount collected is in turn disbursed to a member of the group, and the process continues until participants receive amounts equal to the contributions they made. The cycle of savings and payments repeats until the group decides to discontinue the scheme. Osusu members make fixed contributions of money at intervals, at which one member takes the entire pot. Every member takes a turn until the cycle is complete, and then it starts again. For people who take their turn late, Osusus functions as a savings mechanism (Thinkbcosalone, 2007). Modou Gaye, a Gambian development expert, describes Osusus as:

A revolving loan scheme in The Gambia and reaches out to most West African countries, operating as an informal micro-credit program. The women’s groups formed to function as revolving schemes are voluntary where members make fixed contributions of money at regular intervals of weekly, fortnightly or monthly. At each interval, one member collects the entire contributions from all the registered members and each member takes a share until the cycle is completed and then it restarts again. The Osusus are very strong program that have assisted the target group (women) to alleviate poverty, particularly among market women in rural/urban markets. Women’s groups are registered groups with their own constitution and normally headed by a president who oversees collecting money from the respective members on a stipulated time frame. The Osusus are often used as an approach for savings mechanism whereby donor agencies and NGOs are trying to push it as an innovation among women entrepreneurs mostly in the rural communities (2015).

In contrast to neoliberal entities, Osusus are informal groups that provide microfinance services. The Gambian Osusus are equally important to members in both urban and rural contexts. In villages, nearly all Osusus are run by women, but in towns and cities, they are more likely to include both genders. Ties of neighborhood, gender, age, kinship, and ethnicity create
peer group pressures that encourage regular participation. Each group has a leader, with seven to thirty members in villages, and seven to fifty in towns. In most groups, each member pays between D3 and D5 weekly. Gambian Osusus are often used as a model by NGOs that are trying to establish microfinance programs in the country (World Bank, 1996).

Osusus have been the model for microfinance expansion in The Gambia because they are understood by the people and very localized. An Osusu strengthens communal ties among members, and is one microfinance entity that has resisted and continued to resist neoliberalism in The Gambia. Osusus already existed in Africa, and the VISACA, Reliance Financial Services Kafoo system, and other non-profit microfinance institutions were built on these principles. For these reasons, it challenges the nexus between microfinance and neoliberalism. This form of microfinance is communal (i.e., third sector) rather than neoliberal. The Gambia’s neoliberal microfinance has been mostly dormant, or minuscule at best, given the number of microenterprises and microfinance initiatives. Formal microfinance falls under the Bateman and Chang (2009) argument of the neo-liberalization of microfinance. In The Gambia, there exist only two commercial microfinance institutions—of which only one, Reliance Financial Services, is fully operational—that provide both commercial (neoliberal) and non-commercial (Kafoo) services (Sowe, 2015).

Osusu is one of the oldest community-based microfinance institutions in The Gambia, and has resisted formalization, giving some women a degree of independence and solidarity (Saine, 2012). The Osusu scheme in The Gambia is similar to Susu in Ghana, Tontine In Cameroon and Niger, Sande’ in Sierra Leone, Upatu’ in Tanzania, Sanduk’ in Sudan, Hagbad’ in Somalia, Pisces’ in Kenya, and Six S’ in Burkina Faso, Mali, and Senegal (Brown, 1995).
The Osusu system in The Gambia is one of the few resistant structures to neoliberalism, and as a result, challenges the sweeping conclusion (Banerjee & Duflo, 2011) and argument that microfinance is a neoliberal idea. In The Gambia, Osusus and other SMEs intentionally avoid the formal sector for several reasons. The Gambia government in its National Policy on Small and Micro Enterprises Development document underscore that the smallest and micro enterprises often choose to enter and operate in the informal sector because of the high cost involved in registering a business. Registration fees for small and micro enterprises range from D500 to D10,000, which is a disincentive for registration of businesses (GOTG, 2003). Myriad studies, including Bateman and Chang (2011) highlight that neoliberalism exists everywhere; it permeates every system.

Microfinance works outside of the neoliberal structure, since there are communal forms of microfinance (e.g., Osusus) in the Gambian and West African economies that were not built on neoliberal principles, but grassroots, local systems. Some microfinance detractors do not see that microfinance has the potential to build on existing domestic economic models (World Bank, 1996), like the Osusus in The Gambia. Microfinance is an alternative economic system that is not built on the ideas of neoliberalism, but some microfinance institutions have either adopted neoliberal ideas or do not operate outside of the neoliberal structure. This means that buying and selling, and borrowing and repaying, do not necessarily mean neoliberalism because some of these structures were in place, like the Osusu model, before the emergence of capitalism (neoliberalism). Microfinance in The Gambia is largely a communalistic, cooperative, grassroots system that has been empowering, giving voices, providing opportunities, and moving the poor out of the poverty cycle (Njie, 2013).
Gambian microfinance, which is deeply rooted in existing community structures and traditional practices, in the form of Osusus, would make microfinance, especially the Kafoo system, successful in The Gambia. Instead of following the trickle-down system, where money slowly drips from the top-down; microfinance has been traditionally carried out at the community level, and has been a direct response to the top-down system of poverty alleviation. In context, the Reliance Financial Services Kafoo system, which has its grounding in the communal system of Osusus, a system that has, for the most part, resisted neoliberalism and could be an engine for economic sustainability. Furthermore, as a result of the aforesaid, Osusu microfinance leans on existing community structures, and uses their authority to regulate loan qualification, repayment, collateral, and is more than likely to be a sustainable economic development method than the top-down forms of development, which seldom trickles down.

The Gambian economy is overwhelmingly informal (GOTG, 2015), and consequently, even commercial microfinance institutions such as Reliance Financial Services have adopted the Osusu model for their Kafoo initiative (Women Solidarity Groups). The Kafoo offer the opportunity to reach a large mass of poor women, thereby extending credit to the previously unbanked and underbanked (Yunus, 1995). Abdoulie Sallah points out this nexus and how radical the Osusu system is, arguing, “The similarities between microfinance and informal financial markets also provide an important reason for studying the relationship between microfinance and informal institutions – the reason why microfinance, especially the Osusu system is quite radical” (Sallah, 2007). Sallah further suggests that the economic theories of Osusu microfinance depart from the neoclassical economic assumptions of perfect competition and no transaction costs. The reason is that Osusu microfinance has evolved as a potential
solution to informational imperfections and market failures, in which formal lenders are unsuccessful at serving poor borrowers (Sallah, 2007).

4-19 Revisiting the Microfinance—Neoliberalism Debate

To further engage Chang and Bateman’s (2009) argument that although microfinance is a “radically new way of dealing with poverty and underdevelopment, while very much accepting neoliberalism’s determined focus on the unquestioned application of market forces and private individual entrepreneurship”, I turn to the Reliance Financial Services’ Kafoo model, which is structured around the Osusu system, to challenge their premise. I echo the notion of Nanci Lee, who counters Bateman and Chang and those who dismiss the importance of microfinance as a poverty-reducing strategy because of its nexus to neoliberalism and neoliberal institutions. Lee counters, “I ask people who [equate microfinance with neoliberalism] if they have an ability to safely save and get access to money and if they've ever known poverty” (Sichel, 2012).

Microfinance “just provide[s] more options to the world’s poor. They want what we all want. Options” (Sichel, 2012,). As with any other poverty-alleviation method, there exists the good and bad, and microfinance is not immune to them, but there exist microfinance institutions like the Kafoo in The Gambia that are not built on neoliberal ideals, but on existing systems like Osusu, and they foster a sense of community, belonging, and dignity, and promise a better way of life for the poor and marginalized (Barry, 2016).

Reliance Financial Services exhibit some neoliberal ideas. Seeing failures of non-profit microfinance initiatives in The Gambia, the company added a new microfinance approach, the Kafoo system (women solidarity groups), based on the Osusu model. Reliance Financial Services has two microfinance models—commercial and noncommercial. The commercial microfinance
(individual lending) model falls under Bateman, Chang (2009), and Harvey’s (2005) observations. However, the noncommercial model (the Kafoo model), which is anchored by the Osusu model, is a non-neoliberal system. The commercial microfinance model targets urban centers, where group lending is not an ideal approach. Reliance Financial Services’ Kafoo lending, also known as village banking, targets Osusu organizations. To operate in any village, the company first looks for communities in which there are existing women solidarity groups (Kafoos), which usually have Osusus, before approaching them with starting a banking relationship. The company does something that most neoliberal microfinance institutions seldom do, which is employment of the participatory rural appraisal (PRA) approach. The approach brings potential women borrowers together to share their knowledge, engage in question and answer sessions, involve them, and ask them what they need, instead of imposing ideas on them. This is a democratic, community-based system, in which the people who are receiving the loans make their own constitutions, rules, and interest rates. According to the World Bank (1998), PRA:

is a label given to a growing family of participatory approaches and methods that emphasize local knowledge and enable local people to make their own appraisal, analysis, and plans. PRA uses group animation and exercises to facilitate information sharing, analysis, and action among stakeholders. Although originally developed for use in rural areas, PRA has been employed successfully in a variety of settings. The purpose of PRA is to enable development practitioners, government officials, and local people to work together to plan context-appropriate programs.

