European Commission

Sierra Leone

Mapping Opportunities for External Investment Plan

Draft Report

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International Cooperation and Development

TPSDE Facility
Draft Report
June 2019

About the TPSD/E Facility

The TPSDE Facility is an advisory service of the European Commission (EC) managed by the Unit C4 in charge of Trade and Private Sector Development and Engagement within the Directorate General for International Cooperation and Development (DEVCO). The TPSD/E Facility is implemented by DAI Europe.

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This report was drawn up by Olga Moreva, an expert deployed by the TPSD Facility at the request of the European Union Delegation to DAI Europe. The contents of this publication do not necessarily reflect the official position or opinion of the European Commission. The European Commission, or any other person acting on behalf of the Commission, may not be held liable for the use, which might be made of the information contained in this report.

Acknowledgements

Acknowledgements are sent to all those who contributed to this report first of all the EU Delegation to Sierra Leone, Head of Cooperation Mr. Mats Liljefelt, Team Leader - Economy and Social Sectors, Mr. Pierre–Henri Helleputte, Team Leader - Rural Development and Infrastructure, Mr. Thomas Opperer, Project Officer Ms. Linda Williams, and to all the experts and leaders in the public and private sectors encountered during the assignment for their contribution to the gathering of valuable information.

TABLE OF CONTENTS

ACRONYMS AND ABBREVIATIONS **6**

EXECUTIVE SUMMARY **7**
Key Objectives *7*
Development Context *7*
Mapping Methodology *7*
Key Mapping Findings *8*

1. STUDY OBJECTIVES AND CONTEXT **10**
1.2 Key Objectives 10
1.3 Development Context 10
1.3 Mapping Methodology 15

2. SME LANDSCAPE AND ILLUSTRATIVE PROJECT PIPELINE **17**
2.1 Political Economy and Private Sector Development 17
2.2 SME Typology 21
2.3 Potential Investment Projects 23

3. FINANCIAL SECTOR LANDSCAPE AND IDENTIFICATION OF EIP BENEFICIARIES **26**
3.1 Financial Sector Landscape 26
3.2 EIP Partnering Options 31

4. TECHNICAL ASSISTANCE **35**

5. IMPROVED BUSINESS ENVIRONMENT AND PUBLIC-PRIVATE DIALOGUE **38**
5.1 Investment and Business Climate Profile 38
5.2 Public-Private Dialogue (PPD) 40

6. RECOMMENDATIONS **43**

ANNEX 1. TERMS OF REFERENCE **44**

ANNEX 2. BRIEF PROFILES OF BANKS AND MICROFINANCE INSTITUTIONS **48**

ANNEX 3. APEX BANK, COMMUNITY BANKS AND FINANCIAL SERVICES ASSOCIATIONS - INSTITUTIONAL SUMMARY **51**

ANNEX 4. LIST OF MEETINGS **54**

ANNEX 5. LIST OF DOCUMENTS AND WEB RESOURCES REVIEWED **56**

ANNEX 6. NTIS ACTION PLAN LOGFRAME (INTERNAL DOCUMENT) **58**

List of Figures

Figure 1. Power Generation in Sierra Leone 12
Figure 2. Public and Private Sector Credit 26
Figure 3. Banks NPL Ratio and Capital Adequacy Ratio 26
Figure 4. SME Lending – Who lends? 29
Figure 5. Total Banked Population by Institution Type 30
Figure 6. Access Points and Adult Population Distribution in Sierra Leone 30

Figure 7. Types of Investment in Sierra Leone 31
Figure 8. First Private Incubator – Innovations SL 37
Figure 9. WEF Index 2018 39
Figure 10. IFC Enterprise Survey, Sierra Leone 2017 40
Figure 11. Institutional Options for PPD 41

List of Tables

Table 1. Selected Economic Indicators 11
Table 2. Illustrative Pipeline of Project for EIP 23
Table 3. Components of Sierra Leone Financial System 27
Table 4. Evolution and Composition of Assets of the Financial System 27
Table 5. Sectoral Distribution of Loans in 2012-2016, percentage of all loans 28
Table 6. Reclassified Lending by Economic Activity 2017, percentage of all loans 28
Table 7. Current Portfolio of Innovations Axis 36

ACRONYMS AND ABBREVIATIONS

AfDB	African Development Bank
AFD	French Development Agency
AFDB	African Development Bank
BER	Business Environment Reform
CBS	Central Bank of Somalia
CDP	Casa Depositi e Prestiti (Italian DFI)
DEVCO	Directorate-General for International Cooperation and Development
DFI	Development Finance Institution
DfID	Department for International Development
EC	European Commission
EDF	European Development Fund
EUDEL	EU Delegation
EFSD	European Fund for Sustainable Development
EIB	European Investment Bank
EIP	External Investment Plan
EU	European Union
EUD	European Union Delegation
FGS	Federal Government of Somalia
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (Dutch DFI)
FMS	Federal Member States
GDP	Gross Domestic Product
GNP	Gross National Product
HIPC	Highly Indebted Poor Country
ICT	Information and Communication Technologies
IFC	International Finance Corporation
ILED	Inclusive Local and Economic Development
KfW	Kreditanstalt für Wiederaufbau (German DFI)
MFI	Microfinance Institution
MSME	Micro Small and Medium-Sized Enterprise
NDP	National Development Plan
NGO	Non-governmental Organisation
NPL	Non-performing loans
PIP	Proposed Investment Program
PFM	Public Financial Management
PPD	Public-Private Dialogue
PROPARCO	Promotion et participation pour la coopération économique
RRF	Recovery and Resilience Framework
SB4A	Sustainable Business for Africa
SME	Small and Medium-Sized Enterprise
TA	Technical Assistance
ToR	Terms of Reference
TPSDE	Trade, Private Sector Development and Engagement
UNDP	United Nations Development Programme
WASH	Water Sanitation and Hygiene
WB	World Bank
WBG	World Bank Group

EXECUTIVE SUMMARY

This report was prepared in April-May 2019 with the overall objective to inform the EU Delegation to Sierra Leone programmatic cycle within the context of the European Commission's External Investment Plan.

Key Objectives

1. Improved understanding of the agribusiness SME landscape in Sierra Leone and the critical value chains.
2. Understanding of the financial sector landscape in Sierra Leone and identification of potential investment beneficiaries for Development Finance Institutions (DFI) under the EIP.
3. Produce an initial proposal for improved structured dialogue, based on the SB4A guidelines.

Changes to the Terms of Reference

At the Briefing at the EU Delegation on 8 April 2019, it was agreed to expand agribusiness to other linked sectors with good potential for investment, job creation and exports, i.e. manufacturing and services. It was also agreed that the Consultant would not produce a draft mission report during the in-country mission, rather concentrate on the stakeholder meetings. Instead, a preliminary findings presentation would be delivered to the EUDEL by the end of the country visit and the draft report would be developed upon return to home base.

Development Context

The mapping exercise took place one year after the Government was elected and new Mid-Term National Development Plan 2019-2023 was adopted, with focus on education, fight against corruption and economy diversification from mining. The country was recovering from the double shock of global iron ore prices collapse and health crisis in 2014-2015. After the loss of 20.5% of GDP in 2015, the economy has been growing at 3.5-4% average and a stable non-iron-ore growth of 4.8-5% is projected till 2022 (IMF 2018). There is acute hard foreign deficit due to mining exports fall, poor public finance management and local currency depreciation resulting in a persisting, up to 20% inflation. The poverty remains high at over 72% in rural areas and 57% nation-wide (SLIHS 2018). The per-capita income is still well below the pre-Ebola level at $506 (WB, 2018).

The new Government undertook a challenging task of addressing the lack of national cohesion, weak state and ever brewing and erupting ethical and regional tensions as the root causes of endemic poverty, corruption and conflict that have not been properly addressed since the colonial time and not even after the Civil War of 1992-2002 and the post-war governments. To this effect, in May 2019 the President announced establishment of an all-population-inclusive National Commission for Peace and National Cohesion to be operational in all provinces, districts, chiefdoms and villages of Sierra Leone that will be building a social contract between the people, regional and local power centres and the state.

This development will have a direct impact on the economic development of Sierra Leone and its private sector who either mimicked the government failures through the short-termist rent-seeking predatory patterns or was completely excluded from the formal economy throughout the history of Sierra Leone (TRC 2004; IGC 2018).

In the last three years, most international development partners, including EU, have implemented a major shift in their development assistance policy directing part of the aid through private sector in Sierra Leone and other fragile countries, with the view of stimulating private players to create jobs, innovate, diversify exports and tackle the infrastructure, environmental and climate change challenges. This aid included grants, soft loans, debt/equity investment, technical assistance, blended support, investment contacts facilitation and matching events. However, the success of the Economic Development and Job Creation programmes will fully depend on the ability of international development partners to effectively mediate the peace and nation-building process.

Mapping Methodology

The Mapping methodology included initial documents review; semi-structured interviews with 50+ stakeholders (250+ people), including MSMEs, banks, MFIs, employees, famers, street vendors, market women, business intermediaries/associations, donors, government, NGOs, and academia; with subsequent triangulation of the information obtained against the official government and donor statistics, policy documents and multiple-source academic and expert research in the last 10 years. The predominant focus of the SME interviews was on vertically integrated companies in agriculture; manufacturing, services sectors with the existing and potential value chains, and financial institutions with existing MSME and agriculture portfolios and geographic expansion plans. The Consultant conducted interviews in Western Area Urban (Freetown, capital), Western Area Rural, Waterloo, Newton, Bo, Sumbuya, Kenema, Bombali (Makeni), and Port Loko.

Limitations

With its limitations in time and scope, the Mapping exercise cannot claim to be scientifically conclusive and statistically representative, being rather a perception-based study. However, with over 250 people and the typology of stakeholders interviewed, the findings should be useful if followed up with further due diligence and research. Business-sensitive information shared by private operators will have to remain confidential. However, it has helped to shape the Consultant's SME landscape understanding, including the key achievements, obstacles and the context/scale of expansion plans. MSMEs shared their information more willingly that the banking sector (with rare exception). In the absence of institutional information on most FIs, the Consultant had to use proxy indicators and extrapolate from the macro-data available to map the FIs potentially suitable for the EIP.

The mapping mission took place at the final stages of the EUDEL Programming cycle, with the risk of low absorption of the mapping findings and recommendations in this current country support cycle. However, it is timely as the concrete EIP/EFSD projects are only starting to take shape and form.

Key Mapping Findings

1. MSME Landscape

The MSMEs interviewed can be divided into five major groups, irrespective of the sector: vertically integrated foreign investment; vertically integrated companies with mixed foreign/local ownership; fully integrated self-sufficient Lebanese and Indian operations; locally-owned-and-run companies primarily serving government contracts; and local (mostly informal) start-ups and family enterprises.

Irrespective of the sector and growth stage, the overwhelming majority of the interviewees were:1) optimistic; 2) had social and business missions; 3) had expansion and/or diversification plans; 4) faced the same obstacles to the current operations/plans (the priority order differed depending on the industry/sector). Those obstacles are: 1) Volatile business environment; change of rules; lack of enforcement and transparency; 2) Acute lack of skilled labour; 3) Significant delays and/or bribes at the Port (import/export); 4) Infrastructure: expensive energy, water, roads, hence high operational costs/logistics; 5) Access to local currency finance/high interest rates/lack of medium to long-term finance; 6) Lack of business support services (PPD, legal, marketing, accounting, specialised); 7) For foreign agricultural investors, the land lease in the customary land law locations remains a big and ongoing challenge. It is also a challenge for all local rural population who do not directly own land.

The financial needs of the MSMEs range from grants to cover high-social-impact, high-cost outgrowers operations, to working capital loans ($1,000-$200,000, preferably local currency), to debt/equity investment of $1M-$5M. The technical assistance needs vary from business plan preparation to CSR projects implementation. An illustrative list of potentially bankable projects is presented in Chapter 2, SME Landscape and Illustrative Project Pipeline.

2. Financial Sector Landscape and Identification of EIP Beneficiaries

Sierra Leone's financial sector is comprised of the two large state-owned banks (about 30 percent of total banking assets) and a 12 smaller, domestically and foreign-owned private banks. The measures the BSL has taken to improve the operations and balance sheets of the state-owned banks have led to a substantial improvement in system-wide indicators of financial soundness. Despite variations across banks, the sector as a whole is well capitalized, liquid, and profitable. But this is in part because both state and private banks have relied on the budget's large borrowing need, and as a result their assets are concentrated in liquid and high-yielding public debt. The banks were encouraged by BSL to write-off non-performing loans, which contributed to the improvement of their balance sheets but had a potential 'moral hazard' impact on future operations. Commercial lending accounts for a mere 5% of banks' assets and is largely linked to supporting enterprises involved in domestic public investment projects (IMF 2018).

With much better representation in the districts/rural areas and 'real sector' MSME clients, there are 17 Community Banks, five deposit-taking MFIs, 18 credit-only MFIs, 59 Financial Service Associations and two mobile financial services providers operating country-wide. There is no functioning specialized agriculture finance facility in Sierra Leone.

The recommended qualified banks for EIP guarantees are Standard Chartered, EcoBank, ACTB and EcoBank Microfinance. The APEX/Community Bank/FSAs, with 90% rural clients qualify to grant capital and TA. With properly developed technical assistance and well-structured guarantee/debt/local currency deals, they have the potential for developing new products targeted at local SME needs and at agriculture finance. Cordaid Investment

and Truestone are potential partners as standalone investment facilities. Bigger EIP schemes can be run in partnership with IFC.

3. Technical Assistance

The technical assistance will involve the supply and demand side of the investment, including pre-investment support, grants and advice; impact assessment and the necessary technical and institutional support to Public-Private Dialogue.

4. Improved Public-Private Dialogue

Sector-specific business associations exist nearly in every sector of the economy: The Sierra Leone Chamber of Commerce, Industry and Agriculture (SLCCIA), the Sierra Leone Chamber of Agribusiness Development (SLeCAD), the Investment and Export Promotion Agency (SLIEPA), commodity boards at the Ministry of Trade and sporadic working groups at various MDAs. There is a history of donors supporting the establishment of various platforms to improved Public-Private Dialogue in Sierra Leone. The SL Business Forum is one example. With some successful record, it has not proved to be sustainable without further donor funding.

There is a new Peace and National Cohesion Commission and Investment Board that are planned to be formed. Both should be further explored for the potential of high-level and local level PPD. The current momentum with Trade and Investment Strategy/AfCFTA work groups can be used as a PDD platform. It is recommended to provide further issue-based and institutional support to SLCCIA, SLeCAD and SLIEPA, as well as sectoral associations. The options for this support are provided in Chapter 5 "Improved Business Environment and Public-Private Dialogue".

5. Recommendations

Based on the report analysis, the following actions are recommended:

General: 1) Coordinate technical assistance and any financial inflows to the government system with IMF and World Bank, 2) Consider investing in commercial market research studies; 3) the Private Sector should lead on private-sector related programmes vs. government institutions in Sierra Leone, provided it can incorporate and prove broader social, economic and/or environmental impacts; 4) employ specialized expertise for impact investment assessment.

Financial Mechanism: 1) Support privately-owned financial services providers; 2) Support innovative venture initiatives outside the formal financial system; 3) Organise a roadshow of EIP involving participating EDFIs in Sierra Leone; 4) Encourage private sector to proactively pursue the opportunities with EDFIs; 5) Run regular public campaigns promoting transparency, integrity and ESG standards as a competitive advantage enhancing investment opportunities for the local private sector; 6) Target in- and outside-the-country diaspora to partner with EIP and beneficiaries; 7) Focus work on the provinces and districts.

Technical Assistance and Grant Support: 1) Ensure that grant support is primarily targeted at startups and new ventures with high social impact (e.g. numerous outgrowers); 2) Provide with caution grant support to established value chains/companies to avoid market distortions and unintentionally prohibiting entry; 3) Design and provide TA to financial institutions based on their demand, capacity and fintech opportunities enhancing both SME portfolio quality and outreach; 4) Establish on-line and physical platforms for local service and goods providers to increase their visibility and participation, in Freetown and in the districts; 5)Support all participating private sector players in proactively addressing bottlenecks via Public-private dialogues platforms.

Structured Public-Private Dialogue: 1) Explore the PPD opportunities with the Peace and National Cohesion Commission, at the national and local levels; 2) Organize PPD around Doing Business Reforms and Trade Reforms; 3) Support any PPD platforms at the district and local levels in the North, South and East.

1. STUDY OBJECTIVES AND CONTEXT

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1.2 Key Objectives

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1.3 Development Context

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There is an acute hard foreign currency deficit due to mining exports fall, poor public finance management and local currency depreciation resulting in a persisting up to 20% inflation. The poverty remains high at over 72% in rural areas and 57% nation-wide (SLIHS 2018). The income per capita is still well below the pre-Ebola level at $506 (WB, 2018). Ninety percent of the economy and SMEs are informal. The country is young and growing rapidly, with 45.8 percent of the population under the age of 15 and 74.8 percent below 35 (WB, 2018). Every year, 100,000 youth enter the market, with little prospect of securing decent jobs.