Satang, of Bakang Village, Jokadu District, North Bank Region, called this system “bringing the bank to the village, instead of going to the bank” (Satang, 2016). Bakang is a fishing and agricultural village, 10 miles from the main highway and 25 from the regional capital, where the nearest bank is located. Only one commercial vehicle runs from the village to the regional capital of Barra, which runs twice a day, early in the morning and in the evening. For women like Satang, the group-lending Kafoo initiative, coupled with the PRA, attracts them
to take part in village banking for the first time, and offers access to financing for the first time in their lives. This is important because rural women seldom have access to banks, which are centered in regional capitals and require travelling many miles to reach. Even if they had access to a bank, it does not guarantee loans because of lack of collateral.

Most women are already involved in business (e.g., gardening, farming, haberdashery, fish-selling, tailoring, etc.). The loans they receive from Reliance Financial Services help them expand their businesses. Given the failures and cooptation of many microfinance institutions by neoliberal entities, many microfinance detractors have developed an all-encompassing approach to the critique of microfinance; they evaluate microfinance in the prism of predatory capitalism but ignore or are unaware of traditional microfinance institutions in informal, traditional economies like that in rural Gambia.

Additionally, from the Kafoo model and its edifice, Osusu, microfinance lending strengthens the local economy because it gives borrowers more access to credit, a savings plan, and some form of financial discipline, thereby expanding businesses and saving money for future business ventures and personal spending. The microfinance system in The Gambia, which is still heavily informal, is based on the Osusu model, a communalistic system. The Osusu institution existed in The Gambia long before the emergence of commercial microfinance, capitalism, or neoliberalism. I refer to this as overlap, since the two must not be mutually exclusive; they intersect because markets, buyers, and sellers are not exclusively a capitalist phenomenon. Even the formal microfinance system, spearheaded by Reliance Financial Services, employs the Osusu, Kafoo, communal model.

The Osusu system is a microfinance model, and in my summation, a potential neoliberal firewall. In Osusus, even women involved in formal microfinance schemes are still heavily
involved in Osusus. Osusu in The Gambia is deeply rooted in communal ties that call into question the application of market forces and the neoliberal system. As Harvey observes (Harvey, 2007), neoliberalism has permeated nearly all of the world’s economies and institutions, with few exceptions. In my research of the Grameen Bank, the VISACAS, Reliance Financial Services, and the Osusu models, I argue that microfinance institutions are thriving on both neoliberal and non-neoliberal ideals.

4-20 A Remittance Dependent Country

During the past 3 years, like most of sub-Saharan Africa, remittances have eclipsed foreign aid influx in The Gambia. According to Adams, Gupta, Pattillo, and Wagh (2009) remittances are typically transfers from a well-meaning individual or family member to another individual or household. They are targeted to meet the needs of recipients, and thus reduce poverty. Cross-country analyses suggest that remittances have reduced the share of poor people in the population (Gupta, Pattillo, & Wagh, 2009). According to a recent report from the International Fund for Agricultural Development (IFAD) June 2017, Gambian migrants contributed 22% of GDP in 2016. The report also confirms Gambia as the 2nd country in Africa that relies on remittance for GDP, just below Liberia (31%). Remittances have huge effects on Gambia’s economy. They keep many families viable, and for some families, it is their only source of income. Remittances have financed a construction boom in The Gambia, thereby creating employment for some Gambians with artisan skills. However, most people with such skills are foreign-born. Most receivers of remittances use the money for consumption; they seldom produce or invest the money, akin to throwing money away. The money keeps the receivers viable, but seldom multiply or grow, and recipients wait for the next round of money.
“About 40 percent of remittances – $200 billion – are sent to rural areas where most poor people live,” argues Pedro de Vasconcellos, manager of IFAD’s Financing Facility for Remittances and lead author of the report. “This money is spent on food, health care, better educational opportunities and improved housing and sanitation. Remittances are therefore critical to help developing countries achieve the Sustainable Development Goals” (Kebbeh, 2013). In The Gambia, incoming remittances in 2011 more than doubled the size of foreign direct investment (FDI) – $90.7 million versus $35.9 million. Incoming remittances are equivalent to net official development assistance (ODA) and official aid to The Gambia. Although FDI has decreased since the onset of the recent global economic crisis, remittances have not. This instead makes The Gambia a country of aid, or even FDI. Reliance Financial Services through their Money Transfer system, heavily rely on remittances. Seedy Njie, chief financial officer of Reliance Financial Services, remarked:

Remittances are an avenue that Reliance Financial Services is seriously involved in as a poverty alleviation mechanism. We came to realize that remittances have been the single most important factor in poverty alleviation in The Gambia. We are making a lot of impact in the lives of people through remittances. 16 to 20% of GDP is from remittances, and in The Gambia, almost every household has someone abroad, and most of those people send something back home. This is what is sustaining the average Gambian more than anything; remittances are what is sustaining a lot of Gambians (Njie, 2013).

In The Gambia, many people have relatives who are overseas, sending money to their families and sustaining many households. Moyo (2008) argues that for Africa to eradicate poverty, a five-year plan is required, during which poor countries are incentivized to have access to finance and international markets, flanked by microfinance, trade, FDI, and remittances. Commercial microfinance outlets such as Reliance Financial Services have already invested in remittances to fight poverty, demonstrating that economies such as that in The Gambia need more than one mechanism to reduce poverty. Seedy Njie reported that some clients do not need loans because
of remittances that relatives wire through Reliance Financial Services. These remittances sustain some clients’ ability to run small or micro businesses, so the company only offers advice on how these clients can operate as small business owners (Njie, 2013).

4-21 Remittances, Microfinance, and Back-Way Migration

“As populations in developed countries continue to age, the demand for migrant labor is expected to keep growing in the coming years,” argued de Vasconcellos. “However, remittances can help the families of migrants build a more secure future, making migration for young people more of a choice than a necessity.” In The Gambia, where 22% of the economy is based on remittances, many youths try to cross the Mediterranean into Europe, a journey colloquially dubbed Back-Way. In The Gambia, migration to Europe is not a choice for many youths, but a necessity.

Addy from Tanji Village, Kombo South district, in the West Coast Region, about 20 miles from the Gambian capital, Banjul, who is part of the Kafoo, has been buying and selling fish in the coastal village for the past 35 years. She lives close to the Tanji Fish market, the largest in The Gambia, in a tin-roof house, which was built by her late husband. She has 8 children and 14 grandchildren. Three male sons live in the same compound with their wives and combined 7 children. Last year, Addy sold a cow, took out a loan for D5000, and with meager savings, gave the money to one of her grandchildren to take the Backway across the Mediterranean to Europe. The boy has been gone for over a year, and they are still waiting for him to send his first remittance. Since he is staying at an asylum shelter, he is unemployed and cannot start sending money home. This has placed much strain on the grandmother, who used all of her savings to pay for the trip. She is optimistic that he will find a job, like one of her
neighbors, whose 17-year-old son went to Germany through Italy, and now the family is much better off. Her business is at a standstill, given that she gave all her money and sold some assets to make the payment. She still goes to the fish market, but without capital, she is unable to engage in serious commerce. Her business is failing, but luckily, she lives in an extended family, in which everyone contributes food, and her proximity to the fish market means that she can always find fish cheaply, or free. Since she is struggling to repay her debt to Reliance Financial Services, she is thinking about quitting the Kafoo for now, until her grandchild starts sending money back home.

![Figure 22. Women fish traders with their children. In the background is a lineup of fishing boats at The Tanji Fish market.](image)

This situation is a dilemma for many Gambians, who are, for good reasons, investing and taking out loans to sponsor family members’ Back-Way journeys. Remittances have huge impacts on the Gambian economy. They financed a construction boom and thereby created mass employment for many Gambians with artisanal skills (e.g., bricklaying, masonry, roofing,
electrical works, plumbing, and tiling). Remittances also helped finance social investments in schooling and health, and contributed to the tax base. Remittances often benefit families that have family members abroad who can make periodic transfers. This is used to build houses, which generates jobs in the construction industry and a range of service providers, and some is used to develop small businesses, which creates jobs and provides badly needed services (Sallah, 2016).

Katy from the village of Hamdalai, North Bank Region, on the Senegal-Gambia border has been with Reliance Financial Services for two years. She already had a business prior to joining the Kafoo. After joining, she was able expand her vegetable business, buying and selling palm oil, which was successful because unfortunately, Hamdalai does not have a market, meaning the women must cross the border daily into Karang, Senegal, a bordering town, to do their grocery shopping. Since few people are involved in this venture, she could make much profit because the demand was there, and given her loan she was able to provide the supply. She is 38 years old, has been married for 19 years, and has 6 children. She could send her oldest child to Italy through the Back-Way due to her expanding business. The child was able get to Austria through Italy, regularized his asylum, and has a steady job. He is currently sending more than $200 (about D10,000) per month. She said that she is quitting, graduating from taking loans, after this loan cycle because the money she is receiving from her son is enough to run her business. Her son has also corrugated their house and is planning on building a naigee cement soon. Some remittances are also used to fuel consumption, which creates domestic demand for local businesses. Most residents who do not have family members who earn money overseas struggle to make a hard living. For these reasons, Back-Way migration offers appeal, as with the cases of Addy and Katy.
4-22 Microfinance as a Women/Gender Development Strategy

Women’s exclusion from the public arena, greater time spent in poverty, and lack of mobility limit their access to markets, and thus diminish their economic opportunities. Women usually have less information about prices, rules, and rights to basic services. Manda and Mwakubo (2014) argue that despite progress made with achieving gender equality in African countries, by ratification of international and regional conventions and commitments by African countries, gender inequality remains prevalent and continues to be a major challenge. Most women work in the informal sector, or on small pieces of land, and are engaged in care work with little or no pay. Women also have limited access to credit, land, agricultural inputs, equipment, extension services, and markets than men have. Some inequities are embedded in deep-rooted cultural norms and beliefs in African societies.

This study addresses several research questions. How does microfinance address and fix inequalities in Gambian society? Is there intersection between gender and development/microfinance in The Gambia? Does participation in microfinance alter how women fare regarding upward mobility and access to capital? Does microfinance advance women’s social, economic, and political standing in their communities? Is microfinance a viable poverty-alleviation method in The Gambia? What is the role of the Gambian government, considering it ratified most international and regional conventions and commitments concerning women’s rights, in sponsoring microfinance and granting women and girls greater access to capital, education, and other means of poverty alleviation?

(ADB, 2006, p.12) Micro and small enterprises dominate the Gambian economy. This dissertation found that microfinance reduces poverty if it targets those who need it, uses it effectively, and is sustainable. The problem with many microfinance programs is that they have
not developed business models that guarantee repayment and recycling of capital to ensure sustainability. Channeling capital to the poor requires guiding the poor on productive use of the capital. Microfinance that simply gets deployed for consumption does not make the poor richer, and the gender gap in all dimensions of economic development is wide in Gambian society. Despite women being the largest segment of the Gambian population, disparities in gender roles, illiteracy, high unemployment, and lack of mainstreaming the interests and needs of women in national policy and the system leave many women economically disadvantaged. Hence, the provision of microfinance services in the forms of micro-credit, insurance, and micro-savings might be a great poverty-alleviation tool to create equity and uplift the economic and social status of women. Women can use these services toward productive consumption, such as feeding their families, sending their children to school, affording healthcare, and engaging in productive economic activities to increase income. Regarding microfinance and gender, it has been a neutral industry concerning women. Recently, however, microfinance has focused on women because the government, micro-lenders, and aid organizations discovered that women carry most of the financial burden in Gambian society, and they are usually more organized through Kafoos (women solidarity groups) (Fatty, 2016).

The Reliance Financial Services Kafoos have many success stories. This study examines the role of microfinance regarding borrowers’ health, their children, their children’s education, and the difference Reliance Financial Services made in their lives. Responses suggest the viability of microfinance as a poverty-alleviation method. Some responses from recipients of Reliance Financial Services loans corroborate these outcomes.

Jay from Sameh Village, North Bank Region started selling meals at the local elementary school 8 years ago, but seldom made profit or expanded her business. During this time, she
borrowed from local shopkeepers, and sometimes this was difficult to find. In 2011, she received a $100 (D4500) microloan. Since then, she has expanded to selling to another nearby school, employing her younger sister. She has also started traveling to Senegal, buying clothing items, palm oil, and shoes. Before her involvement in microlending, she had no savings and was living hand-to-mouth. Today, she has employed two people, expanded her business, and is building a cement house from the proceeds from her businesses, and has sent her daughter to Italy. She lives in mud house, which used to leak during the rainy season. In the past few years, she bought a corrugate house, and with her new cement house, which will be completed in 2018, she will be living an envious life. She is now borrowing more than $2000 (D80000) during each loan cycle.

Jay’s story is also interesting in that she is not only a Kafoo member, but also an SME borrower, which helps her get two loans from Reliance Financial Services. Her reasoning:

The Kafoo loan cycle is every 6 months, while the individual loan is mostly based on when you pay, and you serve as your own collateral, instead of relying on your peers. Also, the loans are bigger. I can get now, given my expanding business, bigger loans, which enables me to embark on new opportunities, given that the money is available.
Figure 23. Jay’s current mud house in Sameh Village, North Bank Region.

Figure 24. Jay’s new cement, self-container house in Sameh Village, North Bank Region.
Jay’s story is that of individual initiative, which is also the story of most Gambian women.

Binta from Bambang village, Foni Bondali District, West Coast Region sells fish and vegetables at the local market. Before she joined the microfinance Kafoo, she was living from hand-to-mouth, consuming the money she made. When she joined the Kafoo, she started saving and buying more produce, and during the past two years has opened a canteen, employed another shopkeeper, and bought more goods. She is paying for her son’s post-secondary school education at the Gambia Technical and Training Institute. Binta’s village is 10 miles from the former president's home village of Kanilai. Bambang is also a border town, right on the Senegal–Gambia border. Nearly all homes in the village are mud houses with no electricity, very multi-ethnic, comprising of Jola and Fula ethnic majorities. With the microloan, Binta has been able to buy a generator and refrigerator, and is the only vendor selling ice cubes and cold water in town, which is in high demand. She also uses electricity from the generator to charge cell phones, bringing her extra income. She could do this with the microloan.

If I could get a bigger loan, I would one day make my own borehole and start a community garden, where we could grow crops all year around, and not depend on the rainy season to grow crops. However, I am thankful for the Kafoo, because before the Kafoo, I was mostly a housewife, financially at the mercy of my husband, who is also very poor. The Kafoo has enabled me to start my own businesses, do not ask my husband for fish-money or the kids lunch-money.

These people's lives have changed for the better because of microfinance, and with a very developed Gambian economy, microfinance might have a greater effect on the economy. I find that microfinance in The Gambia fosters upward mobility, sustains families, and moves women
out of poverty, but is very slow at moving women into the middle class, mostly because the loans are too small to move anyone into it. However, it has moved many people out of the bottom of poverty.

Gambia is a male-chauvinistic society, with a high dependency ratio, and that makes it more difficult for women like Jay, who would otherwise be living from hand-to-mouth. Microfinance offers a way out of poverty through access to capital, and a form of upward mobility. My study of microfinance suggests a potentially important part of this burgeoning enterprise; without microloans, many women petty-traders would not have access to credit from financial institutions, given stringent collateral demands and the remoteness of their villages. Since many Gambians are micro-traders, microfinance has helped them tremendously, providing capital to the mass of small businesswomen throughout the country. They sustain their families, even though the majority have not moved into the middle class. However, just that they are no longer living hand-to-mouth and are meeting their basic needs signals a form positive trajectory, and thus a form of upward mobility. This suggests the question: Should researchers start asking whether microfinance improves the lives of women, instead of asking whether it moves them out of poverty?

The primary benefit of microfinance is not based solely on poverty-alleviation, but extending access to financial services, which allows people to remain stable and not live precarious lives. There is a tenuous line between being poor and being destitute (Forbes, 2012). In The Gambia, about “95% of the bankable Gambian population is either, underbanked or unbanked” (Njie, 2013). With microfinance, the previously “unbankable and excluded poor are now part of a functioning financial dynamic. With this comes a culture of borrowing and repayment crucial for financial development in a well-oiled successful economy” (Moyo, 2009,
What makes this model attractive is its promise to reach the poor. Women prepare or sell food, sew and dye clothing, and create other handicrafts, and provide financial sustainability. It also has a growing number of success stories, and unlike top-down models of development, it has the potential to build on traditional systems such as Osusus.