The new Government undertook a challenging task of addressing the lack of national cohesion, weak state and ever brewing and erupting ethical and regional tensions as the root causes of endemic poverty, corruption and conflict that have not been properly addressed since the colonial time and not even after the Civil War of 1992-2002 and the post-war governments. To this effect, in May 2019 the President announced establishment of an all-population-inclusive National Commission for Peace and National Cohesion to be operational in all provinces, districts, chiefdoms and villages of Sierra Leone that will be building a social contract between the people, regional and local power centres and the state.

This development will have a direct impact on the economic development of Sierra Leone and its private sector who either mimicked the government failures through the short-termist rent-seeking predatory patterns or was completely excluded from the formal economy throughout the history of Sierra Leone (TRC 2004; IGC 2018).

The agriculture, manufacturing and services sectors are characterised by low productivity and inefficient, weak/disconnected value chains. Seven out of ten people in Sierra Leone have no access to formal financial services. Environmental issues include poor waste management of organic and non-organic waste. Seven out ten people have no access to electricity. Millions use harmful fuel sources. Ninety percent of SMEs are micro or family firms.

On the other hand, Sierra Leone offers great opportunities for investments. Foreign investors are engaged in the energy sector (including renewables), infrastructure, agriculture, fisheries, tourism, and natural resources. Sierra Leone benefits from duty-free access to large markets for certain goods through the United States' African Growth and Opportunity Act (AGOA), EU's Everything But Arms Initiative (EBA) and ECOWAS regional trade agreements. The growing population equals growing opportunities in the internal market provided its purchasing power is improved.

Table 1. Sierra Leone : Selected Economic Indicators, 2015-2022

	2015	2016	2017		2018		2019	2020	2021	2022
			CR No. 17/154	Pre.	CR No. 17/154	Proj.				
	(Annual percent change, unless otherwise indicated)									
National account and prices										
Growth										
GDP at constant prices	-20.5	6.4	6.0	3.8	6.1	3.7	5.4	5.4	5.1	5.1
GDP excluding Iron ore	3.2	4.6	4.0	3.6	5.1	5.7	5.1	4.9	4.8	4.8
Inflation										
Consumer prices (end-of-period)	8.4	17.4	12.0	15.3	9.5	18.0	14.0	12.0	10.2	9.0
Consumer prices (average)	6.5	12.9	16.9	18.2	10.6	16.6	16.0	13.0	11.1	9.6
External sector										
Terms of trade (deterioration -)	-22.4	9.0	2.3	13.6	-5.6	-11.4	...	...	...	...
Exports of goods	-55.4	15.3	29.6	-4.9	20.8	3.2	37.6	8.8	10.2	11.7
Imports of goods	-18.1	-28.9	9.6	23.6	6.9	8.6	5.7	5.3	5.6	1.6
Gross international reserves (excluding swaps), months of imports 1/	3.7	4.3	2.7	3.5	3.7	3.3	3.1	3.5	3.5	3.4
Money, credit and reserves										
Domestic credit to the private sector	9.1	16.7	-1.5	4.9	14.8	19.0	15.4	...	...	...
Base money	8.3	23.9	11.3	9.0	13.4	2.9	25.1	15.1	13.4	12.2
M3	4.9	17.9	11.3	7.0	13.4	16.7	19.8	15.1	13.4	12.2
Gross Intl. Reserves (excluding swaps, in US$ millions)	580	503	503	501	583	481	495	578	615	603
Net Intl. Reserves (excluding swaps, in US$ millions)	372	193	n.a	131	n.a	107	94	163	200	225
	(Percent of non-iron ore GDP, unless otherwise indicated)									
National accounts										
Gross capital formation	14.0	12.7	17.8	19.2	17.7	17.9	16.8	18.1	18.4	19.8
Government	7.6	8.7	7.3	8.5	7.2	7.1	6.1	7.1	7.7	7.9
Private	6.4	4.0	10.5	10.6	10.5	10.8	10.7	11.1	10.7	11.9
National savings	-1.5	9.2	-4.0	8.2	-1.2	3.9	4.2	7.0	8.2	10.5
Financing and debt										
Public debt	42.1	51.5	60.1	61.5	63.2	68.3	72.6	75.1	72.5	68.2
Domestic	12.6	14.6	15.3	16.5	15.2	25.3	27.6	29.4	26.2	22.9
External public debt (including IMF)	29.4	36.8	44.8	44.5	48.0	43.0	45.0	45.7	46.2	45.3
External sector										
Current account balance 3/										
(including official grants)	-15.6	-3.5	-21.8	-10.9	-18.9	-14.0	-12.6	-11.1	-10.2	-9.3
(excluding official grants)	-25.7	-11.9	-25.5	-19.1	-22.7	-17.6	-15.5	-13.9	-12.8	-11.7
Central government budget										
Domestic primary balance 2/	-4.7	-5.9	-2.5	-4.5	-0.7	-2.4	-0.7	-0.3	0.0	0.0
Overall balance	-4.6	-8.0	-6.1	-8.7	-5.5	-6.8	-4.3	-5.1	-5.2	-4.7
Overall balance (excluding grants)	-10.0	-11.0	-8.9	-11.2	-7.7	-9.9	-6.6	-6.9	-6.9	-6.4
Revenue (excluding grants)	10.8	12.1	13.2	12.2	14.3	13.8	14.5	15.0	15.8	16.5
Grants	5.4	3.0	2.8	2.5	2.2	3.1	2.3	1.8	1.7	1.7
Total expenditure and net lending	20.8	23.2	22.0	23.4	22.0	23.6	21.1	22.0	22.7	22.9
Memorandum item:										
GDP at market prices (billions of Leone)	21,583	24,296	29,440	27,611	33,742	31,722	37,180	44,221	51,574	59,455
Excluding iron ore	21,550	23,834	28,534	27,402	33,012	31,722	36,835	43,277	49,976	57,101
Excluding iron ore in millions of US$	3,822	3,312	3,777	3,720	4,020	3,897	3,945	4,118	4,298	4,533
Per capita GDP (US$)	600	522	594	506	615	515	515	532	549	572
National currency per US dollar (average)	5,076	6,417	7,555	7,366	8,211	...	...	...	...	...
National currency per US dollar (EOP)	5,639	7,195	7,915	7,537	...	...	...	...	...	...

Sources: Sierra Leonean authorities; and Fund staff estimates and projections.

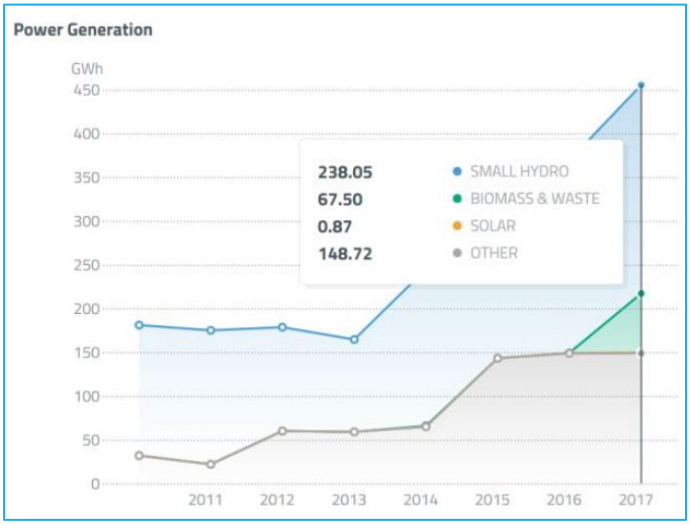
1/ Refers to reserves and imports in current year.

2/ Revenue less expenditures and net lending adjusted for interest payments and foreign financed capital spending.

3/ The very unusual small 2016 current account balance is because there was unusual large negative errros and omissions (-13 percent of GDP) in 2016.

The infrastructure is still highly underdeveloped. However, the last 15 years have shown improvements: the road rehabilitation program in Sierra Leone following the civil war had a substantial pro-competition effect, reducing the monopsony power of intermediaries.[1] The electricity generation is improving as shown in Figure 1, with new renewable capacities under development. The telecommunications and ICT sectors are growing: from 0 to 98 mobile subscription and 0 to 26 internet subscription per 100 people in 2017[2][3], and has high potential for mobile finance, digitalisation of identities (including KIVU project) and services and e-government that will help curb informality and corruption.

Figure 1. Power Generation Sierra Leone
Source : global-climatescope.org/results/sl#power-market



Donor and DFIs Approach to Private Sector Development

In the last three to five years, most international development partners, including the EU, have implemented a major shift in their development assistance policy, directing part of the aid through the private sector in Sierra Leone and other fragile countries, with the view of stimulating private players to create jobs, innovate, diversify exports and tackle the infrastructure, environmental and climate change challenges. This aid includes grants, soft loans, debt/equity investment, technical assistance, blended support, investment contacts facilitation and matching events. During the mapping mission, the World Bank representatives were developing a detailed list of all private sector and economic development donor initiatives that would soon be available if all donors cooperate. For the sake of this report, the following initiatives and lessons learnt are highlighted, without any claim to be comprehensive:

UK Government: Department for International Development (DFID), FCO and CDC:

UK Government is traditionally one of the biggest donors in Sierra Leone. Overall, the UK Government will invest more than £130 million in Sierra Leone in 2018/19, 72% of which is Human Development; 23% Economic Development and 5% Governance and Security.[4] Recently, DFID has implemented a series of projects in the to support agriculture, manufacturing, market development, electricity, roads and SME training.

Of specific relevance to this EIP mapping are DFID AgDevCo and Invest Salone projects:

African Agriculture Development Company (AgDevCo) is a specialised investor and project developer focused exclusively on early stage Small and Medium Enterprise agribusiness in Sub Saharan Africa. AgDevCo deploys patient capital and technical assistance to build profitable businesses that contribute to food security, drive economic growth and create jobs and income in rural areas and contribute to farmers' resilience to climate change. It currently operates in Sierra Leone, Ghana, Rwanda, Malawi, Mozambique, Tanzania, Uganda, Zambia."[5] The total budget is over £160 million in 2013-2023.

In Sierra Leone, the success has been so far mixed. It took several years to establish the AgDevCo fund operations, with only one investment in Tradin Organic of $3 million approved in May 2019. The SMEs interviewed stated that the investment requirements with AgDevCo are too high for the local businesses and only big foreign companies could satisfy those.

[1] Casaburi, L., R. Glennerster, and T. Suri. 2013. "Rural Roads and Intermediated Trade: Regression Discontinuity Evidence from Sierra Leone." Harvard University, Cambridge, MA

[2] https://www.indexmundi.com/facts/sierra-leone/indicator/IT.CEL.SETS.P2

[3] https://www.itu.int

[4] https://www.gov.uk/world/organisations/dfid-sierra-leone, accessed 03/28/19; 04/8/19 and 5/31/19

[5] https://devtracker.dfid.gov.uk/projects/GB-1-204270, accessed 4/10/19

Invest Salone builds on DFID's previous private sector development programme: Sierra Leone Opportunities for Business Action (SOBA) that successfully mobilised private investment through TA and grant support. Invest Salone with £30 million budget will provide grants and technical assistance to SMEs through a new SME fund.

Foreign Commonwealth Office (FCO): UK High Commission in Freetown and FCO organize investment visits to the country and investment fairs in UK, e.g. UK-Sierra Leone Trade & Investment Forum on 6 June 2019 in London.

Commonwealth Development Corporation (CDC) has DFID as the only shareholder and operates as DFI in Africa and Asia. Sierra Leone remains a priority country for the CDC, which has invested £162 million in the last three years alone.[6] CDC invests in new and established businesses in food processing, real estate, construction, services. During the Ebola epidemics, CDC supported one of the biggest food and beverages companies in Sierra Leone to maintain employment of their 1000+ employees.

USAID and US Government

The USAID Feed the Future Sierra Leone Scaling up Aquaculture Production (SAP) project, funded by USAID, supports the development of the aquaculture sector in Sierra Leone to increase fish production and consumption, and increase the incomes of small-scale farmers. The WorldFish led project focuses on Tonkolili District, one of the poorest and nutritionally insecure regions in the country, with a 28.2 percent childhood stunting rate.

The SAP project aims to form 90 cluster farmer groups, totaling 2250 farmers producing 1000 metric tons of tilapia each year over 4 years. This production, alongside improved nutrition-related behaviours and improved awareness of hygiene among women and children, will boost fish consumption to 30 kg per household. A sustainable market chain, bolstered by business-minded farmers who are connected to microfinance institutions and supported by the private sector, will help to increase farmer households' income by 40 percent. When this activity ends in March 2019, it will be transitioning to SkyFox Ltd, a private investment company. SkyFox will help expand integrated aquaculture and crops production business model in Sierra Leone.

U.S. International Development Finance Corporation

In 2018, the U.S. Senate passed the Better Utilization of Investment Leading to Development, or BUILD Act, which will create a new U.S. government agency — the U.S. International Development Finance Corporation. Development experts called it the biggest change in U.S. development policy in 15 years. The DFC will combine the Overseas Private Investment Corporation (OPIC) and the U.S. Agency for International Development's Development Credit Authority, add new development finance capabilities, including equity authority, and have a higher lending limit than its predecessor (Box 1). According to the unofficial information from the Department of State, Sierra Leone may expect to receive up to $300 million investment through this new and other US facilities. This may be a particularly interesting opportunity once the SL Ministry of Trade has developed an Africa Growth Opportunity Act (AGOA) Strategy in 2019 to promote duty-free exports to USA.[7]

The official objective of the DFC is to stimulate economic growth in less developed countries by promoting market-based, private-sector development, namely by providing capital to private investors to support commercial projects. The BUILD Act directs the agency to focus its efforts particularly on lower-income and lower middle income countries. The DFC will more than double the lending capacity of the preceding OPIC and is granted more expansive powers, including the ability to:

- Make equity investments
- Provide technical assistance
- Use local currency loans, first loss guarantees, and small grants to reduce risk
- Raise the spending cap of investments to **$60 billion**
- Provide a seven-year authorization
- Create a "preference" for U.S. investors, rather than a requirement, thereby expanding partnership opportunities with foreign investors
- Initiate and support feasibility studies on proposed projects

These expanded measures and parameters will allow the DFC to target countries that have traditionally had low investment activity due to instability and security concerns. By consolidating and replacing existing development aid programs, the agency is also intended to increase efficiency and cost effectiveness. The Act also stipulates that the DFC's goal is to provide an alternative to "state-directed investments by authoritarian governments", which some analysts have identified as a reference to China's growing overseas aid.

As with existing federal aid agencies, the DFC will fall under the purview of the executive branch and is officially aligned with the U.S. government's foreign policy and development goals. The BUILD Act gives the President and Congress wide latitude over the agency's organization, staffing, activities, and development priorities. It is expected that DFC will start operations in the fall of 2019.

Sources: https://www.opic.gov/build-act/faqs-build-act-implementation; https://en.wikipedia.org/wiki/United_States_International_Development_Finance_Corporation

[6] https://www.cdcgroup.com/en/; accessed 03/28/19; 04/8/19 and 5/31/19

[7] https://agoa.info/profiles/sierra-leone.html

World Bank (WB) and International Finance Corporation

WB is supporting business climate reforms, including Doing Business reforms, digitisation of financial services and agriprocessing. To this effect, WB launched three TA projects with overall budget of over $30 million. WB is also running an agriculture commercialisation project that includes grants, rural roads and technical support to smallholders. IFC, as private sector branch of EBRD supports a pipeline of investments in infrastructure, services, agroprocessing, renewable energy and environment of around #100-150 million.

IFC also co-financed a $40 million West African Venture Fund that invested in a dozen greenfield and growth operations in Liberia and Sierra Leone in rice and food processing, hospitality and tourism, with some mixed success (also due to Ebola).

African Development Bank (AfDB)

AfDB is currently supporting public infrastructure projects (water, roads) in Sierra Leone. The Bank has not yet done many inroads in the private sector. It was considering partnering with a local poultry firm. However, the recent audit has proved that the company has not repaid a USD 5 million debt to NASSIT (the national social security fund) and is facing investigation. According to the EIP Guarantee Scheme brochure, AfDB is an EIP partner. However, this partnership is yet to be developed.

European Investment Bank (EIB)

The EIB is the long-term lending arm of the EU and a key IFC partner. IFC and EIB co-invest in many projects worldwide. For example, in 2016, EIB joined IFC and Ecobank Transnational Incorporated (ETI), in a landmark risk-sharing agreement to help fill the gap in financing for SMEs in some of Sub-Saharan Africa's poorest and most fragile countries. Under the agreement, EIB and IFC will share 25 percent of the risk in the $110 million facility, alongside ETI.[8]

EIB and IFC recently signed a new cooperation agreement within EIP SME Guarantee Scheme. It was not clear at the time of this mapping mission what concrete projects in Sierra Leone were considered for this Scheme.

Other European DFIs

A number of European DFIs invest in various Sierra Leone enterprises and MFIs without establishing presence in the country, e.g. FMO/KfW and Trade Organic, FMO/Triple Jump and actb MFI. However, most of the local and foreign businesses interviewed have never heard of EDFIs.

Cordaid

This Dutch development fund has recently established a separate Investment Management arm. It invests in Microfinance Institutions (MFIs) that offer inclusive finance to micro entrepreneurs; Small and Medium Enterprises (SMEs) that have limited or no financial alternatives. CIMBV uses a mix of instruments: patient capital (equity and subordinated debt) and senior debt including loans with longer maturities. The deposit-taking actb MFI is one of the clients in Sierra Leone. Cordaid also runs a successful business development program to develop the SME capacity and prepare them for investment.