Many microfinance detractors measure microfinance from a macroeconomic perspective. Microfinance has a microeconomic impact on the people who receive the services. For example, the microeconomic activities of the Kafoos in the West Coast and North Bank Regions affect the lives of the local people, but it is seldom felt in the Kombo St. Mary Region or the Georgetown area because of its micro effects; it is very localized. Basing the success of microfinance on the macroeconomic performance of a country is akin to evaluating how the stocks of General Electric fare using the GDP of the United States. Microfinance benefits the poor, mostly women, and its effects are felt widely in a micro-way in the family and immediate vicinity. Top-down economic models of poverty reduction were designed for a formal macro-economy, and microfinance has more impact on the micro-economy and the poor people involved in it (Sowe, 2015).

4-23 Women, Microfinance, Politics, Society, Economics, Faith, and Resilience

An interesting finding, albeit tangential, is the link between gender, microfinance, politics, society, economics, faith, and resilience. In The Gambia, there exists a confluence of political, social, and economic reasons a person cannot discuss the role of microfinance concerning the advancement of women in economics, politics, and society without discussing a looming topic—religion. I observed that spirituality (i.e., religion and faith) plays a role in their views of politics, economics, and society. These topics, especially politics, should not be
confused with American conservative views of economics and religion in politics, but as that of fatalism—the sense that “God will always provide, and that the leader (husband, the president), the system should not be challenged, for God appoints leaders” (Forster, 2016).

Gambian women attribute their faith in God as a form of buffer. The topic of religion and faith as a form of social resilience was a recurring theme throughout my encounters with Gambian women. Their steadfast belief in God, according to Amadou Gaye, is an inherent aspect of their resilience regarding reducing vulnerabilities and increasing resilience as incorporating to aspects, adaptive capacity and adaptive response (Gaye, 2015). The former is about the information, knowledge, skills, and conditions necessary for response actions, and thus that spiritual belief is part of the former. Social resilience has an intricate, organic link with the economic base and political institutional framework, and thus with economics and other forms of resilience. Holistically, economic circumstances greatly influence socio-political manifestations. Microfinance gives women not only capital and a sense of community, but political participation. Gambian women, much like larger Gambian society, view political, social, and economic issues in profoundly fatalistic terms, which is still embedded in positivity and optimism, and hence a form a resilience.
Chapter V

Conclusion and Policy Implications

5-1 Conclusion

The most important finding in this study is not whether microfinance is neoliberal or not but that microfinance, in The Gambia, is a sustainable development method, because it has the potential to build on existing local practices. As a case in point, the Osusus, which brings communities together, fostering a sense of community, belonging, and if this localized version of microfinance by Reliance Financial Services ought to be a sustainable poverty alleviation method, it must remain grounded in the Osusu model of microfinance. Furthermore, microfinance institutions like the Osusus have been in existence in places like The Gambia for generations; as (Mader, 2015, 43) observed that microloans to alleviate poverty, in fact, have a longer, ambivalent history, but modern microfinance advocates draw very little (consciously) on such lessons from the past. Non-bank credit institutions reach far back in many parts of the world, and various observers have analyzed these as vehicles for social change and economic development. This is the case of The Gambia, where institutions like the VISACAS failed because, even though, they were grassroots driven, lacked the AstroTurf grounding in local practices like the Osusus. It is, therefore, important to understand the underpinnings of the Osusus and Reliance Financial Services Kafoo village banking, which could arguably be the reason why they have been successful. To that end, even though, Reliance Financial Services exhibits neoliberal tendencies, the Osusu system does not have the corrosive effects of neoliberal policies. For microfinance to be successful in The Gambia, adapting the communal system of the Osusus, would, for all intents and purposes, be the edifice one of the leading poverty alleviations in The Gambia.
Essentially, researchers and international development experts’ conversations vis-a-vis poverty, for the most part, lack a consistent comprehension of the conundrum at hand, thus, presenting two major problems for policy experts, governments, and international development practitioners. First, the criteria used in the determination of poverty are not uniformly agreed upon. Second, the label, "the poor," obscures the facts that there are different types of poverty and different experiences for people who are poor (Beegle, 2000, p.5). In the case of the developing world, contextually, The Gambia, abject poverty and poverty are two different phenomena. In The Gambia, poverty could be further divided into two areas -- those living in abject poverty: in which an individual is unable to meet the minimum levels of income, food, clothing, healthcare, shelter, and other essentials. And, those living in poverty, above the abject poverty line: in which an individual can afford basic things but is barely making ends meet. Tied to the findings of this dissertation - this study concludes that most of Reliance Financial Services Kafoo borrowers, since they started taking the loans, have been able to move from abject poverty to poverty; thenceforth, improving their livelihoods, standard of living, and that of their families in relation to healthcare, food, education, among other things.

Consequently, most of the Gambia government’s policies regarding MDG parameters are printed or laid out in some policy paper or charter, without any follow-through. Regarding women and the economy, economic policies usually depart from the realities Gambian women experience. This study suggests that macro analyses of myriad problems facing Gambian women is a good start because they offer quantifiable and raw data on poverty and economic development. In a highly informal economy like that in The Gambia, to understand the impacts of poverty and financial exclusion, it is imperative that researchers examine the basics, the micro-rural Gambia, and understand social realities such as how poverty is shaped by historical,
social, political, and economic factors, and ethnic, religious, and gendered structures (Bailey, 2007). These are crucial elements that macro policy analysts in The Gambia have missed concerning the economics of poor people, especially women, who account for most of the poor.

In summation, poverty in The Gambia has many aspects, and is multi-faceted; it encompasses politics, society, culture, religion, and economics. When trying to understand the meaning of economic development and capacity-building in a country in which 60% (The United Nations Development Programme’s, Human Development Index, 2013) of the people live in poverty, and where abject poverty is a literal term, statistics fail but individual experiences are much more revealing. In The Gambia, economic growth and poverty-alleviation have been largely based on the assumption that macro-level growth alleviates poverty and exclusion, ignoring other important factors such as political, social, cultural, and religious issues.

Epistemologically, I struggled to grasp the number of financially poor, rural Gambians whom I encountered during my fieldwork. The stories of multitudes of Gambian women in the North Bank and West Coast Regions, and their increasing numbers, cannot be explained using macro analyses alone because their stories, and that of many poor Gambians, are too complex and nuanced to satisfy. A 60% poverty rate is why this dissertation exists; it is why the stories of the industrious women of Essau, Bakang, Hamdalai, Sameh, Kartong, Bwiam, and Sibanor exists, and why personal, individual voices are important.
5-2 Policy Recommendations

Despite women being the largest segment of The Gambian population, disparities in gender roles, illiteracy, high unemployment, and lack of mainstream interest in the needs of women in national policy and the system leave many women economically disadvantaged. Therefore, both the Government of The Gambia and other stakeholders like Reliance Financial Services should and could use microfinance services in the forms of micro-credit, insurance, and micro-savings as a major poverty-alleviation tool to create equity and uplift the economic and social status of women in society. Women can use these services for productive consumption such as feeding their families, sending their children to school, affording healthcare and engaging in productive economic activities to increase their income.

Based on my findings, microfinance reduces poverty, and therefore should be targeted to those that who need it, especially women. The problem with many microfinance programs, especially non-profit ones, is that they have not developed business models that guarantee repayment and recycling of capital to ensure sustainability. Channeling capital to the poor requires guiding the poor on productive use of the capital through micro-entrepreneurship, and all stakeholders, including the government, can make this happen. Other stakeholders can learn from Reliance Financial Services’ business model of training borrowers on financial management.

Based on my findings, mobile technology is sweeping across the country and the Gambian government and microfinance entities, including Reliance Financial Services, should use mobile technologies. In most of peri-urban and urban Gambia, even provincial areas, there is a growth of cell phones. Mobile banking would serve borrowers’ well and be more effective and efficient, and reach a larger portion of the population. Mobile technology can help widen access
to financial services, as evidenced in countries such as Kenya in East Africa with M-pesa mobile phone banking. Financial users can be registered on a mobile platform, using eye or fingerprint technology. This identity database can be used for a range of financial services applications. The poor can save and spend through it, and it could radically transform financial services.