African Enterprise Challenge Fund (AECF)

The AECF is a development institution which supports businesses to innovate, create jobs, leverage investments and markets, in an effort to create resilience and sustainable incomes in rural and marginalized communities in Africa. Launched in 2008, the AECF has mobilized over US $356 million to date, leveraging more than US $658 million in matching capital. The AECF targets investments in the following sectors: Agriculture and agribusiness; Renewable energy and adaptations to climate change; Rural financial services and communications systems that support the two sectors. Though not present in Sierra Leone, the fund coinvested in a number of Sierra Leonean projects in agriculture. The AECF formally announced its commitment to advance women's economic empowerment through the launch of a new funding window, the Women Economic Empowerment in Agribusiness (WEE-A) Fund, at the 2017 Africa Green Revolution Forum (AGRF) in Abidjan, Cote d'Ivoire.

[8] https://www.ifc.org/wps/wcm/connect/region__ext_content/ifc_external_corporate_site/western+europe/priorities/european+investment+bank

Success Stories and Lessons Learnt

Based on the mission interviews and own consultant's observations, the following lessons can be learnt from the donor and DFIs experience:

1. "*The SME market in Sierra Leone is very thin*" – this was repeated nearly at every interview. It usually means that there is a very limited number of formal enterprises that are investment-ready and not politically engaged (i.e. corrupt). This leaves foreign investment or predominantly foreign-owned enterprises and professional grant seekers as clients to SME grant and/or investment schemes.

2. The local population is very entrepreneurial but they are confined in petty markets due to lack of education and skills, red tape, and exclusion by the government and business elite.

3. "*The local investment climate is very difficult*". All stakeholders have had experience participating in trade and investment work groups, however, the decisions are seldom followed trough, with rare exceptions, e.g. Doing Business Reforms. "The government gathers us together but does not listen to what we say". However, when IMF said it would not provide concessional loans to the government if it uses them to repay non-concessional debt, the GOSL put several expensive unproductive projects on hold. Thus, it is possible for donors to put pressure on GOSL for business reforms.

4. The foreign investors create jobs and value chains here and now, hence worth support and development finance. However, unlocking the local entrepreneurial potential for the formal economy requires concerted donors' effort in training, international exposure, due diligence, incubation, formalisation, business ethics, seed capital and preparation to investment.

5. The key challenge in SME development in Sierra Leone is the change of business culture. The corruption, patronage and informal relations permeate all business transactions and stifle the competition and healthy economic development – "*Informality is rewarded, playing by rules is punished*" - It is necessary to expose young uncorrupted entrepreneurs to different cultures and business ethics and promote transparency and integrity as key competitive advantages to be rewarded by investment.

6. In other words, it is necessary to develop a generation of SMEs who would see red tape and corruption as intolerable business constraint vs business as usual and would challenge the Government via Private-Public Dialogue and in courts.

7. Donors should focus free grant support on start-ups or early business operations involving expensive supply chains development with high social/environmental impact vs pouring money in profitable operations and thus distorting markets and prohibiting entry (e.g. cocoa).

8. For entry SMEs, it is very difficult to manage grant applications and reporting. Small grant schemes with simplified reporting rules are necessary.

9. Most successful greenfield MFIs did not require GOSL support, only enabling regulations.

10. For a small country like Sierra Leone, there is no sufficient SME development work in the districts, villages and small towns. Lack of development opportunities in rural areas not only stifles economic development but also provides fuel to still unresolved ethnic and interregional conflicts.

11. Rural finance requires donor patience, investment patience, physical presence, expertise, distinctive methodologies and innovation. It is a long-term investment that will finally pay back high and broad social and economic dividends.

12. Traditional donors' monitoring and evaluation techniques are not fit for the design, implementation and monitoring of the Impact Investment projects. In this sense, it is better if DFIs manage the projects with specialised impact assessment expertise and not traditional donors, NGOs and contractors.

1.3 Mapping Methodology

The Mapping methodology involved the following qualitative methods:

- Government, donors, corporate and EIP documents review (the List of Documents is presented in Annex 5);

- Semi-structured interviews with 50+ stakeholders (250+) people, including MSMEs, banks, MFIs, employees, famers, street vendors, market women, business intermediaries/associations, donors, government, NGOs, and academia (List of people and organizations interviewed is presented in Annex 4)
- triangulation of the information obtained against the official government and donor statistics, policy documents and multiple-source academic and expert research from the last 10 years.
- Briefing and Debriefing with the EU Delegation to Sierra Leone (EUDEL). The EUDEL was developing and new Annual Action for Sierra Leone and provided valuable insights from recent agricultural, banking (EIB) and job creation reports and visits, as well as the discussion of the important role the EUDEL would be playing as key EIP partner in Sierra Leone. It was emphasised that development investment in SMEs was a new area for EUDEL and it had an open mind as per all the options and modalities of the implementation.

The predominant focus of the SME interviews was on vertically integrated companies in agriculture, manufacturing, and services sectors within the existing and potential value chains, and financial institutions with existing MSME and agriculture portfolios and geographic expansion plans.

However, the consultant also took special effort to interview the informal traders, family businesses, youth, women and former government contractors.

The interviews were conducted in Western Area Urban (Freetown, capital), Western Area Rural, Waterloo, Newton, Bo, Sumbuya, Kenema, Bombali (Makeni), and Port Loko.

Some interview highlights are presented in the relevant thematic sections of this report.

Limitations

With its limitations in time and scope, the Mapping exercise cannot claim to be scientifically conclusive and statistically representative, rather a perception-based study. However, with over 250 people and the typology of stakeholders interviewed, the findings should be useful if followed up with further due diligence and research. Business-sensitive information shared by private operators will have to remain confidential. However, it has helped to shape the Consultant's SME landscape understanding, including the key achievements, obstacles and the context/scale of expansion plans.

MSMEs shared their information more willingly that the banking sector (with rare exception). In the absence of institutional information on most FIs, the Consultant had to use proxy indicators and extrapolate from the macro-data available to map the FIs potentially suitable for EIP.

The mapping mission took place at the final stages of the EUDEL Programming cycle, with the risk of low absorption of the mapping findings and recommendations in this current country support cycle. However, it is timely as the concrete EIP/EFSD projects only start taking shape and form.

2. SME LANDSCAPE AND ILLUSTRATIVE PROJECT PIPELINE

2.1 Political Economy and Private Sector Development

The high levels of informality and inefficiencies in the Sierra Leone economy are better understood against the political economic background that should inform the donor interventions in the sector. In fact, many donor initiatives can be in wasted or even exacerbated the fragility and conflict in Sierra Leone without this understanding as it is described in the "*The Underlying Causes of Fragility and Instability In Sierra Leone*", 2018 based on the recent analysis and the "*Truth and Reconciliation Commission Report of 2004*":[9]

"*The private sector similarly represents mostly a reflection of the past, rather than a blueprint for the future. To the extent that the private sector is defined as that part of the economy not controlled by government, it must be admitted that Sierra Leone has little private sector at scale. Characterised by a limited access economic order, the Government continues to exercise inordinate influence over mining, commercial agriculture, infrastructure development, and industry in pursuit of corrupt and rent-seeking aims. More often than not, private sector actors appear to be willing partners. The economic policies pursued and the sectors promoted also tend to reflect elite and foreign interests, not necessarily a sustainable development path for broad majority of the country's people*."

"Sierra Leone was historically, and today remains, a hybrid political order. There are multiple loci of political power and cultural authority, including traditional chieftaincies and the "secret societies" (particularly in the rural areas), alliances of elites (particularly in the capital), and to a lesser extent religious bodies.

Even as the formal trappings of service delivery and democratic accountability developed, the national Government existed, and to same extent still exists, apart from the broader society. That society is better understood as several nation states defined predominantly by ethnic affiliation. That is to say, people's primary identity and loyalty are with their ethnic or other identity group and its own form of organisation and leadership. It is within the political structures of these groupings that the social contract is formed rather than between the formal state and the population as a whole.

These dynamics made the national Government, and maintain it as, an arena for inter-group conflict. Policies were and are contested, and positions were and are sought, primarily for the purposes of control over public finances. Institutions such as the judiciary, state security apparatus, and the public service in general were, and to a great extent remain, contested instruments of control by elites, in large measure unresponsive to public pressures or accountability mechanisms.

The formal economy also became (and in large measure remains) an arena for conflict. It became fundamentally extractive as government structures were manipulated to direct the flow of rents from bloated public contracts and natural resource concessions. Economic growth and job creation – rather than playing their stabilising role – underpin festering resentments over corruption, an uneven playing field for private sector actors, and unfair distribution of benefits.

In the absence of a mechanism capable of brokering durable political accommodations between Sierra Leone's many power centres, attempts to strengthen the formal Government may have perverse impacts. The more resources it manages and the greater its effective control over them, including the potential for rent-seeking, the more it becomes an arena for inter-group contestation or a target of manipulation by geopolitical or mercenary interests outside its control.

Similarly, efforts to accelerate economic growth without attentiveness to inter-group dynamics, whether inter-ethnic or rural-urban, will predictably increase fragility and eventually conflict. Sierra Leone is characterised by a limited access economic order in which elites, within both the political class and the bureaucratic class, exercise inordinate control over the formal economy. The distribution of benefits and risks from economic growth remain skewed and highly contested. Additional resources, particularly at scale, add fuel to the fire.

This suggests, potentially, an important, on-going role by those outside actors who helped to broker the peace agreement. Current political and cultural power centres appear incapable of self-organising their institutional arrangements in ways that sustain peaceful development. A continuation of the externally facilitated process may be both necessary and welcome to broker agreements between them.

[9] From this point on and to the "Challenges of The New Government", the original text from "*The Underlying Causes of Fragility and Instability in Sierra Leone*", IGC, November 2018 is presented.

Rather than seeing them as threats to the state or relics of the past, however, peace builders and state builders may need to recognise the benefits of working with, through, and to the benefit of the political and cultural institutions that have proven remarkably resilient throughout Sierra Leone's history, in order to achieve the goal of a stable nation state. This would look different from current policy and practice across a number of important dimensions. Among these are the following:

A re-focus on local governance. Traditional institutions and local structures in many cases benefit from greater legitimacy than the national Government. This has a historical dimension, a capacity dimension, and an accountability dimension. In the aggregate, they are the keepers of the social contract and its enforcement. The devolution of service delivery towards local structures, particularly in the social arena, provides a potentially rich and under-exploited avenue for bridging the state-society divide, as long as resources and accountability mechanisms match responsibilities. By implication, national governance could and should become an arena in which local authorities have far greater effective voice in the matters that affect them and the people they represent.

A long-term perspective. Any attempt to impose a quick fix to a deeply rooted problem will tend to reinforce current, dysfunctional dynamics rather than support more positive ones. A long-term perspective has basic and civic education dimensions, as more people become not only consumers of government services, but active citizens. It also has a dialogue and conflict resolution dimension, as both within identity groups and between them, it remains critically necessary to discuss and negotiate expectations of government, the mechanisms by which those will be carried out, and the ways in which agreements will be enforced. Finally, altering the fundamentals of the economy require long term horizons often outside the radar of politicians with a five-year mandate.

A doomed Private Sector

The system of extraction that characterised early Sierra Leone and the Protectorate continued after independence, dooming the private sector to be a significant factor of fragility. As stated in the TRC report (vol. 3), those in charge of the formal Government joined forces with the fledgling private sector to loot state assets. The nature of transactions in the private sector mimicked that of the public sector, characterised by informality and connections. By the time of the conflict, the state was the fountain of opportunities for the private sector, dishing out lucrative contracts arising from foreign loans and grants to allies and protégés. This dulled if not eliminated the drive for efficiency normally engendered by competition in the marketplace.

The resulting economic concentration left little space for smaller or other indigenous operators to flourish, leaving only foreign operators with high risk appetites willing to enter the country, typically in the minerals sector. This fostered fragility along a number of vectors. It decreased the resilience of the economy due to unsustainable, high-cost operations, and the absence of diversity that could allow economic opportunities to be seized and needs met across different sectors or industries. It created resentment towards the state as exclusionary tactics combined with patronage to constrict wealth creation opportunities except for the connected few. Consigned to economic informality, the vast majority remained virtually outside the control of the state and hostile to its presence and interventions; it is no coincidence that the conflict commenced in the isolated border regions with Liberia.

Bad policies and dependence on commodity prices nailed the coffin on the private sector as a force for stability or resilience. Incoherent policies reflected partially effective pressures from the Bretton Woods institutions for the usual structural reform initiatives of the 1980s. Government institutions half-heartedly implemented agreed-upon programmes, further squeezing the private sector through monetary policies that restricted credit and foreign exchange, while also increasing taxes. At the same time, the necessary opening of the economy to additional positive forces, particularly indigenous ones, never materialised.

All in all, the private sector failed to grow naturally, create jobs or secure broad-based benefits in a new economy. It rather combined with patronage politics and corruption to restrict important goods and services and exacerbated inequality and inter-group resentment. It thereby rendered the state more fragile and open to external shocks (Wennman, Luiz & Ganson, 2017)

Returning to the status quo after the conflict meant a reproduction of an economic system with perverse incentives and inappropriate policies. The question then is whether over the course of the 15 years post-conflict, an evolution has taken place that determined a trajectory different from the pre-conflict system in place.

An examination of some variables does not provide much comfort. After the massive debt forgiveness in 2007, by 2009, public debt stood at 32% (World Bank 2016) of GNI. By 2014 before Ebola it was 28% (World Bank 2016). Interest rates have soared again after the short period of single digits due to a curb in government

borrowing, returning to the pre-conflict levels of 20% rates. The tax ratio to GDP has remained low hovering between 11 – 12% as in the pre-war period. The Government's budget continues to be financed by donors to the tune of 40%. The Auditor General's report points to cost overruns in public contracts of more than three to four times market values. All of the above inefficiencies are absorbed during boom years but become severe anomalies in normal times, opening the door to fragility.

As was the case in the 60s and 70s, many of these initiatives gave the illusion of development progress but fell short in alleviating the problems faced by citizens. National indicators of socio-economic progress confirm that the accelerated improvements in citizens' welfare was not taking place. Real prices of basic consumer goods continue to rise, statistics of students' performance in public exams continue to slide, health data, housing, electricity access, and other indicators remain below the average for the continent, even if better than at the end of the conflict. **There has been no independent evaluation of any of the national development programmes so far**. In all cases therefore, reports have highlighted successes with little emphasis on how to correct failures or hold anyone accountable for them.

Macro-economic Policy and Private Sector Development

The development strategy followed so far has largely replicated pre-conflict economic structures, formal and informal. It has followed the exigencies of the development partners led by the international finance institutions, in turn reflecting the dictates of the few key donors in the country. Over 40% of the State's budget is provided by external partners. The recent boom in the extractives sector created a bubble for a two-year period in which the country was touted as the fastest growing economy in the world (22 - 25% GDP growth). In fact, this was a one-time spike resulting from the investment and operations of two large iron ore mines.

Paradoxically, the collapse in commodity prices has spurred a more broad-based approach with start-ups in agriculture and the services sectors showing some promise as recent investments begin to yield fruit. Nevertheless, the private sector continues to be primarily informal while incoherent and sometimes even contradictory policies limit the expansion and productivity of formal businesses (Wennmann, Luiz & Ganson, 2017). In addition to the poor state of the energy infrastructure discussed above must be added the enormous costs of doing business. In this regard, the country is ranked 162 out of 168 countries by the WEF (2016). Internal studies by the IGC and others point to bureaucratic bottlenecks not unconnected with corruption, inefficiencies in production flows; frequent changes in policies; and limitations imposed by size of operations as curtailing the contribution of the private sector to overall development.

What is not so clear from the current development strategies is the evidence of transformation and diversification of the economy, so essential to enable a rebound from shocks. There are many new laws in place that could provide the framework required, but some are hardly implemented and others incoherent with other policies. Political patronage is often at the root of inefficiencies, just as impunity continues to prevail because of political connections. In sum, there is a real danger of reproducing the same economic structures that preceded the conflict unless a reform programme can be launched to redress these problems.

Private sector: Its roles in both concentrating and de-concentrating economic and political power and benefit

Since 2007, with the arrival of the previous political party, the private sector was trumpeted as the vehicle through which rapid socio-economic development would transform the lives of the citizens. Indeed, in his inaugural address the President who hailed from the private sector announced he would create the conditions for the private sector to flourish. However, this was not accompanied by a series of reforms to establish the enabling environment for the sector.

Rather, business continued as usual. Mainly international business operatives secured government contracts in collusion with party loyalists. Government officials in turn designed the deals with inflated costs that released generous rents on which they thrived, as illustrated, for example, by the Special Audit report of 2016 on the military by the Attorney General. The evolution of the private sector during the last 10 years has therefore followed the same path as in the period before the conflict – an ever-changing landscape of personalities who rise, exert temporary influence in the royal court, make their fortunes, and disappear. During their tenure, they capture the formal state structures. Even the media is not spared: full page advertisements are placed for drivers' positions, ensuring that even newspapers with readerships hardly exceeding 1000 prosper.

The private sector shows signs of becoming more partisan. During the period of the one-party system, successful bidders for public contracts and their allied rent-seekers hailed from every part of the country. Not so now. Those from the South feel excluded, and the fear is that if regime change does occur and shifts power to the South, the vicious cycle will continue its downward spiral as it will be their "turn to eat". Thus, control over private sector opportunities may yet again become one of the vehicles for reinforcing instability.

The collapse of the country's two large iron ore mines and ADDAX, the large sugar plantation, coincided with the Ebola epidemic. Subsequent reports on the operations of these companies revealed huge inefficiencies and corruption. As in the past, the strong alliance between the ruling class and the management of these companies allowed their use as cash cows. As long as the cow was being fed by high international prices, it continued to provide milk - private plane, trips, advances for salary payments, free fuel for local elites, and exceedingly high salaries for nationals with connections, for example. When the price collapse occurred, many local and international companies holding long-term contracts with these companies went under. Curiously, had the integration of these companies with the rest of the economy been greater, the result would have been catastrophic.

The lesson here is the undiversified nature of the economy, combined with the dominance of the informal States where decisions are made, leave the country vulnerable to severe shocks even in the realm of the private sector. This is the private sector's most direct link with fragility and instability.

Resilience: Sources of socio-political and socio-economic strength and vulnerability

The formal state draws strength from, and can be weakened by, informal networks and cultural institutions. These have a stronger influence over individual's behaviour through ethnicity than do the rules and regulations of the formal state. Decisions over appointments to positions of power, for example, originate from or are sanctioned by these networks that are in effect the institutions of the informal State; what is often labelled as informality is in fact these networks at work. Appointments are therefore made more on the basis of loyalty than of competence. Additionally, these tight networks lack transparency and are closed to outside information and influence when making decisions. Needless to say, greed plays a key role in perpetuating the system; the national cake is shared only by those in the networks.

Despite the collapse and near failure of the formal State, the informal States continued to operate. The resilience of the informal States since independence can be explained partly by the very limited attacks on their systems of operations, honed over centuries of tradition and culture. It is instructive that voting in general elections generally follows set patterns except in towns, where the influence of the informal State tends to be weaker. The paradox is that attempts to integrate the systems through decentralisation have encountered difficulties, not from the Chiefs but from the authorities unwilling to give up financial control from the centre. The situation is complicated by the presence of District Councils - branches of the formal State - at the local level.

To summarise, there is resilience in the informal States, but this is at the expense of resilience in the formal State. The persistence of informality, particularly in decision making, undermines transparency and accountability of action in the formal State, in turn encouraging a lack of progressive practices and depriving the state of the experience and advice available outside the informal network.

The Current Situation

There are signs of positive change that could support moves to reduce and even end fragility. These include greater freedom of the press and increasingly greater knowledge by citizens of their rights and obligations. There has been progress in reducing the binding constraints to private sector development in the form of transportation, electricity, and energy. Elections are held regularly and are being taken more seriously by political parties as an opportunity to send better qualified representatives to Parliament. Yet there appears to be significant danger that progress will continue to be undermined by failure to address the root causes of fragility.

The lack of legitimacy of the State was demonstrated most notably in the failure to contain the Ebola epidemic in 2014. This was primarily because of the lack of trust in state officials, and weaknesses in the health care system and the system of governance in general. Massive inflows of human and other resources were required to contain the disease. Allegations of rampant corruption are widespread, reinforced by successive annual and special reports of the Auditor General and those of the human Rights Commission, plus ad hoc reports of civil society groups.

Challenges for the New President

The mapping exercise took place one year after the Government was elected and new Mid-Term National Development Plan 2019-2023 was adopted following broad consultations, with focus on education, fight against corruption and economy diversification from mining. An Anti-Corruption Commission was established in 2018 that has investigated and indicted a number of high-level officials in corruption cases[10].

[10] https://www.anticorruption.gov.sl/

The new Government undertook a challenging task of addressing the lack of national cohesion, weak state and ever brewing and erupting ethical and regional tensions as the root causes of endemic poverty, corruption and conflict that have not been properly addressed since the colonial time and not even after the Civil War of 1992-2002 and the post-war governments. To this effect, in May 2019 the President convened a National Peace and Cohesion Conference where the President announced a Green Paper[11] for the public consultations with the view of establishing an all-population-inclusive National Commission for Peace and National Cohesion to be operational in all provinces, districts, chiefdoms and villages of Sierra Leone that will be building a social contract between the people, regional and local power centres and the state.

At the same time, 10 mandates of the opposition APC party parliament members were withdrawn establishing the majority of the ruling party in the Parliament. The history repeats itself and will definitely need mediation.

Conclusions:

1. The Peace and National Cohesion Commission is recommended to be supported by donors, both as mediators and as institutional supporter. It can also be one of the PPD platforms as there will be business representatives on the Commission.

2. The Political Economy analysis emphasises the importance of supporting socio-economic activities in all the regions of Sierra Leone and for all the ethnic groups.

2.2 SME Typology

Due to the fact that value chains are highly fragmented in Sierra Leone, it was agreed that this mapping effort would mainly focus on the analysis of vertically integrated operations with high potential of growth and job creation, and some illustrative case of the bottlenecks through the value chains. However, other most typical representatives of the SME landscape were interviewed to explore the potential for building the effective value chains in various sectors and potentially benefit from the External Investment Plan.

The MSMEs interviewed can be divided into five major groups, irrespective of the sector: 1) vertically integrated foreign investment; 2) vertically integrated companies with mixed foreign/local ownership; 2) fully integrated self-sufficient Lebanese and Indian operations; 3) locally-owned-and-run companies primarily serving government contracts; and 4) local (mostly informal) start-ups and family enterprises.

Vertically integrated companies (VIC) profile. VICs are represented mainly by foreign investors in agriculture with high levels of foreign investment in large to medium-size plantations or large outgrowers schemes. The former struggle with complex land tenure issues that often increase operational costs by 50-80% (DFID 2019). The outgrowers' schemes are very expensive, which, coupled with low productivity of smallholders, increases operational cost by 40% (WB). The consultant has not been able to find an operator (neither in the pre-Ebola 2014 nor in 2019) who would have achieved a breakeven position on outgrowing operations. Most outgrower schemes are covered by donor grant financing. Land lease either results in ongoing disputes/exit or let the company operate with better locally negotiated deals. Most of the inputs and qualified personnel are imported. Exports and imports are mostly delayed. VICs also spend a lot of effort and money to train local staff/workers and all support local communities with CSR. MOUs with Government take a long time to ratify or are not followed through. Except for Tradin Organic, the consultant has not encountered a VIC that would be profitable yet. In spite of difficult and non-transparent environment, VICs follow very strict Codes of Ethics in all their operations. Some choose to forego investment incentives, pay higher duties and taxes to avoid being exposed to corruption. VICs are active in PPD (ministerial work groups, business fora, associations).

VIC with mixed/local ownership. These VICs are much better integrated in the local context, run smoother operations and better understand local markets. However, they face the same high costs with outgrowers schemes.

Lebanese and Indian companies: have long established formal small and medium operations nearly in all sectors of the economy, have very robust business approach and client orientation. Indispensable part of the business and service fabric of the country. Primarily rely on family/diaspora financing. Operate independently of

[11] http://www.sl.undp.org/content/sierraleone/en/home/presscenter/pressreleases/update-on-the-establishment-of-an-independent-commission-for-pea.html

the government, outsource government interactions where possible (labour, tax, customs brokers) Most would not involve external equity financing but would consider guarantees/debt finance.

Locally run and managed (formal and informal) SMEs. Many involved in government contracts, with high percentage of bankruptcies due to non-payment. They negotiate or do not pay tax and operate with unwritten and obscure business rules. Many government officials run their urban and rural businesses and act as customs, tax, insurance brokers in parallel to their official duties. Younger business people interviewed would want to spinoff from parent companies, establish their own business, not deal with the government and introduce new technologies. Eager for formalisation, corporatisation, TA support and access to seed capital, they represent the biggest unlocked growth potential for Sierra Leone.

Irrespective of the sector and growth stage, the overwhelming majority of the interviewees were:

1) optimistic;

2) had social and business missions;

3) had expansion and/or diversification plans;

4) faced the same obstacles to the current operations/plans (the priority order differed depending on the industry/sector):

- Volatile business environment; change of rules; lack of enforcement and transparency;
- Acute lack of skilled labour;
- Significant delays and/or bribes at the Port (import/export);
- Infrastructure: expensive energy, water, roads, hence high operational costs/logistics;
- Access to local currency finance/high interest rates/lack of medium to long-term finance;
- Lack of business support services (PPD, legal, marketing, accounting, specialised).
- For foreign agricultural investors the land lease in the customary land law locations remains a big and ongoing challenge. It is also a challenge for all local rural population who do not directly own land.

The other two developments are the examples of well-meant policies that turned out to be business constraints when implemented by the rent-seeking state.

Local Content

The government has promoted local content (the use of locally produced goods and services instead of imports) with support from DFID since 2013. The Local Contents initially focused on mining companies which were the main drivers of imports during their establishment phase and later was applied to other sectors.

The Local Content Act was passed in 2016 to provide development of all sectors of the economy through the incorporation of local content in their productive activities. The Act establishes several aspects of the local content inclusion process such as the Sierra Leone Local Content (SLC) Agency. It also creates a fund to support suppliers, exporters and importers; details provisions for employment and training of citizens; generates a SLC certification, scorecard, and a performance report; and establishes several rules for tendering processes.

The Act also requires bidders and subsequently, operators to submit a Sierra Leonean Content Plan each year to demonstrate compliance with local content requirements. The Plan must indicate "how an operator or contractor will give first consideration to Sierra Leonean companies, materials, goods and products made in Sierra Leone, including specific examples showing how first consideration is considered and assessed in evaluation of bids for materials, goods and products required by the project, operations or activity."[12]

Unfortunately, the Local Content requirements are often cited as one of the obstacles to develop business by both local and foreign investors. With rare exception, the local suppliers are non-existent, unknown or underdeveloped/unable to provide necessary quality and/or quantity. The Local Content Unit does not seem to have the capacity to regularly adjust the market realities to the Local Content Regulations. A moving balance should be found between the investment in the local capacity (that often raises operational costs) and the immediate market needs of businesses in imports to be competitive.

The Environmental Protection Agency (EPA)

[12] https://ppp.worldbank.org/public-private-partnership/library/sierra-leone-local-content-agency-act

The Environmental Protection Agency (EPA) was established in 2008 through the Environmental Protection Agency Act (2008) and became operational in 2009. The EPA is housed within the President's Office and is the main government agency in charge of all issues concerning the environment and climate change. Controversially, many investors who support environment protection have complained that EPAs charges and fees are arbitrary and extremely high as compared to the rest of Africa. Reportedly, EPA promised to review the fees.

2.3 Potential Investment Projects

The financial needs of the MSMEs range from grants to cover high-social-impact-high-cost outgrowers operations, to working capital loans ($1,000-$200,000, preferably local currency) and to debt/equity investment of $1M-$5M. The technical assistance needs vary from business plan preparation to implementing CSR projects. An illustrative list of potentially bankable projects is presented in Table 2 below. The data presented is partially based on the information provided by the companies/startups and partially on the Consultant's own estimates.

Table 2. Illustrative Pipeline of Projects for EIP (NASIRA + other SME Windows)

Name/Industry	Business Model	Finance/TA needed	Social/Environmental Impact
Mountain Lion **Local red parboiled rice** **Rice mill** **Makeni**	Mixed local/Western ownership; 8,200 outgrowers; 50 employees; imported mill equipment over 1 ton/h; packaging; sells to local markets and hospitals Grants and SLL loan from Cordaid	$3,500,000 in equity finance Second milling line Expansion to poultry feed +$1.5 M	+6,000 outgrowers Organic high nutrition value local variety rice, Carbon Building mulch innovations/absorb emissions, double smallholder impact, 50%+women
Sierra Agra **Mango processing** **Newton**	Purchase of Felix Juice in 2016 Mango outgrowers in the North, East and South, 60+ aggregation points, Fair Trade and Organic certified mango juice, Italian equipment, 3 ton/p/h capacity, plant and warehouse in special Economic Zone, 100 employees, 99% local, export to Europe, US	$3,000,000 in debt/equity financing Address mango seasonality, expand to coconut, passion fruit, pineapple, oranges Expand to commercial multi-crop anchor site 10,000 acres Projected revenue $20M	Range of organic juices for exports to EU and US, 10,000 farmers with higher incomes, 100,000 people benefit, half women, decent employment, land reclamation (from mining)
MELO Africa **Organic honey**	Established by US social entrepreneurs in 2017. Training and collection from 4,000-4700 honey hive keepers/farmers 30 employees Export to US, General Mills, potentially to EU Short-term objective full operational sustainability	Short-term working capital $150-200K during the purchasing season $1.5M for expansion Support to development of SL Residue Management Plan for exports to EU	Expansion to two seasons – double revenue to keepers' families Potential exports to EU
Tradin Organic	Well established organic cocoa exporter, 35,000 certified outgrowers, office and warehouse in Kenema	Grants of up to $1 M for outgrowers training, certification, collection and logistics	Support the supplier network and increaser the productivity among 40,000 smallholders/outgrowers with impact on over 100,000 people
Earth Lizard	Start-up organic cocoa developed as an unintended result of DFID project. Plans to develop a commercial plantation for potential transfer to FBOs	Grant, working capital and debt financing of $1.5 M	100 full-time jobs and 30,000 seasonal jobs

Name/Industry	Business Model	Finance/TA needed	Social/Environmental Impact
Finic **CREATE Project**	Local agricultural equipment producer, 20 types of affordable local equipment for agriculture; 30+ skilled workers and distributors Service centres across the country	Grant for working capital $0.5M Plus phased $5M equity investment for Centre for Rural Engagement in Appropriate Technology Everywhere (CREATE) project for provision of agro processing services across Sierra Leone.	1000+ youths will be employed/trained in basic skills; New and appropriate technologies will be generated; Women will be saved from back-breaking work in adding value to their agricultural produce; Income for Rural women will increase as appropriate technologies increase processing yields; Heightened hygiene promotion in the transformation of agricultural produce to value added products. Promotion of ATVET (Agricultural Technical Vocational Education and Training) Practical awareness raising of the huge potentials that are in agro processing for business. Farmers in primary production will be encouraged to produce more.
Truestone/Mano River Transition Fund projects	Frontline Chicken: early stage poultry (eggs, meat) Imported feed, layers	$3M Debt/equity.	Potential of 50-100 decent skilled and semi-skilled jobs, import substitution
	Chicken Town: fast-food for growing middle class. 1st restaurant opened in Freetown in May 2019. Expansion plans in Freetown and districts.	$5M debt/equity	1000 decent jobs, 100% local content
	Actb MFI: 123 staff, 17,300 clients, 9 branch offices in 8 districts. Growth stage	$5M debt or equity	MFI services expansion, new and digital products targeting MSMEs
	Tourism, business accommodation, start-up	$3M equity	100 decent jobs
	Maize commercial operations startup	$5-15 M equity/debt	200 decent jobs
	Transport	3M equity/debt	100 decent jobs
	B2B, IT, media, printing growth phase	$3M equity/debt	50 jobs, innovation
Yazbek and Sons	High quality EU Truck imports for mining, construction and agricultural operations	$2M-$10 first-class EU Bank guarantee	Supplies of good quality trucks to various industries, including agriculture
Innovations	Established in 2018 by diaspora/returnee and local co-owner, Private	$0.5-1M grant plus $0.75M seed capital +	Local startups incubation, job creation, formalization,

Name/Industry	Business Model	Finance/TA needed	Social/Environmental Impact
Global Entrepreneurship Network's Sierra Leone affiliate	business incubator with selection methodology and incubate pipeline (14 projects): pond fisheries, processed plastic bricks, handicrafts, drones, classrooms, Wi-Fi-equipped working places, workshops, warehouses	up to $3M phased equity/debt	bankable projects development, exit strategies
Furniture Spinoff	Former employees of bankrupt local medium-size company. Own workshop in Waterloo, have suppliers and buyers clientele, timber and furniture manufacturing skills	$50-70,000 startup working capital plus processing equipment Potential to compete with Chinese with larger timber processing equipment app. $2M	30-50 permanent skilled and semiskilled jobs
Sierra Tropical/Dole	Pineapple commercial plantation established, seedling outgrowers scheme and expanding plus planned processing plant. TVET and Community Development programmes in Bo.	$1-2M grant for TVET, CSR and outgrowers	Youth vocational training, placements and employment, community development projects, up to 60,000 seasonal jobs.
New Brookfield's Hotel Complex Freetown	Well established business/economy class hotel with expansion plans for conference centre, apartments	$1.5M for debt restructuring (EVD impact) $2M debt/equity expansion	200 decent skilled and semi-skilled jobs, affordable business/tourism accommodation. Modern conference services in the proximity to the commercial/business centre of Freetown
Shankerdas Group	A long-established vertically integrated multiple-product (food, beverages, cosmetics, plastics, crops) complex, 1500 employees	Innovative ecological plastic recycling project into building materials, $2M loan	50-100 jobs, new technologies, affordable construction materials, waste management
Textiles and Folklore Apparel Export Venture	Greenfield local textiles and garments venture, traditional techniques+stylised modern design, with AGOA and EU export potential	Phased $1-3M seed+debt/equity investment	1000+ women jobs 100% Local content Impact on at least 5,000 children (skills+income used on education)
Summary	**Primary agriculture, agri-processing, agri-equipment manufacturing, poultries, fisheries, timber processing, transport, tourism, IT/B2B, textiles&apparel, catering sectors**	**Up to $10 M in grants** **And/or $15-20 M working capital loans** **Plus $70-80M equity/debt investments/guarantees**	**At least 200,000 decent jobs, 80% women and youth** **Impact on 1,000,000 people, including youth and women** **Smart environment and climate change management, exports, import substitution, tax revenue**

3. FINANCIAL SECTOR LANDSCAPE AND IDENTIFICATION OF EIP BENEFICIARIES

In order to identify potential EIP partners and beneficiaries, it is necessary to identify major systemic risks and opportunities within the financial system of Sierra Leone first.