Since most rural Gambians and Reliance Financial Services Kafoo borrowers are subsistence farmers, or depend on subsistence agriculture for food, it would be prudent to modernize the local agricultural base. The Government of the Gambia should promote small-scale subsistence agriculture needs to be modernized, but would continue to be necessary for food security, with modern technology (e.g., ICT), and focus on high-value crops (e.g., spices). It can still be an important source of employment for even young Gambians. In many parts of the world, young people are returning to work in peri-urban agriculture to bring technology and innovation to small-scale agriculture.

Looking at the macroeconomics of the country, the Gambian economy can benefit from its location, on the West Coast of Africa and 8 hours by flight to New York, 6 hours to London, and 4 to Spain. It is a coastal country, with navigable waters inland. It has a good port that should be modernized, and a good airport. It also has an increasingly capable human capital base. With political stability and good leadership, The Gambia is poised for economic success.

Finally, Reliance Financial Services has a near-monopoly on commercial microfinance, given its involvement in nearly every other village in the country. Some peri-urban villages even have two Kafoos. To break this monopoly, government regulators should lessen deposits necessary to set up a microfinance bank. This prevents many banks from offering alternative services, and this would be beneficial to borrowers because competition among lenders would reduce interest rates, providing favorable deals to borrowers.
5-3 Research Topics Revisited

This study addresses questions to assess the way microfinance affects the lives of the unbanked and the underbanked. I begin its conclusions by returning to the original intent of the study—discovering whether microfinance is a catalyst for moving people out of poverty. I address this by revisiting the four areas of the survey: education, multiplier effect, health, and food. From the responses, microfinance works and has a multiplier effect. It has positive ramifications for children, family, personal health, education, savings, and greater access to food. Microfinance gives voices to marginalized people, including the women this study examines and other villagers in The Gambia. It gives financial access to marginalized populations, mostly women, who otherwise would not have the access to capital, the market, and the state.

During one interview, Seedy Njie offered an analogy that belies the essence of microfinance as a catalyst for moving women out of poverty. He stated that their mission statement is Changing Lives (Njie, 2013) meaning changing the lives of Gambians, and if they do not change the lives of the people they serve, the community and The Gambia, they consider themselves failures.

If you have somebody who is selling at the market, and if they are laying their own clothes on the ground to sell their products, and you get that person to get a store, then that means that you have changed that person’s life. Also, for example, if somebody has a store but has only one assistant, and then starts employing two or more people, then you are changing people’s lives. (Njie, 2013)

Since 90% of borrowers are repeat borrowers, they are having a positive impact on the lives of the people they serve, and their communities.
This study suggests that microfinance loans through involvement in Kafoos have enormous effects on lives, children’s schooling, welfare, healthcare, businesses, and upward mobility. With the failure of macroeconomic policies and other top-down economic policies, microfinance might benefit poor, disinherited, marginalized women of The Gambia. Microfinance and other forms of development, such as remittances, are a potent force in poverty-reduction since they deal with the poor directly, but they alone are insufficient because they require more than microfinance to move the poor out of poverty, though they are a good start. Microfinance such as the Osusus are local, community based initiatives that could be the catalyst for economic development and, in the process, corralling the community together.

Additionally, the Osusu system of microfinance is more liberator than the regular conventional banks for many reasons. One of the reasons is that microfinance, in my observation, even though, it thrives on both neoliberal and non-liberal ideals, the Osusu system does not have the corrosive effects of neoliberalism and creates a more communal, traditional approach of poverty alleviation that the conventional banks and the trickle-down system of poverty alleviation. Also, it is more democratic, since women, in some instances, create their own constitutions, set their own interest rates, and by extension, provides community solidarity.

Microfinance’s impact on Gambian economy, and the economies of many countries, is still being debated. Bangladesh believes it is an edifice to modern-day microfinance, but it remains one of the poorest countries in the world. Is microfinance a poverty-alleviation mechanism? This study and others show that it helps in the fight against poverty, but it will take more than microfinance to bring the economies of The Gambia and other lagging economies to the new, tech-savvy global economy, which propelled South Korea, Japan, China, and Russia to economic leadership.
This study contributes to the limited literature on microfinance and alternative development, since few studies examine these topics in The Gambia. The findings should be employed by institutions involved in development to further their awareness of microfinance. These findings are also relevant to researchers, and shed light on the continuing debate on microfinance—what works, what remains challenging, and what improvements make microfinance a viable poverty-alleviation method in The Gambia. This study brings awareness to failures, successes, and the potential microfinance has in making a change in the lives of poor Gambians.
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APPENDICES

APPENDIX A: Informed Consent

Research Title:
Where the Market Meets the Community: An Economic and Gender Study of Microfinance in The Gambia.
Investigator: Sulayman Njie
April 26, 2015

Title of Study
Where the Market Meets the Community: An Economic and Gender Study of Microfinance in The Gambia.
Principal Investigator: Joyce Rothschild
Co-Investigator: Sulayman Njie
Department: School of Public and International Affairs
Address: 104 Architecture Annex Blacksburg, VA 24061-0113
Phone: 540-951-0214
E-mail: joycer@vt.edu

Background
Participants are being invited to take part in a research study. Before a participant decides to participate in this study, it is important that the participant understand why the research is being done and what it will involve. Please take the time to read the following information carefully. Please, let the researcher know if there is anything that is not clear, and the researcher shall explain, if a participant happens to need more information.

Purpose of Study
This research explores the economic, poverty, socioeconomic, and governance problems facing the African continent in general and The Gambia in particular. The study examines the level of poverty in The Gambia, the government’s and international agencies responses to alleviate poverty in the country. Empirically, it will examine the microfinance outlook in The Gambia, its impacts on the socioeconomic, financial, structural, governance, and its political ramifications on the country. Furthermore, it will examine the role of microfinance as an alternative poverty alleviation mechanism, by juxtaposing, comparing, and contrasting the role of the commercial and grassroots microfinance institutions (MFIs) in The Gambia. And for this research you the participants will be the one of the subjects that is going to be interviewed.

Study Procedure: Expected time commitment for this study is four hours

Procedure: The researcher expects the participants to participate in the interviews regarding their microfinance operations, challenges, successes, profits, interest rates, etc. We will conduct the interviews on participant’s free time.

Risks: The risks of this study are minimal. These risks are similar to those you experience when disclosing job-related information to others. Participants may decline to answer any or all questions and you may terminate your involvement at any time if you choose.

Benefits: Due to the lack of data and research out there about aid, development, and microfinance in The Gambia, and the recent debate surrounding conventional forms of aid, development, and poverty, the researcher expects this research will contribute to the alternative development literature in The Gambia, as there have been few studies conducted on this topic. Hopefully the findings will be employed by organizations that are involved in development to further their awareness on the topics of aid, development, and alternative forms of development such as microfinance. Also hopefully the findings will be relevant to researchers, scholars, development enthusiasts, and will shed more light to the continuing debate on microfinance—what works, what doesn’t, and what improvements could be made to better this phenomenon.
Informed Consent
April 26, 2015
Title of Study: Where the Market Meets the Community: An Economic and Gender Study of Microfinance in The Gambia.

Alternative Procedures: If the participant does not want to participate in the interview, they may choose not to participate.

Confidentiality: For the purposes of this research project the participant’s comments will not be anonymous unless they request that they be. The participant may request that all or part of their responses be kept anonymous at any time. Every effort will be made by Researcher to preserve the participant’s confidentiality including the following:
- Notes, interview transcriptions, and transcribed notes and any other identifying participant information will be kept in a locked computer, in a locked room, in the personal possession of Researcher personal possession. These materials will be destroyed once no longer necessary for this research.
- It is possible that the Institutional Review Board (IRB) may view this study’s collected data for auditing purposes. The IRB is responsible for the oversight of the protection of human subjects involved in research.
- The participant can obtain a transcribed copy of the interview, if they happen to want one.
- The data will be kept confidential absent in cases where the research is legally obligated to report. These would include incidents like abuse and suicide.
- At no time will Researcher release the results of the study to anyone other than individuals working on the project without your written consent

Contact Persons: If the participant happens to have any questions about the research or any related matter, please don’t hesitate to contact the researchers at (sauln@vt.edu or 304-308-2722) or Dr. Joyce Rothschild at Joycer@vt.edu

Institutional Review Board: If the participant has questions regarding their rights as a research subject, or if problems arise which they do not feel they can discuss with the Investigator, please contact the Institutional Review Board Chair Dr. David Moore, Chair for the Protection of Human Subjects, telephone: (540) 231-4991; email: moored@vt.edu

Voluntary Participation: The participant’s participation in this study is voluntary. It is up to the participant to decide whether or not to take part in this study. If the participant does decide to take part in this study, they will be asked to sign a consent form. If the participant decides to take part in this study, they are still free to withdraw at any time and without giving a reason. The participant is free to not answer any question or questions if they choose. This will not affect the relationship the participant has with the researcher.