3.1 Financial Sector Landscape

Sierra Leone's financial sector is comprised of the two large state-owned banks (about 30 percent of total banking assets) and 12 smaller, domestically and foreign-owned private banks. The measures the BSL has taken to improve the operations and balance sheets of the state-owned banks have led to a substantial improvement in system-wide indicators of financial soundness. Despite variation across banks, the sector as a whole is well capitalized, liquid, and profitable. But this is in part because both state and private banks have relied on the budget's large borrowing need, and as a result their assets are concentrated in liquid and high-yielding public debt. The banks were encouraged by BSL to write-off non-performing loans (NPL, Fig, 3) that contributed to the improvement of their balance sheets but had a potential 'moral hazard' impact on future operations. "*Commercial lending accounts for a mere 5% of GDP and is largely linked to supporting enterprises involved in domestic public investment projects*" (IMF 2018, Fig. 2). This is much lower than Sub-Saharan Africa's regional average of 47 percent, LDCs of 28% and Fragile and Conflict-affected Countries at 22% (WB 2017).

Figure 2. Public and Private Sector Credit (IMF 2018)

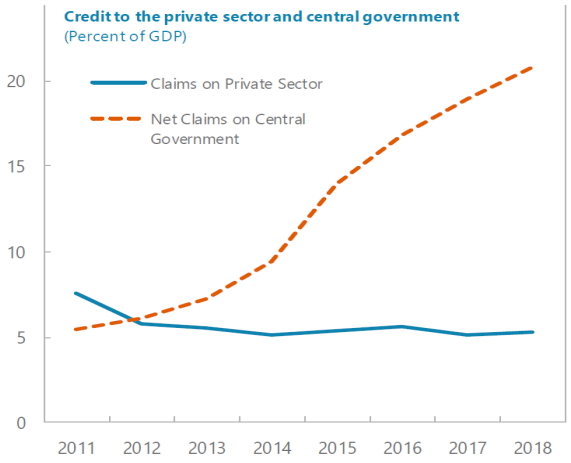
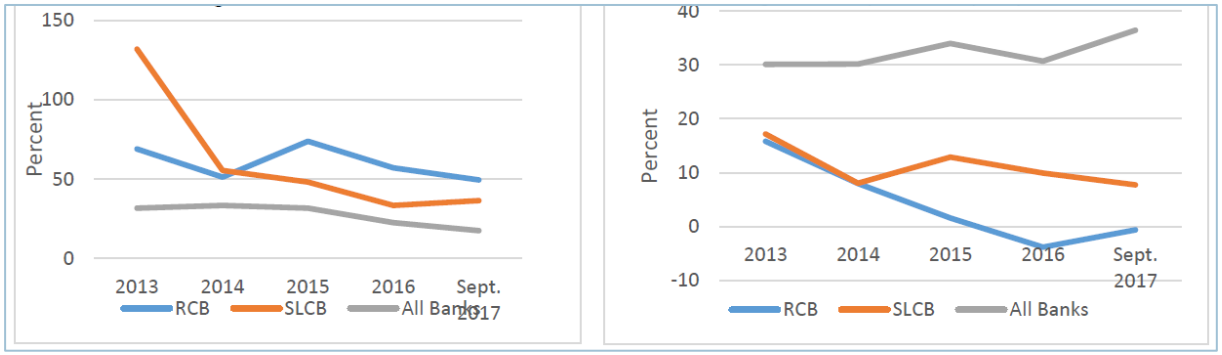


Figure 3. Banks NPL Ratio (left) and Capital Adequacy Ratio (right), WB 2018



Two state-owned banks dominate the financial system, which pose challenges to both stability and access to finance. Despite the entrance of a number of international banks over the past decade, the two state-owned banks (Rokel Community Bank - RCB and Sierra Leone Commercial Bank - SLCB) continue to be key players with 28.6 percent of assets, 36.2 percent of deposits, and 23.8 percent of credit. Both RCB and SLCB had to recognize large and longstanding asset problems in 2014, which resulted in an erosion of their capital base and measures by the authorities to initiate their restructuring. This was the major driver of the system-wide NPL increase mentioned previously. BSL has intervened in the banks and has temporarily taken over management of the two

ECF Review Mission to Sierra Leone, IMF, 7 May 2019

"While program performance is broadly on track, slower than expected progress on structural reforms reflects the magnitude of policy challenges: …three of five structural benchmarks—the forensic audit of the BSL, developing a strategic plan for the two state-owned banks, and a strategy for clearing domestic arrears—have been delayed, as the underlying issues are proving to be more complex than anticipated."

institutions and has put in place mechanisms to limit new corporate lending. However, these two state-owned institutions continue to play a major role in financing the government and by doing so are effectively limiting access to finance for the private sector. The government is currently determining how to proceed with the restructuring of these two banks (WB 2018).

Composition of the Financial System

Since the beginning of 2001, there has been a number of developments in the financial system. As at December 2017, the number of commercial banks in the country has risen to 14, with 109 branches nationwide.
There are 17 community banks, 11 insurance companies and 62 exchange bureaus. In addition, there are 18 credit-only microfinance institutions (MFIs), 5 deposit-taking MFIs, an Apex Bank and 59 financial services associations (FSAs), and 2 mobile financial services providers and a stock exchange (BSL, 2017).

Out of the 14 commercial banks operating in Sierra Leone, 4 are locally owned and 10 are subsidiaries of foreign banks (majority of them from Nigeria). As relates to locally owned banks, the Government is the majority shareholder of 2 banks (RCB and SLCB), whilst 2 local commercial banks are wholly private owned (BSL 2019).

Table 3: Components of the Sierra Leone Financial System

Financial System	Network – Number of Units in the System					
	2012	2013	2014	2015	2016	2017
Commercial Banks	13	13	13	13	13	14
Community Banks	7	11	11	17	17	17
Insurance	10	10	11	11	11	11
Exchange Bureaux	39	39	43	50	58	62
Other Financial Institution						
Credit-only MFIs	6	8	9	12	15	18
Discount Houses	2	2	2	2	2	2
Deposit taking MFIs	2	2	2	2	5	5
Leasing Company	0	0	0	0	1	1
Financial Services Association (FSAs)	0	0	0	0	51	59
Apex Bank	0	0	0	0	1	1
Mobile Financial Services	0	0	0	0	2	2
Stock Exchange	0	0	0	0	1	1

Source: BSL

Source: BSL Financial Stability Report 2017; Note: WB reports 3 Mobile Services Operators in 2018*

As shown in Table 4, between 2012 and 2017, it was the Community banks, FSAs and Deposit-taking MFIs that showed assets growth in real terms. It should be noted that only MFIs and FSAs formally registered by BSL are included in the BSL reporting not representing the whole industry (e.g. only 8 of 58 FSAs and 15 of over 100 MFIs were registered in 2017).

Table 4. Evolution and Composition of Assets of the Financial System

Financial System Components	Total assets (Le Trillion)					
	2012	2013	2014	2015	2016	2017
Commercial banks	3,618.60	4,329.30	4,817.69	5,287.57	6,333.16	7,432.98
Community banks	24.26	30.34	41.05	41.37	41.24	61.25
NASSIT	660.02	809.76	994.25	1,180.13	1,414.49	1,550.68
Exchange bureaux	-	-	-	-	-	-
Other financial institutions						
Credit microfinance				26.22	84.91	66.96
Discount houses	23.37	20.53	12.22	21.21	21.02	17.66
Deposit-taking microfinance	50.37	42.94	51.12	59.13	58.58	161.24
Leasing company			2.00	-	-	-
FSA	-	-	-	29.50	37.83	47.14
Apex Bank	-	-	8.04	31.77	38.83	39.36
Mobile financial services	-	-	-	-	-	-
Stock Exchange	-	-	-	-	-	-
Total	**4,376.62**	**5,232.86**	**5,926.43**	**6,676.90**	**8,030.07**	**9,377.28**

Source: BSL

Lending by Sector

Between 2012 and 2016, construction, import trade, transport, storage and communication sectors accounted for the highest share of advances and loans. This allocation of resources to the construction sector, being the highest, was because of the immense infrastructural activity that was going on within the country (see Table 5).

Table 5. Sectoral Distribution of Loans in 2012-2016, percentage of all loans

Sectors	2012	2013	2014	2015	2016
Agriculture, Forestry & Fishing	7.0	5.5	6.4	6.2	5.6
Mining & Quarrying	2.2	2.0	2.5	2.1	2.6
Manufacturing	7.3	6.8	4.4	4.0	5.9
Construction	17.5	16.9	18.5	19.4	19.3
Electricity, Gas & Water	1.0	1.0	1.7	1.4	2.1
Import Trade	17.5	19.2	19.5	17.9	18.1
Export Trade	8.6	7.1	8.8	4.4	5.8
Financial Services	2.7	2.1	2.1	3.5	4.1
Other Trade & Tourism	1.2	2.8	1.7	10.2	11.6
Transport, Storage & Communication	10.2	7.8	11.1	9.5	5.6
Printing Pub & Allied Products	1.9	2.3	1.5	1.4	1.4
Personal services	4.8	5.2	4.5	4.5	4.5
Business Services	10.8	12.5	9.2	7.5	6.2
Recreation Services	1.0	1.7	1.5	1.3	1.2
Other Services Incl. Government Services	2.5	3.1	2.1	1.5	1.2
Miscellaneous	3.7	4.3	4.6	5.2	4.9
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: BSL

In 2017, the sectoral classification of credit in terms of economic activity was revised. With this classification, 33.2 per cent of total credit was extended to the commerce and finance sector, followed by construction sector of 19.9 per cent and business services sector of 8.8 per cent. **Loans to agriculture and forestry sector represented just 1.3% of all loans. The marine resources sector recorded the least** (see Table 6).

Table 6. Reclassified Lending by Economic Activity 2017, percentage of all loans

	2017
Agric, Forestry	1.3
Marine Resources	0.0
Mining & Quarying	4.6
Manufacturing	6.8
Construction	19.9
Utility Services	0.5
Commerce and Finance	33.2
Transport and Storage	5.5
Petroleum	1.5
Business Services	8.8
Personal Services	3.4
Communication	2.1
Other Services	5.4
Miscellaneous	7.1
Total loans {On-balance Sheet figures}	**100.0**

Source: BSL

The reasons of reclassification were not provided at the mapping interview with BSL nor in the Financial Stability Report 2017 (published in February 2019). One of the possible explanations could be separation of trade from

primary agricultural production and manufacturing. Most stakeholders interviewed during the mission stated that it is mainly the traders who are "SME" clients of the banks and MFIs, not producers. At the same time, the official figures in the BSL reports definitely do not reflect true level of financing in the marine resources and probably in other sectors. The off-balance-sheet analysis is necessary.

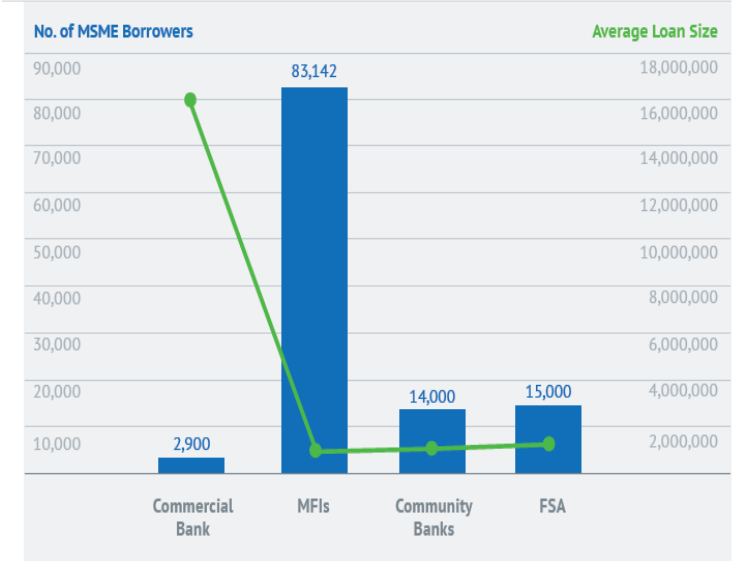
It is not surprising that many international funds prefer to pick the market leader enterprises and most transparent MFIs for investment rather than taking risks of providing funds to 'established' institutions with highly non-transparent operations.

SME Lending

Microfinance Institutions (MFIs), Financial Services Associations and Community Banks that are a key service providers to SMEs, particularly in rural areas. MFIs have a larger geographical presence in Sierra Leone than banks and had nearly 170,000 borrowers and over 190,000 depositors in 2017 (Fig. 4, Financial Inclusion Strategy 2017). Their loans cater to micro and small entrepreneurs and enterprises, averaging between US$ 110 and 266 across the various types of MFIs. These institutions also have a large agricultural loan portfolio; in particular, 29 percent of FSAs' loan portfolio is in agriculture. Women also make up a significant portion of loan recipients, 44.05 percent in the case of Financial Service Associations (WB 2018).

Operating under official licence or registration, there are 17 Community Banks, three deposit-taking MFIs, 18 credit-only MFIs, 59 Financial Service Associations and two mobile financial services providers operating country-wide. There is no specialized agriculture finance facility in Sierra Leone.

Figure 4. SME Lending: Who lends? (BSL, 2017)



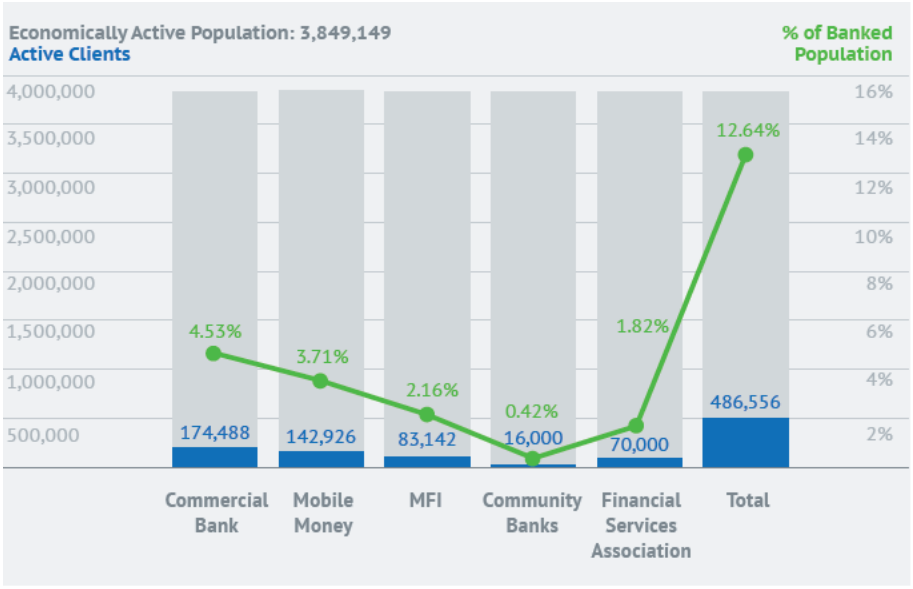
Officially, MSMEs in Sierra Leone are classified by their number of employees and their capital investment at start-up, although comprehensive data are not available to confirm such classification: micro as 0-4 employees with minimal formal structure and engaged primarily in agriculture, trading and marine activities, small as 5-19 employees and medium with 20-49 employees.

However, it is only between 10% and 15% of all MSMEs that are officially registered in Sierra Leone it is not possible to precisely identify the SME portfolios of the banks and MFIs. Some personal banking can in fact be SME lending. It is only a few SME-oriented FIs that provide differentiated products to sole proprietors, microgroups, SMEs and MEs (e.g. ACTB).

Up to 80% of MSMEs and 87% of the population are not involved in formal banking sector leaving about Le 13 trillion and 3.5 million people outside the formal economy[13]. The overall financial and geospatial access to finance are shown in Figures 5 and 6. The seemingly better outreach of formal banks primarily involves government and parastatal operations, including government contractors, while each bank serves about 180 SMEs each.