Statement: The participant voluntarily agrees to participate in this study. The participant has the following responsibilities: answering questions regarding Reliance Financial Services and the state of microfinance in The Gambia.

Unforeseeable Risks: There may be risks that are not anticipated. However, every effort will be made to minimize any risks.

Costs to Subject: There are no costs to the participant for their participation in this study.

Informed Consent
April 26, 2015
Title of Study: Where the Market Meets the Community: An Economic and Gender Study of Microfinance in The Gambia.

VII. Freedom to Withdraw

It is important for you to know that you are free to withdraw from this study at any time without penalty. You are free not to answer any questions that you choose or respond to what is being asked of you without penalty.
Please note that there may be circumstances under which the investigator may determine that a subject should not continue as a subject.

Should you withdraw or otherwise discontinue participation, you will be compensated for the portion of the project completed in accordance with the Compensation section of this document.

VIII. Questions or Concerns

Should you have any questions about this study, you may contact one of the research investigators whose contact information is included at the beginning of this document.

Should you have any questions or concerns about the study’s conduct or your rights as a research subject, or need to report a research-related injury or event, you may contact the VT IRB Chair, Dr. David M. Moore at moored@vt.edu or (540) 231-4991.

IX. Subject's Consent

I have read the Consent Form and conditions of this project. I have had all my questions answered. I hereby acknowledge the above and give my voluntary consent:

________________________________________________________________________ Date__________
Subject signature

________________________________________________________________________
Subject printed name

(Note: each subject must be provided a copy of this form. In addition, the IRB office may stamp its approval on the consent document(s) you submit and return the stamped version to you for use in consenting subjects; therefore, ensure each consent document you submit is ready to be read and signed by subjects.)

Consent:

By signing this consent form, the participant confirms that they have read and understood the information and have had the opportunity to ask questions. The participant understand that their participation is voluntary and that they are free to withdraw at any time, without giving a reason and without cost. The participant understands that they will be given a copy of this consent form. You voluntarily agree to take part in this study. The participant has had all of the questions answered. The participant hereby acknowledges the above and give your voluntary consent.
APPENDIX B

KAFOO CONSTITUTION

OPERATING RULES AND PROCEDURES
SECTION 1: INTRODUCTION

Article 1:
This document specifies the operating procedures of the Village Bank.

Article 2:
The Village Bank district of ............................................. is called............................................

SECTION 2: STRUCTURE, ORGANIZATION AND MANAGEMENT

Article 3:
The Village Bank is structured as follows:
• The General Assembly consists of all members of the Village Bank. It is the supreme decision-making body of the Village Bank.
• The Solidarity groups promote financial and social co-responsibility
• The Management Committee is composed of members elected by the General Assembly with the assistance and supervision of an agent of Reliance Financial services.

Article 4:
The General Assembly elects a management committee consisting of a President, a Treasurer, a Secretary and two assistants.

Article 5:
The Management Committee is responsible for ensuring compliance with the Rules adopted by the bench, to enforce the terms and conditions of the Credit and Savings Policy of Reliance Financial Services.

Article 6:
Members of the Management Committee shall be elected by a majority vote of two thirds of the General Assembly members for a term which shall be........ year(s) renewable (s).

Article 7:
The members of the village bank shall hold a general meeting at least once a month or two months, among other things, repay loans, collecting savings and interest, and distribute loans. Dates and times of meetings of the Village Bank are set and communicated to members at the end of each meeting.

Article 8:
Any member of Village Bank must register in mandatory Solidarity Group which shall be composed of 3 members (minimum) to 15 members (maximum).

SECTION 3: MEMBERSHIP, RESIGNATION, EXCLUSION

Article 9:
Only women rule vis-à-vis the group and aged ...... years minimum and maximum years.....may be members of the village bank.
Article 10:
Any member of the village bank must purchase an individual savings account, pay commissions, mobilize savings and discharge her obligations in accordance with the terms and conditions of Reliance Financial Services Co. Ltd.

Article 11:
A member can leave a Village Bank can leave the be lost, either by notification to the Management Committee resignation or exclusion decision of the General Meeting of members, or under the Rules and Village Bank or these Terms and Conditions and products financial Services RELIANCE FINANCIAL SERVICES or by death of the member.

SECTION 4: INTERNAL ACCOUNT
A. Provision of internal resources account:

Article 12:
The beneficiaries of the internal account, in order of priority:
1) - ..............................................................................................................................
2) - ..............................................................................................................................
3) - ..............................................................................................................................
4) - ..............................................................................................................................

Article 13:
The resources available are limited to Dalasis.............per beneficiary. This limit may not exceed the amount set out in the Terms and Conditions of Reliance Financial services.

Article 14:
Monthly contribution to the resources available to the beneficiaries of internal account is set at ....%.

Article 15:
The resources made available to beneficiaries are due for a period of months........ And are fully recovered.

Article 16:
In case of delay in the return of resources:
- Suspension of loans
- .................

SECTION 5: SANCTIONS

Article 17:
Any member who has committed one of the offenses contained in the table below is liable to a fine. Fines are paid in resources internal account as income from the village bank.

<table>
<thead>
<tr>
<th>Offence committed</th>
<th>amount of the fine Dalasis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Late for a monthly meeting</td>
<td>.......</td>
</tr>
<tr>
<td>Absence without a monthly meeting notified to the Management Committee approval</td>
<td>………</td>
</tr>
<tr>
<td>Partial attendance at a monthly meeting without notification to the Management Committee approval</td>
<td>………</td>
</tr>
<tr>
<td>Any disturbance (gossip, fight, fight, insolence) a monthly meeting</td>
<td>………</td>
</tr>
</tbody>
</table>

**Article 18:**
Any member with 3 absences without justification during the same cycle will …………………

**Article 19:**
Any member who refuses to pay a fine will be stopped ………………………………………

**SECTION 6: APPROVAL OF AMENDMENT AND RULES**

**Article 20:**
Only the general meeting of members of the panel comprising at least two thirds of the members, has the power to change the present rules.

**Article 21:**
This regulation was adopted and approved by the general membership meeting held today:
……………………………………

**The General Assembly and delegation**

**The Committee of Management**

*The President*: Name……………………………………………..Signature : …………………………

*The Treasurer*: Name……………………………………………..Signature : …………………………

*The Secretary*: Name……………………………………………..Signature : …………………………
APPENDIX C: Survey Protocol

SA: Strongly Agree
A: Agree
N: Neutral
D: Disagree
SD: Strongly Disagree

STANDING IN THE COMMUNITY, ACCESS TO CREDIT, AND INTEREST RATES

1. Involvement in the Kafoo and having access to microloans have made a positive change in your standing in the community
SA A N D SD

2. Involvement in the Kafoo and having access to microloans made you able to meet your needs and those of your household
SA A N D SD

3. Involvement in the Kafoo has helped me save money
SA A N D SD

4. The interest rate has had negative impacts on my ability to repay and buy more products
SA A N D SD

5. You once belonged to a vibrant Osusu and/or are still part of an Osusu - even though you are part of Reliance Financial Services’ Kafoo
SA A N D SD

MULTIPLIER EFFECT
6. Involvement in the Kafoo and having access to microloans, you have been able to expand your business
SA A N D SD

7. Involvement in the Kafoo and having access to microloans, you have been able to hire people
SA A N D SD

8. Involvement in the Kafoo and having access to microloans would allow me to hire people in the future
SA A N D SD

9. Involvement in the Kafoo and having access to microloans, you can meet your current and future basic needs of your households
SA A N D SD

EDUCATION
10. Involvement in the Kafoo and the loan has increased the amount of money I am investing into my children’s education
SA A N D SD

11. Involvement in the Kafoo and having access to microloans, I can satisfy all the educational needs of my
HEALTH AND FOOD
12. Involvement in the Kafoo and having access to microloans, my health and that of my children have improved
SA A N D SD

13. Involvement in the Kafoo and having access to microloans, my children and I have better access to healthcare
SA A N D SD

14. Involvement in the Kafoo and having access to microloans, my household has sufficient meals a day
SA A N D SD

15. Involvement in the Kafoo and having access to microloans, my family eats a minimum of three meals a day
SA A N D SD
APPENDIX D: Micro-loans in The Gambia

10/15/2017

Herein contains the R code with results and plots for The Gambia micro-loan survey data.

Step 1: Read the data file into R and verify the contents.

```r
# bring in the data
table <- read_excel("/Users/yennifer/Library/Mobile

# convert to numeric matrix
table <- as.matrix(table)

# verify dimensions of the data set
dim(table)
## [1] 63 15
# preview data
head(table)
##     Q1  Q2  Q3  Q4  Q5  Q6  Q7  Q8  Q9 Q10 Q11 Q12 Q13 Q14 Q15
## [1,]  3  2  1  3  1  1  5  1  1   2   1   1   1   1   1
## [2,]  1  1  1  4  1  2  3  1  2   2  2  2  2  2  3  1
## [3,]  3  1  2  2  4  1  2  2  2   2   1   2   1   3  1
## [4,]  1  1  1  1  1  1  5  2  2   2   2   2   2  2  1
## [5,]  3  2  1  1  3  3  5  1  2   2   2   2   3   1  3
## [6,]  1  1  2  3  1  2  4  1  3   2   4  2  2  1  1

# get a summary of each question
summary(table)
```

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q5</th>
<th>Q6</th>
<th>Q7</th>
<th>Q8</th>
<th>Q9</th>
<th>Q10</th>
<th>Q11</th>
<th>Q12</th>
<th>Q13</th>
<th>Q14</th>
<th>Q15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Min</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1st Qu.</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median</td>
<td>3.000</td>
<td>1.000</td>
<td>1.000</td>
<td>2.000</td>
<td>1.000</td>
<td>2.000</td>
<td>1.000</td>
<td>3.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>2.54</td>
<td>2.508</td>
<td>3.079</td>
<td>2.032</td>
<td>1.873</td>
<td>1.873</td>
<td>2.492</td>
<td>2.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Max.</td>
<td>5.000</td>
<td>2.000</td>
<td>3.000</td>
<td>2.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q5</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Step 2: Format the data for making plots.

```r
# make a vector of question names
qVec <- vector(mode = "character", length = 0)
for (i in 1:15) {
  qName <- paste("Question", i)
  question <- rep(qName, times = 63)
  qVec <- c(qVec, question)
}

# make a vector of responses data
rVec <- vector(mode = "numeric", length = 0)
for (i in 1:15) {
  rVec <- c(rVec, data2[, i])
}

# make a matrix of question and response
TheGambiaMatrix <- cbind(qVec, rVec)

# preview the matrix
head(TheGambiaMatrix)
##      qVec         rVec
## [1,] "Question 1" "3"
## [2,] "Question 1" "1"
## [3,] "Question 1" "3"
## [4,] "Question 1" "1"
## [5,] "Question 1" "3"
## [6,] "Question 1" "1"
```
Step 3: Learn about the distribution of responses for each question through bar-plots. Note: the plots displayed by RStudio are inadequate for viewing. An additional display of the plots is included.

```r
## get some barplots ##
quartz()
# quartz() opens a new window for the plots on a Mac
par(mfrow = c(4, 4))
for (i in 1:15) {
    counts <- table(data2[, i])
    barplot(counts, main = paste("Frequency:Question", i), xlab = paste("Question", i), col = "blue")
}
```

Step 4: Prepare the data for producing a divergent bar chart.

```r
# format the data for diverging bar charts

gbar <- tapply(TheGambiaMatrix[, 2], list(TheGambiaMatrix[, 2],
                                          TheGambiaMatrix[, 1]), length)
gbar[is.na(gbar)] <- 0

gbar <- data.frame(t(gbar))
colnames(gbar) <- cbind("Strongly Agree", "Agree", "Neutral", "Disagree",
"Strongly Disagree")
rownames(gbar) <- cbind("1: Positive Change", "10: Invest in Education",
"5: Belong to Osusu", "6: Expand Business", "7: Able to Hire", "8: Hire in Future",
"9: Meet Basic Needs")
```

Step 5: Learn about the responses of each question in reference to the others.

```r
## produce a divergent bar chart ##
load necessary R packages
```

Step 6: It is clear from the divergent bar chart that the responses are different depending on the question. For the more qualitatively driven reviewer, a Kruskal Wallis statistic is produced confirming this observation. Note that the Kruskal Wallis test determines if the distribution of the responses are statistically different. Said another way, the test looks to see if the median response for each question is different.

In the output below, the p-value is very small. This confirms that the distribution of responses differs statistically by question.

```r
## Kruskal Wallis rank sum test ## Null Hypothesis: Responses to questions are the same across question
# make a vector, stacking all columns
data3 <- c(data2[, 1], data2[, 2], data2[, 3], data2[, 4], data2[, 5], data2[, 6], data2[, 7], data2[, 8], data2[, 9], data2[, 10], data2[, 11], data2[, 12], data2[, 13], data2[, 14], data2[, 15])

# make a vector of labels to match vector of responses
qLabel <- factor(rep(1:15, c(63, 63, 63, 63, 63, 63, 63, 63, 63, 63, 63, 63, 63, 63, 63, 63, 63)))
```
63, 63, 63)), labels = c("Question 1", "Question 2", "Question 3",
"Question 4",
"Question 5", "Question 6", "Question 7", "Question 8", "Question 9",
"Question 10",
"Question 11", "Question 12", "Question 13", "Question 14", "Question 15")

# perform the test
kruskal.test(data3, qLabel)
##
##  Kruskal-Wallis rank sum test
## data:  data3 and qLabel
## Kruskal-Wallis chi-squared = 83.297, df = 14, p-value = 6.889e-12

Step 7: A natural follow-up to this result is to ask if the responses differ by respondent. A
Kruskal Wallis statistic is produced, confirming that the responses do indeed have a statistically
significant difference by respondent. A future area of research could explore the characteristics
of the women in The Gambia that are associated with differing experiences resulting from
obtaining micro-loans.

In the output below, the p-value is very small. This confirms that the distribution of responses is
statistically different by respondent.

## Kruskal Wallis rank sum test ## Null Hypothesis: Responses to questions
## are the same across respondant

# make a stacked vector of responses by respondant
respondant <- vector(mode = "character", length = 0)
for (i in 1:63) {
  respondant <- c(respondant, data2[i, ])
}

# make a stacked vector of question numbers to match respondant vector
qRLabel <- factor(rep(1:63, c(rep(15, times = 63))), labels =
c(as.character(seq(1:63))))

# perform the test
kruskal.test(respondant, qRLabel)
##
##  Kruskal-Wallis rank sum test
## data:  respondant and qRLabel
## Kruskal-Wallis chi-squared = 118.18, df = 62, p-value = 2.258e-05
Step 8: Examining the diverging bar chart we see that some survey items cover similar questions. For example, question 7 and 8 ask about hiring people; but, the responses seem different. And, questions 10 and 11 ask the women about providing for their children’s education; and, again the responses seem different. In order to formally test these hypotheses, Kruskal Wallis tests were performed on all pairs of questions.

Two vectors of information were produced from these tests, both vectors storing the question numbers being compared. If a test showed no statistical difference, the pair numbers were stored in the vector `nonSigPairs`, with each pair separated by 0. If the test showed a statistically significant difference in medians, the pair numbers were stored in the vector `sigPairs`, again with each pair separated by 0.