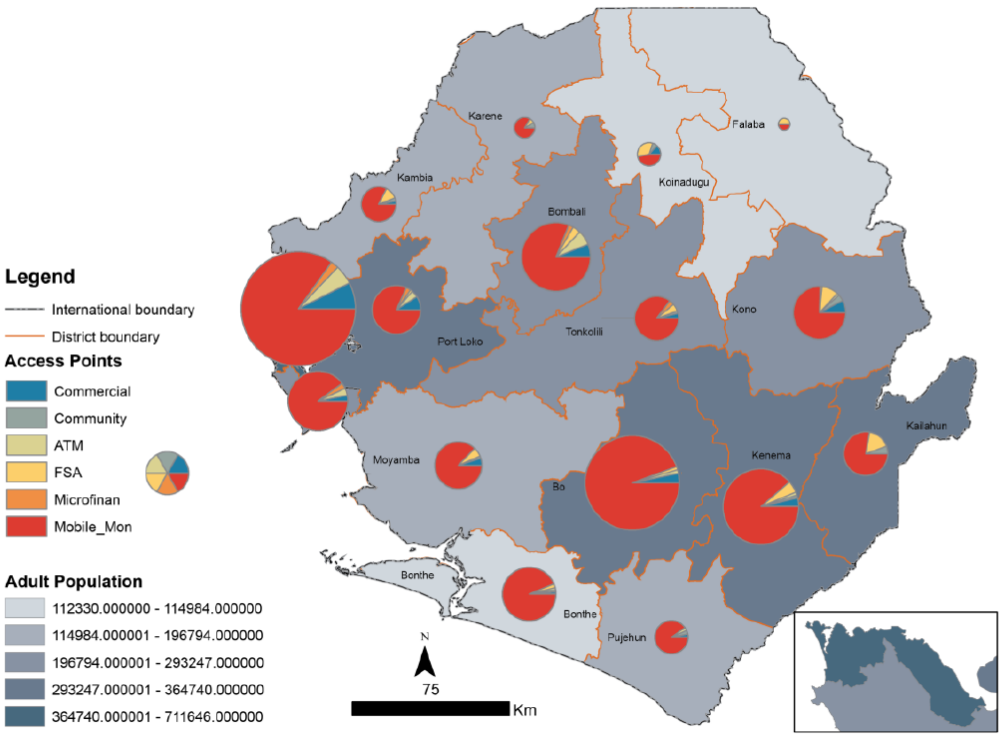
[13] Financial Exclusion in Sierra Leone, OPM 2017

Figure 5. Total Banked Population by Institution Type (FIS 2017)



The Geospatial Mapping Report 2017 identified 1,811 financial access points in Sierra Leone (Fig. 6). Seventy-five (75%) are Mobile Money Agents (Orange Money making up 74% of the total) followed by Microfinance Institutions (7%), Commercial Banks (6%), and Foreign Exchange Bureaus (6%). Financial Services Association, ATMs, and Community Banks account for the remaining 6%. Aggregate figures show that Western Urban has the highest number of FAP (475, 26%), followed by Bo District (276, 15%). Sixty-seven (67%) percent of financial access points are concentrated in Western Urban, Bo, Kenema, and Bombali districts, making these the main hub for financial services in Sierra Leone. Falaba, Karene, Koinadugu, Pujehun, and Kambia make up the bottom five of the financial services accounting for about 6 More than half of the chiefdoms in Tonkolili, Falaba, Karene, Kambia, and Port Loko districts (combined) do not have APs. Out of 207 chiefdoms, 86 (42%) are without Aps.

Figure 6. Access Points and Adult Population Distribution in Sierra Leone



The banking products and services remained basic and are largely limited to accepting deposits, granting of loans and advances and foreign exchange dealings.

Mobile Money and Digital Financial Services (DFS)

With nearly 100% of the Sierra Leone population covered by mobile services subscription in 2019, the basic Mobile Money services are accessible, affordable and wide spread as shown in Figure 6. In order to develop Mobile Finance Services, an interoperability of mobile operators, banks, MFIs should be developed. Orange and other mobile providers are working on offering interoperability platforms in West Africa and potentially Sierra Leone. A $10-million World Bank Financial Inclusion Project is working on increasing interoperability of digital payments and access to financial services through: i) promoting interoperability between financial service providers; ii) increasing access points in Freetown and in rural areas, including financial institutions; iii) financing the hardware and software required to facilitate government payments and revenue collection via electronic methods; iv) connecting MFIs to the electronic payment systems infrastructure; v) supporting regulatory reforms and financial literacy efforts around electronic payment systems and DFS, vi) promoting financial awareness efforts to support increased demand for electronic payment systems and DFS; and vii) enhancing BSL and MoF's capacity to implement the project.[14]

It should be noted that Mobile Money and potential DFS will improve access and reduce costs both to the operators and customers. However, the digitisation of financial services to SMEs and population will not in itself solve the underlying causes and risks of low levels of lending to SMEs in Sierra Leone or elsewhere. Digitisation is one of the tools and components of a systemic transformation of the financial system oriented to SMEs and private sector.

SME Investment Facilities

There is a handful of Investment Facilities operating in Sierra Leone, including CDC, West Africa Venture Fund, Cordaid Investment Facility, IFC investment pipeline, DFID-established AgDevCo. Together extended env. $200 M investment in the last 5-7 years in all sectors of the economy. They possess robust due diligence and project selection/monitoring methods based on the local knowledge and best international practices. Most provide TA for investment readiness as described in Chapter 1.

Based on GIIN classification[15], the investment in Sierra Leone is currently concentrated towards the two ends of the market-return spectrum as shown in Figure 7:

Figure 7. Types of Investment in Sierra Leone



3.2 EIP Partnering Options

In the course of the discussions with various partners, a range of options for MSME Financing Mechanism have emerged: 1) a Catalysing Financing Fund at the Bank of Sierra Leone; 2) direct guarantee/lending to commercial banks; 3) establishing a new Agriculture Financing Facility; 4) establishing a greenfield SME Bank; 5)

[14] Sierra Leone Expanding Financial Inclusion, Project Information Document, 10/25/2018

[15] https://thegiin.org/impact-investing/need-to-know/#who-is-making-impact-investments

supporting/wholesaling to MFIs; 6) further supporting Community Banks and FSAs; 7) providing capital and/or guarantees to Development/Impact/Patient Venture Funds; and 8) financing SMEs directly from EDFIs.

Irrespective of the option, most interlocutors agreed that the **primary objective for any financing mechanism is to provide affordable finance to grow SMEs, create jobs and curb migration** (the EIP objectives). In addition, it is also the EUDEL's preference to concentrate on agricultural SMEs.

With these objectives in mind, the Consultant analysed the pros and cons of each option:

Option 1. Catalysing Financing Mechanism at BSL

Description and assumptions:

a) Jobs and Growth Fund capitalised by EU and located in the Bank of Sierra Leone with the option to transfer later to the planned National Development Bank. The Fund will provide Local Financing Institutions with highly concessional financing to invest into agreed focal areas and financing models. This will translate the policy dialogue into actual sustainable investments and financial services for the private sector.

b) Local Financing Institutions (LFIs), selected on criteria including representation, financial soundness, investment orientation and experience. They will administer the loan portfolio with the private sector including approval, monitoring and repayment to the Fund.

c) Governance Mechanism, consisting of three main levels: General board, supervision of LFI and monitoring of implementation of the individual investment project.

Pros:

- High-level political support
- Pool the donor funds for scale
- Clear governance structure
- Management delegated to specialised development organisations, e.g. UNCDF
- Low risk of creating advantages to individual LFI/s.

Cons:

- Risk of the soft money going to further government financing, in the treasury bill market,
- Heavy and expensive additional management and governance layer before the funds reach FIs and SMEs.
- Stretching the limited capacity of BSL who has different priorities and TA needs (regulations, supervision, balancing the accounts, innovative instruments, indirect management, etc.)
- In the present situation of acute budget deficit and arrear payments, high risk of misappropriation/politically motivated loans leading to NPLs instead of SMEs (see Auditor General's Report 2019);
- Distortion of a very thin private lending market
- Potential disincentivising LFIs from working with EDFIs on market conditions.
- Far from agricultural clients, both physically and lending policy wise (1.3%, BSL 2017)

Option 2. Providing loans/ guarantees to private commercial banks

Pros:

- If provided on close-to-market conditions (through EDFIs), it may result in better availability/longer term loans for vertically integrated companies (bigger SMEs) and/or lower rates for trader clients
- Strengthening the beneficiary FIs capacity and market position through portfolio diversification

Cons:

- Similar to Option 1, risk of buying treasuries and financing government contractors
- Grant capital funds can incentivise reckless lending leading to NPLs.

Option 3. Establishing a New Agriculture Financing Facility

Pros:

- Some donors (e.g. IFC) consider the Sierra Leone market to be ready for establishing a specialised agri-facility
- Introducing specialized financial products for crops, livestock, fisheries, with no dominating existing policies and procedures
- Donor ability to temporarily subsidize the operations with grant funds before the new facility achieves operational sustainability.

Cons:

- Such facility can only be established by a well-established agri-bank (e.g. Credit Agricole) with proven experience of establishing similar facilities/branches in developing countries. At the time of this assignment no such institutions expressed intention to start a new operation in Sierra Leone;
- The facility should be able to operate within the BSL regulations, otherwise regulations (for instance on the level of reserves requirements) should be specifically relaxed
- Expensive and long-term project
- Can be defunct if the products are not designed for the local market (e.g. AgDevCo with too high requirements and no loans/clients as a result)

Option 4. Establishing a new/greenfield SME Bank

Similar Pros and Cons to Option 3, with additional Con that there are established commercial banks and MFIs that have capacity to diversify to SMEs under certain guarantee and market conditions.

Option 5. Channelling support through MFIs

Pros:

- Broader outreach to bigger numbers of smaller clients
- Undercapitalised vis-a-vis the expansion plans, i.e. incentivised to fulfil loan/guarantee conditions
- Proven internal and risk control systems (particularly with deposit taking MFIs)
- Have an inherent goal and capacity to serve bigger numbers of smaller SMEs.
- Some have successful track record of obtaining and managing wholesale loans and equity investment.
- Have higher share of agricultural clients in their loan portfolios than traditional banks (≈10% vs 1.3%)

Cons:

- Higher interest rates than banks (25-28% ave. vs. 20-22%)
- Most MFIs require loan collateral, even from high/fast turnover SMEs
- Most clients are traders and loans are short-term (not fit for primary agri-production)

Option 6. Further support to Community Banks and Financial Services Associations (FSAs)

Pros:

- Best outreach to rural clients throughout the country and expansion plans
- Achieve operational sustainability and small profit, with 10% portfolio at risk (lower than average in SL)
- Have alternative lending techniques to collateral, e.g. group guarantees and cashflow-based lending
- Have BSL represented on the Board but not as shareholder and no veto right
- Has proved to be shock resilient (were nearly the only financial services providers in the districts and rural areas during the Ebola crisis)
- FSAs have up to 30% agricultural loans portfolio at various stages of value chains, including primary production. FSAs are in the process of registration/formalisation with BSL that will open the way to new products and investments.
- Cannot afford to invest all cash in the treasury bills (to be further verified)
- Apply unique techniques of monitoring rural/agricultural loans based on group and rural dynamics;
- Have a long-term experience working with donors
- Have been most cooperative and transparent with this Mapping exercise and disclosed part of institutional information (Annex 3), boding well for future collaboration

- The World Bank has approved financial support of $ 1.6 million for IT solutions across the APEX/CB/FSA network. This support will provide VSAT for connectivity, capacity building, Mobile Wallet and POS in support of using digitization to ensure financial inclusion and outreach.

Cons :

- Undercapitalised with capacity challenges and high risks related to the district/rural network (remote, poorer clients)
- Not yet fit for guarantees or fully-fledged commercial debt financing but ideal for grant capital.
- Enjoyed a decade support from donors that potentially can raise questions of further sustainability.
- Needs technical assistance.

Option 7. Investment and Venture Funds

Pros:

- The existing funds have proven project selection, due diligence and loan monitoring technologies
- They have a track record of projects, including relatively big agricultural/agroprocessing investments
- Most provide TA support at pre-investment and investment stages.
- Have their own seed capital (mainly from donors and private charity investors)
- Taking higher risks than banks, good for greenfield projects;
- Good for foreign-established bigger SMEs.

Cons:

- Few can work with smaller local SMEs, with the exception of Cordaid Investment and Truestone
- IFC and AgDevCo have very demanding application and approval requirements not fit for local SMEs
- Varying exit strategies, not always incorporated in the local financial system (could be a plus for greenfield investment)

Option 8. Financing SMEs directly from EDFIs

Some bigger SMEs already collaborate with EU EDFIs (e.g. Tradin Organic, Mountain Lion, Sierra Agra, Actb) and it is an option for further focused investment.

Pros:

- Focused investment into concrete high social and economic impact projects/companies

Cons:

- Existing beneficiary SMEs are mainly foreign investments who already have diversified grant and commercial loan sources. These can arguably better benefit from donors facilitating better investment climate and direct contacts with EDFIs. It is highly important to unlock the 90% of local enterprise potential.

In the consultant's opinion, the risks and/or costs cons significantly outweigh the benefits for Options 1(BSL); 3 and 4 (greenfield facilities). For other recommended options, both the biggest, well established banks and smaller FIs were analysed as potential partners to EDFIs, using the following criteria: 1) degree of government involvement/ownership; 2) robust internal controls/risk management; 3) number of unique accounts/clients; 4) geographic representation; 5) share of SME/agriculture clients in portfolio; 6) microfinance operations/average loan size.; 7) experience/desire to work with DFIs.

Conclusion/Recommendation

Based on the interviews with key financial institutions and document research presented in Annex 3, the qualified banks for EIP guarantees are Standard Chartered and EcoBank by at least 4 criteria. EcoBank is EIB's partner in other African countries that may be an additional argument in favour of partnering with this bank within EIP.

The APEX/Community Bank/FSAs; ACBT, BRAC and EcoBank Microfinance qualify by other 4-5 criteria. With properly developed technical assistance and well-structured guarantee/debt/local currency deals, they have a potential of both developing new products targeted at local SME needs as well as agriculture finance.

The APEX/Community Banks/FSA are recommended as the best candidates for grant capital and TA from specialised development capital monitoring institutions, e.g., IFAD, UNCDF.

Cordaid Investment and Truestone (described in the previous chapters) are recommended for EIP as investors with excellent local knowledge, best international practices and ability to identify, investment prepare and investment structure and monitor both local and foreign enterprise.

The potential projects described in Chapter 2 could be clients of any of the above schemes due to their multi-component operations, including core business, supplier networks, community and environmental projects.

Disclaimer: both the FIs and SMEs described as potential clients and partners in this report will require proper due diligence and assessment. The recommendations of this report are based on interviews and limited financial and institutional documentation.

4. TECHNICAL ASSISTANCE

The technical assistance (TA) will be required to most potential SME and FI beneficiaries and it will need to be organically tied to the financing mechanism on the supply and demand side, as well as the Public-Private Dialogue.

TA to Supply Side

The EIP encourages the provision of directing grant capital and lending-focused TA through the existing privately-owned commercial banks and FIs. That said, even the established banks will require TA to improve capacity, risk management, due diligence and monitoring for new schemes and products.

Grant support in particular can be successfully channelled the undercapitalised APEX/Community Banks/FSAs with tight TA controls and further capacity building from IFAD, UNCDF, other partners specialised in the 'last mile' solutions.

TA can have a particular focus on the formalisation and registration of FSAs that have up to 30% of agricultural portfolio and unique access to the 100,000s of the un/underserved and poorest in remote rural areas, as well as unique risk/loan management techniques. Or it could focus on any privately-owned commercial bank or MFI demonstrating reasonable controls and outreach expansion dynamics/plans (e.g. EcoBank, actb).

The EUD can implement this TA through the UNDCF, WB/IFC, IFAD partners, the latter having an inherent knowledge of the APEX capacity and development challenges through years of support. An important additional consideration/bonus for the APEX/FSA option is to encourage the development of the deposit base that is crucial for the SL financial system.

BSL can and should be separately supported with TA: regulatory, technical: e.g. how to bring country-activity-based forex operations back to the country; SANDBOX, credit bureaus, collateral registries, borrowers ID digitalisation, etc.

Recommendation: In case the EUD agrees to channel support through private FIs, particularly Community Banks and FSA, the supply-side should be blended with grant capital support to the selected privately-owned FIs and focused on those FIs.

TA to Demand Side

The demand-side can be supported to TA to develop the capacity of specialised organizations to select, nurture and develop local growth potential SMEs, i.e. incubators, local consultancies, dedicated donor schemes.

The following Mini-Case Study illustrates a potential TA support to start-ups at pre-growth/pre-bankable stages.

Innovations Axis is the first private Business Incubator established by a diaspora and local investors in November 2018 in Freetown. Innovations Axis is currently located in a warehouse complex in Kingtom with 3,000 m2 comprising of an open-plan co-working space of hot desks, an open co-working space for incubatees and acceleratees, private offices, a large conference room, a reception area and a cafeteria. The additional 3,000 m2 exhibition space is ideal for social and business events, seminars and courses and will come into use by the end of 2019. The Incubator also has a fabrication lab with three female entrepreneurs: Hawa Yokie is developing a portable refrigerator powered by solar; Princess King does up-cycling and Jeneba Sevalie makes shoes from recycled rubber and embroider with beads. The Incubator's expansion plan is to open a similar space in one of the other major cities (Rural/agricultural area).

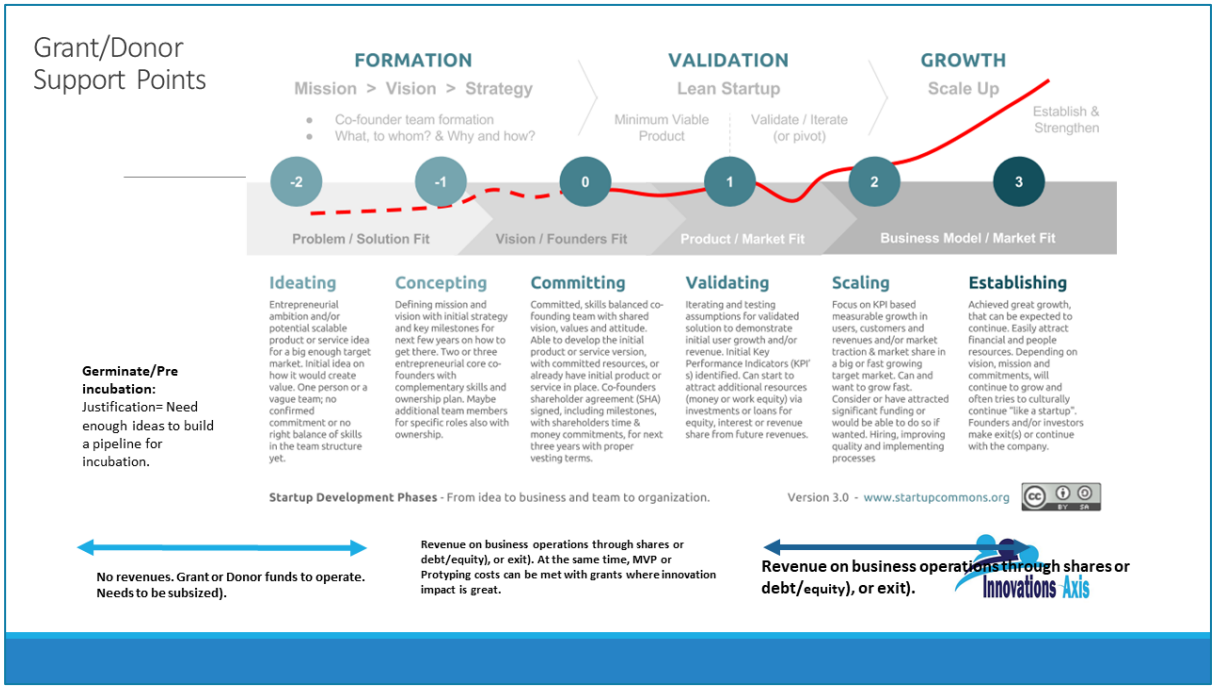
Innovation Axis is a member of Global Entrepreneurship Network and regularly runs project pitches in Freetown. Although it does not yet have any donor or investor support, the Incubator has already developed a pipeline of fourteen projects as shown in Table 7.

Table 7. Current Portfolio of Innovations Axis (As of 13.05.2019, 14 start-ups):

Stage	Sector	Description	Problem to solve
Preincubation	Agri business	Chicken Incubation	Sierra Leone imports most of its chicks for incubation. This engineering student has developed an affordable incubator as part of his final year project.
Preincubation	Ago processing	Project 2000 is developing a farm to deliver fresh vegetables on demand to medium size hotels, restaurants	Delivery of fresh produce remains fragmented in Freetown. Some hotels and restaurants have to travel to a market to buy their supplies. Project 2000 is developing a service for delivery 72 hrs after order.
Preincubation	Exponential Tech	Face recognition software	70% of Sierra Leoneans have to access to financial services. To broaden financial inclusion- KYC- is moving to digital identity and other innovative forms of identification- finger print etc. face recognition will form one such form of ID. In the health sector, the need for accurate patient records and DOTs can be supported by face recognition software.
Preincubation	Social Entrepreneurship	Clean Cooking Stove	Hundred of thousands of households still use open fire for cooking. The fuel is often charcoal which is the primary cause of respiratory deaths in women and children particularly. The use of charcoal also contributes to deforestation which contributes to negative climate change effects.
Preincubation	Assistive Technology	Bionic Arm	
Incubation (Validation)	Ed Tech	School Management system	Effective and digital management of schools
Pre incubation	Ed tech	**Easy Access, Ebooks**	Three school kids came up with the idea. They won the first ever Diamond Challenge held in Sierra Leone
Incubation (Validation)	Agtech	Jim Agri	Greenhouses is a must in a country that wants to reduce its dependence on imports for food. This company is already building green houses and supplying fresh vegetables. Job creation is significant.
Incubation (Validation)	Blue Economy	Aminata Fish Farming- **Agtech**	Aminata is developing tilapia fish farming
Pre incubation	Tourism	Sabi Salone	Discover Freetown with a focus on young professionals and foreign back packers
Incubation (MVP, Validation	Circular Economy	Pavement tiles and construction blocks made entirely from plastic waste	The significant and growing problem of the lack of any system to recycle plastic is been addressed. Further the provision of low-cost housing necessitates innovations in building materials- in particular use of non-cement based blocks. Job creation potential is close to 3000., if we include young persons that will also collect and sell the plastic to the us.
Incubation (MVP) Validation	Fashion/Cosmetic	The first locally produced cosmetics	The company has the potential to trigger the production of shea butter production locally which can bring incomes to women farmers in particular. We also anticipate job creation.
Pre incubation	Social Entrepreneurship/ Fashion accessories	Bead making	The entrepreneur already has significant sales, employer several young and including disable persons.

As a conceptual framework of Innovations Axis SL, Figure 8 illustrates the type of support the start-ups need at every stage of incubation.

Figure 8. First Private Incubator – Innovations SL



Cordaid runs a similar TA program to prepare businesses for growth and investment and links them to Cordaid Investment Management Facility.

The TA can ensure a smooth transition from initial stages of incubation to later pre-bankable, bankable and growth/expansion stage should be incorporated in both the grant capital and EIP Guarantee Schemes as part of the private FI's pipeline development. Guarantee Facility will securitize the emerging loan portfolio through credit protection to de-risk investments in the sector. It is envisaged to use the EFSD guarantee tools funded by the External Investment Plan (e.g. NASIRA Risk-sharing Facility implemented by FMO, Small Loans and Guarantee Programme implemented by IFC and other SME windows).

The PPD TA options are discussed in the next section. All the three components TA should be linked through coordination mechanisms but most probably not within the same service contract due to different specialisms and focus required for each component.

Measuring Investment Impact

Technical assistance will also be required both by EIP partner financial institutions and stakeholders in measuring the social, environmental and economic impacts of the development investment.

The standards for Impact Investment Assessment is a work in progress on the international level (Box 1). Presumably, the European Commission would look forward and probably require the DFIs and their partners to report the impacts achieved with the EU taxpayers' money according to a single standard.

Box 1. Development Finance Institutions Bolster Measurement of Impact on SDGs

On 15 May, the 15 members of the Association of European Development Finance Institutions (EDFI) gathered for their Annual Meeting and launched a new initiative to deepen cooperation on responsible financing requirements and impact measurement. The European DFIs jointly manage a portfolio of app. $50 billion of impact-oriented investments in emerging and frontier markets. They will work on an accelerated time schedule towards common definitions and methods to measure impact on SDGs, with a focus on key impacts to which private sector enterprises contribute, including gender equality, job creation, reduced inequality, and fighting climate change.

There are currently many different approaches to measuring the development impact of investments in countries where the needs are greatest. Harmonising these approaches will give a clearer picture of the actual progress. This type of professionalisation is needed to bring more private investors into the impact investing industry. The EDFI harmonisation initiative represents a concrete step towards a common approach to measuring impact, and comes one month after 12 European DFIs became first-adopters of the global Operating Principles for Impact Management.

The initiative will facilitate the development of common, non-financial accounting standards by which investors and enterprises will report on development impact achieved. Once in place, the European DFI's will be able to attribute depth, transparency and meaning to the economic, environmental and social impact of their investments, and to understand the progress they're making as a group.

Impact investment enhances risk, return and impact to the benefit people and the planet they inhabit. It does so by setting social and environmental objectives alongside financial ones. Governments across Europe government rely of their DFIs to be role models for private impact investment into the countries and sectors in greatest need of support to reach the SDGs and Paris Climate Agreement. This initiative will ensure that EDFI members remain re front-runners in this industry.

Source: https://www.cdcgroup.com/en/news-insight/news/cdc-and-other-european-development-finance-institutions-bolster-measurement-of-impact-on-sdgs/, accessed 15 May 2019

5. IMPROVED BUSINESS ENVIRONMENT AND PUBLIC-PRIVATE DIALOGUE

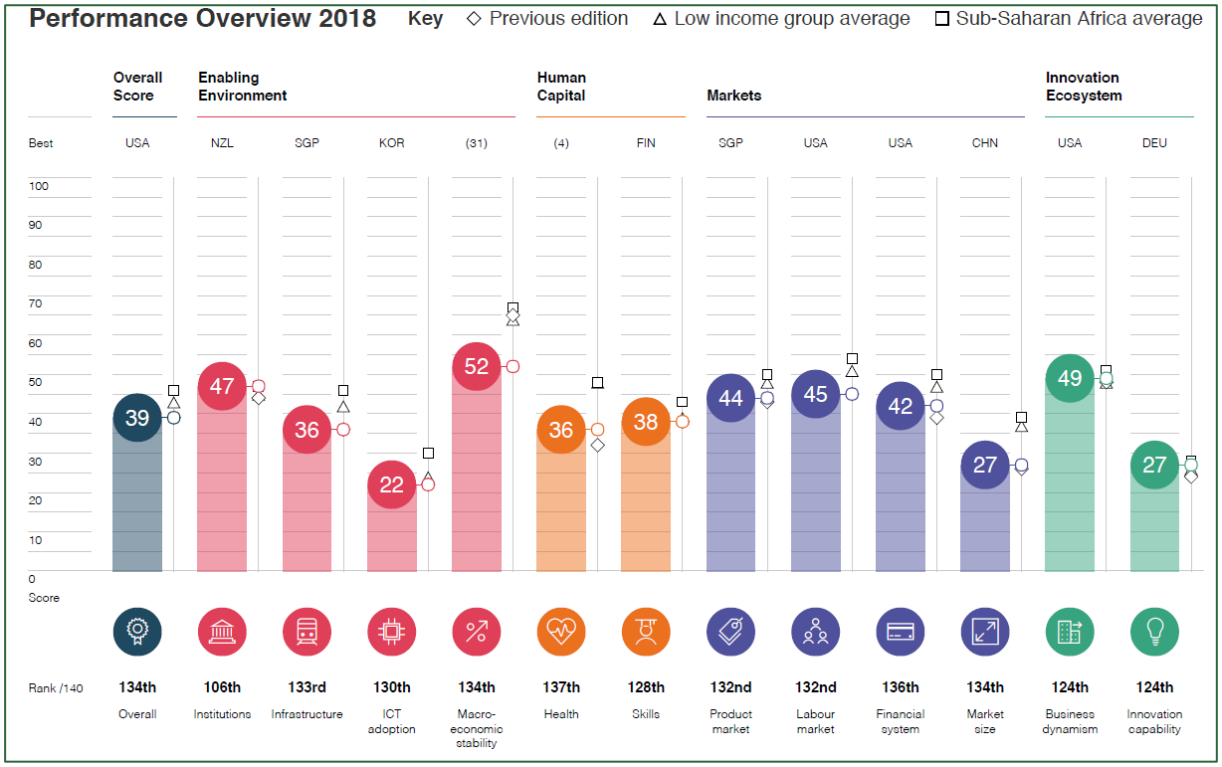
5.1 Investment and Business Climate Profile

Sierra Leone is a fragile state with rich natural resources endowments. Measured by lead global indices, it is lagging behind many developing countries: 163th of 190 on Doing Business reforms 2019[16] and 134th of 140 in Global Competitiveness Index 2018[17] (though about average for Sub-Saharan Africa), Figure 9:

[16] http://www.doingbusiness.org/en/rankings

[17] http://www3.weforum.org/docs/GCR2018/05FullReport/TheGlobalCompetitivenessReport2018.pdf

Figure 9. WEF Index 2018



In spite of the overall relatively low rankings, Sierra Leone has made a good progress on a number of business indicators[18]:

Starting a Business: Sierra Leone made starting a business easier by combining multiple registration procedures. Trading across Borders: Sierra Leone made trading across borders easier through a series of initiatives, including the elimination of export permits and the implementation of pre-arrival processing.

Getting Electricity: Sierra Leone made getting electricity easier by eliminating the need for customers to submit an application letter inquiring about a new connection before submitting an application—and made the process faster by improving staffing at the utility.

Registering Property: Sierra Leone made registering property easier by introducing a fast-track procedure.

Getting Credit: Sierra Leone improved its credit information system by enacting a new law providing for the creation of a public credit registry and beginning to distribute both positive and negative data and by increasing the system's coverage rate and.

Trading across Borders: Sierra Leone made trading across borders faster by implementing the Automated System for Customs Data (ASYCUDA).

Enforcing Contracts: Sierra Leone made enforcing contracts easier by launching a fast-track commercial court.

Resolving Insolvency: Sierra Leone established a fast-track commercial court in an effort to expedite commercial cases, including insolvency proceedings.

In 2012, Sierra Leone was one of the Top global Reformers, according to Doing Business Report.

Business Facilitation

Sierra Leone has made significant progress in recent years in simplifying its business registration process. The Corporate Affairs Commission (CAC) now manages registration, which provides a "one stop shop" including an

[18] http://www.doingbusiness.org/en/reforms/overview/economy/sierra-leone

online business registration system. The entire process involves five steps and takes on average of ten days. Additional information is available from the CAC's website at http://www.cac.gov.sl/.

SLIEPA also provides useful guidance on starting a business, sector-specific business licenses, mining licensing and certification fees, marine resources and fisheries, etc. at http://sliepa.org/starting-a-business/. Impartial treatment is legally accorded to women, the under-privileged, and disadvantaged.[19]

A lot of Obstacles

Based on this mission interviews and various business climate reports, still a lot of obstacles for business and investment remain:

1) Volatile business environment; change of rules; lack of enforcement and transparency;

2) Acute lack of skilled labour;

3) Significant delays and/or bribes at the Port (import/export);

4) Infrastructure: expensive energy, water, roads, hence high operational costs/logistics;

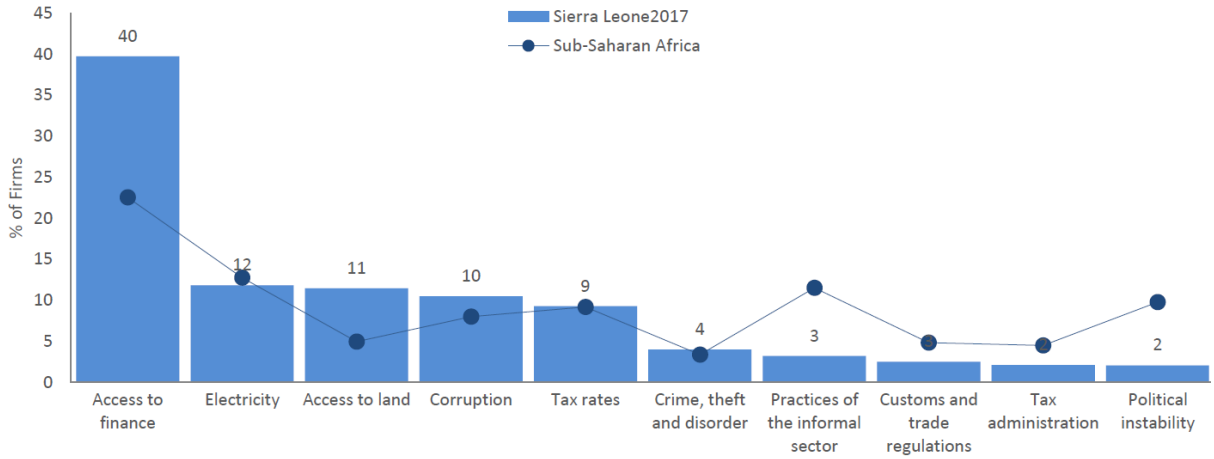
5) Access to local currency finance/high interest rates/lack of medium to long-term finance;

6) Lack of business support services (PPD, legal, marketing, accounting, specialised).

7) For foreign and local agricultural investors, the land lease in the customary land law locations remains a big and ongoing challenge. It is also a challenge for all local rural population who do not directly own land and cannot use it as bank collateral.

IFC Enterprise Survey 2017 (152 firms) presents a similar picture, Figure 10:

Figure 10. IFC Enterprise Survey, Sierra Leone 2017



The above issues are persisting and should be further addressed. The immediate PPD issue is to achieve a compromise and interest balance between the IMF conditions on the government revenue increase and keeping promise to the investors in terms of MOUs and incentives.

5.2 Public-Private Dialogue (PPD)

There are sector-specific business associations nearly in every sector of the economy, the Sierra Leone Chamber of Commerce, Industry and Agriculture (SLCCIA) and Sierra Leone Chamber of Agribusiness Development (SLeCAD), Investment and Export Promotion Agency (SLIEPA), commodity boards at the Ministry of Trade and sporadic working groups at various MDAs. There is a history of donors supporting the establishment of various platforms to improve Public-Private Dialogue in Sierra Leone. The SL Business Forum is one example. With some successful record, it has not proved to be sustainable without further donor funding.