Note: the `suppressWarnings()` function was used to omit the warnings output. In certain cases, an approximation rather than an exact p-value is computed by this function, producing a warning. These approximations are acceptable as this study is exploratory. In future research, more care can be taken to produce exact results.

```r
## Wilcoxon Signed Test ## Null Hypothesis: Two questions are from the same distribution

# make vector to hold indices of non-significant pairs
nonSigPairs <- vector(mode = "numeric", length = 0)
# make vector to hold indices of significant pairs
sigPairs <- vector(mode = "numeric", length = 0)

# loop through all question pairs
for (i in 1:14) {
  for (j in 2:15) {
    if (i < j) {
      wct <- suppressWarnings(wilcox.test(data2[, i], data2[, j], paired = TRUE))
      if (wct$p.value > 0.05) {
        nonSigPairs <- c(nonSigPairs, c(i, j, 0))
      } else {
        sigPairs <- c(sigPairs, c(i, j, 0))
      }
    }
  }
}

# output shows significantly different distributions for: (1 & 2, 3, 5, 7, 8, 9, 10) (2 & 4, 6, 7, 11, 15) (3 & 4, 6, 7, 11, 15) (4 & 5, 7, 8, 9, 10) (5 & 6, 7, 11, 13, 15) (6 & 7, 8, 9, 10, 12) (7 & 8, 9, 10, 12, 13, 14, 15) (11 & 12, 13, 14, 15)

The questions that have statistically similar medians, with pairs separated by 0:
The question pairs with statistically different medians, with pairs separated by 0:

1, 2, 0, 1, 3, 0, 1, 5, 0, 1, 7, 0, 1, 8, 0, 1, 9, 0, 1, 10, 0, 2, 4, 0, 2, 6, 0, 2, 7, 0, 2, 11, 0, 2, 15, 0, 3, 4, 0, 3, 6, 0, 3, 7, 0, 3, 11, 0, 3, 15, 0, 4, 5, 0, 4, 7, 0, 4, 8, 0, 4, 9, 0, 4, 10, 0, 5, 6, 0, 5, 7, 0, 5, 11, 0, 5, 13, 0, 5, 15, 0, 6, 7, 0, 6, 8, 0, 6, 9, 0, 6, 10, 0, 6, 12, 0, 7, 8, 0, 7, 9, 0, 7, 10, 0, 7, 12, 0, 7, 13, 0, 7, 14, 0, 7, 15, 0, 8, 11, 0, 9, 11, 0, 10, 11, 0, 11, 12, 0, 11, 13, 0, 11, 14, 0, 11, 15, 0

# bring in the data
require(readxl)

# convert to numeric matrix
data2 <- as.matrix(data1)

# verify dimensions of the data set
dim(data2)
# preview data
head(data2)
# get a summary of each question
summary(data2)

# make a vector of question names
qVec <- vector(mode="character",length=0)
for(i in 1:15){
  qName <- paste("Question",i)
  question <- rep(qName,times=63)
  qVec <- c(qVec,question)
}

# make a vector of responses
#data1Mat<-as.matrix(data1)
rVec <- vector(mode="numeric",length=0)
for(i in 1:15){
rVec <- c(rVec,data2[,i])}
# make a matrix of question and response
TheGambiaMatrix <- cbind(qVec,rVec)

# preview the matrix
head(TheGambiaMatrix)

## get some barplots ##
# quartz() opens a new window for the plots on a Mac
quartz()

# par() places all plots in one display
par(mfrow=c(4,4))
for(i in 1:15){
  counts <- table(data2[,i])
  barplot(counts,main=paste("Frequency:Question",i),
  xlab=paste("Question",i),col="blue")
}

# format the data for diverging bar charts
gbar <- tapply(TheGambiaMatrix[,2], list(TheGambiaMatrix[,2],
TheGambiaMatrix[,1]), length)
gbar[is.na(gbar)]<-0
sgbar<-data.frame(t(gbar))

## produce a divergent bar chart ##
# code to produce the divergent bar chart
likert(sgbar, positive.order=TRUE,
auto.key=list(between=1, between.columns=2),
xlab="Percentage",
main="The Gambia: Micro-Loan Survey Results",
BrewerPaletteName="Blues",
sub="Frequency Legend")
## Kruskal Wallis rank sum test ##
# Null Hypothesis: Responses to questions are the same across question

# make a vector, stacking all columns
data3 <- c(data2[,1],data2[,2],data2[,3],data2[,4],data2[,5],data2[,6],data2[,7],
    data2[,8],data2[,9],data2[,10],data2[,11],data2[,12],data2[,13],data2[,14],data2[,15])

# make a vector of labels to match vector of responses
qLabel <- factor(rep(1:15,c(63,63,63,63,63,63,63,63,63,63,63,63,63,63,63)),
    labels=c("Question 1","Question 2","Question 3","Question 4","Question 5","Question 6","Question 7","Question 8","Question 9","Question 10","Question 11","Question 12","Question 13","Question 14","Question 15"))

# perform the test
kruskal.test(data3,qLabel)

## Kruskal Wallis rank sum test ##
# Null Hypothesis: Responses to questions are the same across respondent

# make a stacked vector of responses by respondent
respondant <- vector(mode="character",length=0)
for(i in 1:63){
    respondant <- c(respondant,data2[i,])
}

# make a stacked vector of question numbers to match respondant vector
qRLabel <- factor(rep(1:63,c(rep(15,times=63))),
    labels=c(as.character(seq(1:63))))

# perform the test
kruskal.test(respondant,qRLabel)

## Wilcoxon Signed Test ##
# Null Hypothesis: Two questions are from the same distribution

# make vector to hold indices of non-significant pairs
nonSigPairs <- vector(mode="numeric",length=0)

# make vector to hold indices of significant pairs
sigPairs <- vector(mode="numeric",length=0)

# loop through all question pairs
for(i in 1:14){
    for(j in 2:15){
        if(i<j){
            wct <- suppressWarnings(wilcox.test(data2[,i],data2[,j],paired=TRUE))
            if(wct$p.value > 0.05){
                nonSigPairs <- c(nonSigPairs,c(i,j,0))
            }else{
sigPairs <- c(sigPairs, c(i, j, 0))
}
}
}

# output shows significantly different distributions for:
# (1 & 2, 3, 5, 7, 8, 9, 10)
# (2 & 4, 6, 7, 11, 15)
# (3 & 4, 6, 7, 11, 15)
# (4 & 5, 7, 8, 9, 10)
# (5 & 6, 7, 11, 13, 15)
# (6 & 7, 8, 9, 10, 12)
# (7 & 8, 9, 10, 12, 13, 14, 15)
# (11 & 8, 9, 10, 12, 13, 14, 15)

# This code chunk prints all code at the end of the page
APPENDIX E: IRB APPROVAL

MEMORANDUM
DATE: April 28, 2017
TO: Joyce Rothschild, Sulayman Njie
FROM: Virginia Tech Institutional Review Board (FWA00000572, expires January 29, 2021)
PROTOCOL TITLE: Where the Market Meets the Community: An Economic and Gender Study of Microfinance in The Gambia.
IRB NUMBER: 15-514

Effective April 28, 2017, the Virginia Tech Institution Review Board (IRB) Chair, David M Moore, approved the Continuing Review request for the above-mentioned research protocol.

This approval provides permission to begin the human subject activities outlined in the IRB-approved protocol and supporting documents.

Plans to deviate from the approved protocol and/or supporting documents must be submitted to the IRB as an amendment request and approved by the IRB prior to the implementation of any changes, regardless of how minor, except where necessary to eliminate apparent immediate hazards to the subjects. Report within 5 business days to the IRB any injuries or other unanticipated or adverse events involving risks or harms to human research subjects or others.

All investigators (listed above) are required to comply with the researcher requirements outlined at:
http://www.irb.vt.edu/pages/responsibilities.htm

(Please review responsibilities before the commencement of your research.)

PROTOCOL INFORMATION:
Approved As: Expedited, under 45 CFR 46.110 category(ies) 5,7
Protocol Approval Date: May 2, 2017
Protocol Expiration Date: May 1, 2018
Continuing Review Due Date*: April 17, 2018

*Date a Continuing Review application is due to the IRB office if human subject activities covered under this protocol, including data analysis, are to continue beyond the Protocol Expiration Date.

FEDERALLY FUNDED RESEARCH REQUIREMENTS:

Per federal regulations, 45 CFR 46.103(f), the IRB is required to compare all federally funded grant proposals/work statements to the IRB protocol(s) which cover the human research activities included in the proposal/work statement before funds are released. Note that this requirement does not apply to Exempt and Interim IRB protocols, or grants for which VT is not the primary awardee.

The table on the following page indicates whether grant proposals are related to this IRB protocol, and which of the listed proposals, if any, have been compared to this IRB protocol, if required.
MEMORANDUM

DATE: May 3, 2016

TO: Joyce Rothschild, Sulayman Njie

FROM: Virginia Tech Institutional Review Board (FWA00000572, expires January 29, 2021)

PROTOCOL TITLE: Where the Market Meets the Community: An Economic and Gender Study of Microfinance in The Gambia.

IRB NUMBER: 15-514

Effective May 2, 2016, the Virginia Tech Institution Review Board (IRB) Chair, David M Moore, approved the New Application request for the above-mentioned research protocol.

This approval provides permission to begin the human subject activities outlined in the IRB-approved protocol and supporting documents.

Plans to deviate from the approved protocol and/or supporting documents must be submitted to the IRB as an amendment request and approved by the IRB prior to the implementation of any changes, regardless of how minor, except where necessary to eliminate apparent immediate hazards to the subjects. Report within 5 business days to the IRB any injuries or other unanticipated or adverse events involving risks or harms to human research subjects or others.

All investigators (listed above) are required to comply with the researcher requirements outlined at:

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(Please review responsibilities before the commencement of your research.)

PROTOCOL INFORMATION:

Approved As: Expedited, under 45 CFR 46.110 category(ies) 6,7
Protocol Approval Date: May 2, 2016
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FEDERALLY FUNDED RESEARCH REQUIREMENTS:

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