[19] https://www.state.gov/e/eb/rls/othr/ics/2018/af/281460.htm

There is a new Investment Board that is planned to be formed under the Vice-Presidency. This should be further explored for the potential of high-level PPD, with top-level political backing and a remit that stretches across different government departments and agencies. In parallel to this top-level option, it is recommended to provide further technical and institutional support to SLCCIA, SLeCAD and SLIEPA, as well as issue-focussed support to sectoral associations.

As an option, it is recommended to create a flexible-response TA team that would support issue-based campaigns for various sector associations.

Alternatively, SLBF can be further supported, even at the risk to be not sustainable but with a very concrete PPD agenda. In case the Investment Board is formed, the proper institutional support to the Secretariat, Agenda development and follow-up activities can be supported. The pros and cons of each approach are summarized in Figure 11.

Figure 11. Institutional Options for PPD

Possible host	Strengths	Weaknesses
President's / Prime Minister's Office	Top-level political backing and a remit that stretches across different government departments and agencies.	Risk of creating "turf war" antagonism with other government agencies. Risk of political over-reliance on the individual figure of the president or prime minister of the day. Risks being seen by private sector as a government mouthpiece rather than a genuinely neutral space for dialogue.
Ministry of Finance or Trade	Likely to offer the most direct access to relevant decision-makers.	Risks narrowness of view on activities that impinge on other departments or agencies. Risks being seen by private sector as a government mouthpiece rather than a genuinely neutral space for dialogue.
Investment promotion agency or similar agency	Offers possibility of secretariat being hosted in an agency which already has a track record of promoting business climate improvements.	Vulnerable to weaknesses in agency such as ineffectiveness, narrowness of remit or negative perceptions on the part of some important stakeholders.
Chamber of Commerce or other BMO	Can ensure that a wide range of member businesses are aware of and have easy access to the secretariat, and build the capacity of the Chamber or BMO in other respects.	If there are several Chamber/BMOs, to locate the secretariat in one risks alienating the other. Risk of being seen by government as more of a private sector mouthpiece than neutral space for dialogue.
International organization	Likely to have surest access to international best practice, trained personnel and funding. Can be perceived as a neutral, honest broker.	Risk of fostering dependence on external donors rather than local ownership of the dialogue process. Can be unhelpful for public image when donors and viewed negatively.
New and independent institution	Best chance of being perceived by all stakeholders as a disinterested, neutral facilitator.	Need to start from scratch with no existing institutional strengths to take advantage of.

Source: 9th PPD Workshop, WB, 2017

Immediate Opportunities to Support Structured PPD

If the EU chooses an opportunistic approach based on the developments that attract real attention on and even action from both the Government and the business community, it is recommended to support the following opportunities:

1. **Peace and National Cohesion Commission.** In case Peace and National Cohesion Commission is established at the national and local levels as discussed in Chapter 2.1, it can present a good opportunity for the local and national structured PPD.

2. **The WB Doing Business Reforms Work Groups** have been consistently in operation in the MTI and Corporate Affairs Commission and should be supported following the concrete Action Plans for each selected indicator: Starting Business, Registering Property, Trading Across the Borders, Protecting Minority Investors, Licencing and Getting Electricity. These reforms have strong Government and business support, benchmarked internationally, have concrete action plans and present an excellent incentive for PPD.

3. **Work Groups at MTI to develop National Trade and Investment Strategy (NTIS).** This is a recent development inspired by the new Medium-term National Development Plan and Sierra Leone signing an African Continental Free Trade Agreement (AfCFTA) earlier in 2019. The Work Groups are being formed and the EU is listed as one of the key contributors in the ***NTIS Inception Report Action Plan*** (Annex 6). This process can be used and structured as a medium-term PPD platform addressing all the key business climate issues, not only trade-related ones. The EU is in a strong position to insist that the new strategy should start with development and implementation of an Action Plan of what was not achieved in the Export Strategy and Trade Policy 2010-2015. The country has not lacked strategies but has badly lacked consistent implementation.as shown in the business constraints section 5.2

4. **Commercial Agriculture Producers and Processors Association.** The recent PPD development includes CAPPA association formed in 2016 by several commercial agricultural companies operating in various areas of the country producing and processing, or in the process of doing so, bio fuels and energy, palm oil, timber, rice, seed sorghum, agri-machinery contracting services, growing and canning pineapples and processing and manufacturing of fruit concentrates. CAPPA membership is open to any commercial agri-business and processing company. CAPPA aims to act as the principal coordinating body representing all Commercial, Agricultural Producers and Processing companies in Sierra Leone.[20] **The peculiarity of this association is that it does not only actively participate in PPD but also coordinates CSR and TVET that could be potentially supported by EU and replicated as a standalone project or as a larger agricultural project component.**

[20] https://www.cappasl.org/

6. RECOMMENDATIONS

Based on the report analysis, the following actions are recommended:

General

1. Coordinate technical assistance and any financial inflows to the government system with IMF and World Bank, at all programmatic stages. These institutions possess the macro-view of the Sierra Leone fragile economy and will safeguard against any potential negative systemic impacts of well-meant assistance.
2. Consider investing in commercial market research studies in key sectors to avoid fragmented view of value chains via the lens of the beneficiaries, donors and contractors' views. Share the key market data and trends with the public and/or beneficiaries to enhance level-play field. Alternatively, use internally for programmatic and EU investor support.
3. It is highly recommended that it should be the private sector who should lead on private-sector related programmes vs. government institutions in Sierra Leone, provided it can incorporate and prove broader social, economic and/or environmental impacts.
4. In order to secure the social, environmental, economic and financial value to the EU taxpayers and the local beneficiaries, institutions and experts specialising in Development Finance and Impact Investment programmes design, assessment, monitoring and evaluation should be involved.

Financial Mechanism

1. Support privately-owned financial services providers.
2. Support innovative venture initiatives outside the formal financial system
3. Organise a roadshow of EIP involving participating EDFIs in Sierra Leone. Encourage private sector to proactively pursue the opportunities with EDFIs.
4. Run regular public campaigns promoting transparency, integrity and ESG standards as a competitive advantage enhancing investment opportunities for the local private sector.
5. Target in- and outside-the-country diaspora to partner with EIP and beneficiaries.
6. Focus work on the provinces and districts.

Technical Assistance and Grant Support

1. Ensure that grant support is primarily targeted at startups and pre-investment enterprise.
2. Provide with caution grant support to established value chains/companies to avoid market distortions and unintentionally prohibiting entry.
3. Design and provide TA to financial institutions based on their demand, capacity and fintech opportunities enhancing both SME portfolio quality and outreach.
4. Establish on-line and physical platforms for local service and goods providers to increase their visibility and participation, in Freetown and in the districts.
5. Support all participating private sector players in proactively addressing bottlenecks via Public-private dialogues platforms.

Structured Public-Private Dialogue

1. Explore the PPD opportunities with the Peace and National Cohesion Commission, at the national and local levels.
2. Organize PPD around Doing Business Reforms and Trade Reforms.
3. Support any PPD platforms at the district and local levels in the North, South and East.

ANNEX 1. TERMS OF REFERENCE

Mission of the TPSD Facility to the Sierra Leone EU Delegation April 2018

1. Background

(Please provide a brief background concerning the programme/s, strategic document/s, event/s for which the TPSD Facility's inputs are needed).

Context:

The assignment will take place within the context of the EU External Investment Plan (EIP), officially launched in November 2017 in Abidjan. The EIP aims at catalysing international and domestic private sector investment in partner countries and support them in their effort to meet the Sustainable Development Goals (SDGs), providing for a comprehensive and integrated approach, linking investment mobilisation (pillar 1) with technical assistance (pillar 2) and improving the investment climate (pillar 3) with the objective to remove constraints to private investment in partner country markets and to support priority reforms. To deliver the EIP in all its pillars, it is necessary for the EU Delegations and Commission headquarters to establish a structured and sustained dialogue with the local and European private sectors present in partner countries, to identify the most important barriers to private investment and prioritise the investment climate reform agenda. It is important to identify and understand the capacity constraints that prevent businesses from operating as fully-fledged investment actors.

For this purpose, the Sustainable Business for Africa (SB4A) platform has been set up to enable structured dialogue at country, sector and strategic levels as an essential building block of pillar 3 of the EIP. Structured dialogue will ensure the right level of private sector perspective, ownership and engagement in EIP implementation. It should also help establish a link between investment support under pillar 1 of the EIP and necessary investment climate reform agenda under pillar 3.

It is essential to understanding the needs, constraints and capacity constraints of local and European private sectors to harness their potential to contribute to sustainable development. This requires stepping up interaction with the private sector by and creating a structured space for private-public collaboration. For SB4A, in order to obtain the full perspective of the private sector in our partner countries, it is important to engage both the local and EU private sector actors. The objective of establishing a dialogue with the private sector is to help identify the key constraints to private investment and the priority reforms to improve the business environment and investment climate. The aim is to design cooperation actions more efficiently and with greater impact. Such structured dialogue is also crucial to boost the private sector's capacity and allow it to become fully-fledged investment who will be end borrowers for of the guarantees provided under the EIP/EFSD.

In parallel, the recently announced European Economic Diplomacy guidelines invite EU Delegations to initiate dialogue, cooperation and programmes to promote EU private sector activities with African countries. Support to European Business Organisations (EBO) activities such as studies on EU economic interests and investment are examples of European Economic Diplomacy. These activities can catalyse dialogue with the local private sector and are also relevant to SB4A.

EU cooperation with Sierra Leone:

The EUD has a large and longstanding development programmes in Sierra Leone, including in the area of private sector development. Despite progress since the end of the civil war in 2002, Sierra Leone remains a fragile country. The business and investment environment remains extremely challenging, both for domestic and foreign investors.

In 2018, the EUD undertook an analysis (the Jobs and Growth Compact) to identify priority value-chains with high job creation potential, that could be supported by the EU, including via the EIP.

It became evident that Agriculture and its value chains are a key contributor to socio-economic development and creation of jobs and will continue being this in the medium-term future:

Agriculture, including forestry and fisheries, still accounts for the largest GDP share. This share however declined from 52% in 2011 to an estimated 42% in 2013. Despite that decline, the agriculture sector is still the largest employer, and accounts for over 70% of the current labour force. The majority of Sierra Leoneans are self-employed in the agriculture sector, so focusing donor efforts on the development of agribusinesses and their integration into sustainable food (economically, socially and environmentally) value chains are development priorities. It is also a priority sector for the government, for the above reasons as well as for its export potential.

However, agriculture productivity and thus the supply to domestic agri-processing is far below potential.one of the main underlying drivers for this underperformance is the low investment: Sierra Leone's investment in agriculture tended to be exceptionally low averaging, approximately 2% of government expenditure. A remarkable shift took place when government set aside 6.6% of the budget allocation in 2018. However, that allotment is still below the Maputo Accord's prescribed 10%. The private sector also invests only minimally in agriculture.

Consequences of low investment in the sector, low productivity, and food shortage in the country are far-reaching. Sierra Leone became a net importer of food and major importer of rice, wheat flour, sugar and poultry.

Importation of these four commodities has been consuming an average of $ 700 million of the country's foreign exchange annually since 2007.

Improving the performance of the agriculture Sierra Leone is crucial for economic transformation, sustainable growth and jobs creation. However, for this to happen, it is important to:

- Tackle key constraints to the business environment, in particular the lack of strategic rural infrastructure, the weak services to private sector, the challenging investment climate, the lack of structured public-private sector and the weak linkage between production, manufacturing and financing and;
- Upgrade professional skills and address the mismatch of skills supply and demand in the local job- market and the lack of qualified local human resources to match the demand of the productive sectors (agriculture and potentially fishery and tourism).
- In order to maximise relevance, effectiveness, efficiency and sustainability of the future EU support under the jobs and Growth Programme, it is critical t better understand the link between agriculture production, the manufacturing/agri processing for value addition and the financial institutions-/access to finance.

Consequently, these this assignment prioritizes:

- Analysis and mapping of agribusiness and fisheries SMEs and their existing and potential value chains
- Analysis of the access to economically viable financing for SMEs and producers (farmers)
- strengthen the policy dialogue of the EUDEL with private sector. The assignment will directly inform the Jobs and Growth Programme in particular to improve the investment climate and business environment for targeted sectors (agriculture and potentially fishery and tourism). A particular focus will be given to the following result areas:
- Development of sustainable value chains: Despite significant challenges, there is high potential for improving the performance of agribusinesses and agriculture-based value chains. However, in order to address the root causes of underperformance in the sector, it is critical to improve the linkages between (a) agricultural production (which supplies raw materials for domestic manufacturing), (b) manufacturing (which is central to adding value to primary products) and (c) financing to ensure the necessary investments.
- Increasing the added value (e.g. incomes, salaries, profits, food value for consumers, tax revenues, etc.) in an equitable manner and safeguarding sustainability throughout the value chain are key elements for job creation and sustainable growth. Consequently, it is important to also assess agribusinesses with respect to their integration into economically, socially and environmentally sustainable value chains, possible root causes for underperformance of value chains and end market realities. The main dimensions of sustainability of value chains are:
- Economic sustainability – "Making good business". The increase in profits and incomes should be sustained over time. The value chain needs to be profitable and economically viable in the long term.
- Social sustainability – "Everybody gets a fair share". The generated added value should benefit a sufficiently high number of poor households; should be distributed in proportion to the value added and create more and better jobs as well as ensure inclusion of women and youth.
- Environmental sustainability – "Ensuring the future". The value chain should create the added value without depleting natural resources.
- Improved access to economically viable financing This will address the single most critical constraint to private sector and especially to developing agriculture value chains. It is envisaged to facilitate a multi-actor partnership between existing domestic financial operators (microcredit institution, commercial and agriculture banks), international financing institutions, private sector organisation and public entities to combine available instruments (loans, private investment, EIP- Guarantee / NASIRA, and blending) and develop an Access to Finance Facility tailored to the country specific context and needs of entrepreneurs, businesses and farmers. This will be in line with the support agriculture value chains under the ongoing cooperation, crowd in investments and strengthening business environment and investment climate.

The SME agribusiness sector is defined as any SME that is formal and processes agricultural products for profit. Micro enterprises that produce only on a small scale with artisanal methods are excluded. The definition also includes SMEs that provide services to the agricultural and agribusiness sectors.

Finally, this mapping will be also combined with the elaboration of a roadmap for the implementation of an SB4A structure and SB4A draft ToR for Sierra Leone. Some of the SMEs and financial institutions identified might become partners under the new SB4A structure and the EIP.

2. Objectives and expected outputs of the TPSDE Facility mission

(Please briefly describe in bullet points what are the main objectives of the assignment and specify each of the outputs expected from TPSD Facility)

Objective 1: Improved understanding of the agribusiness SME landscape in Sierra Leone and the critical value chains, including fisheries.

- Identify the main agribusiness SMEs and the relevant trade associations and provide an overview of the main value chains in which agribusinesses operate.
- Identify the main constraints of agricultural SMEs, such as access to finance, electricity, land, inputs, skills, access to markets, capacity to formulate bankable projects, etc. Describe the root causes of underperformance and the issues of economic, social and environmental sustainability
- Undertake a short analysis of the political economy relating to the constraints in terms of growth and investment for the agribusiness sector in Sierra Leone, identifying favourable and adverse political interests and proposing ways for improved support to an investment- enabling landscape (through political dialogue, visibility events, "champion" promotion…).
- Identify potential investment opportunities in agricultural SMEs, particularly under the EIP and the EFSD guarantee projects approved by the EFSD Board.
- Identify existing and potential value chain with a high potential for growth and job creation

Objective 2: Understanding of the financial sector landscape in Sierra Leone and identification of potential investment beneficiaries for Development Finance Institutions (DFI) under the EIP.

- Identify the main financial institutions in Sierra Leone, both domestic, foreign and diaspora (if applicable), of all nature (banks, cooperatives, insurance, etc), focusing on those dedicated to agriculture financing.
- Identify the priority obstacles to investment by these financial institutions (including internal technical or financial capacity, lack of understanding of / dialogue with agribusinesses, perceived lack of profitability).
- Provide recommendation to improve the access to finance for agribusinesses.
- Identify potential investment partners (loan, guarantee or equity recipients) for Development Finance Institutions (DFI), particularly under the EIP and the existing and upcoming EFSD guarantee projects.
- Identify options for a multi-actor partnership between existing domestic financial operators (microcredit institution, commercial and agriculture banks), international financing institutions, private sector organisation and public entities to combine available instruments (loans, private investment, EIP-Guarantee / NASIRA, and blending) to establish an Access to Finance Facility tailored to the country specific context and needs of entrepreneurs, businesses and farmers.

Objective 3: Produce an initial proposal for improved structured dialogue, based on the SB4A guidelines

- Map existing structures for dialogue with the domestic and foreign private sector.
- Analyse the demand for a (new) dialogue structure by the different stakeholders.
- Propose draft initial options based on the experience in similar environments and the local demand and possibilities.

3. Expected outputs:

Output 1 for objective 1: A report on the agribusiness SME political economy and landscape in Sierra Leone and its capacities to become engaged in investment operations and in particular of the EFSD guarantees. This will include an overview of the main value chains in this sector, the root causes of their underperformance and their economic, social and environmental sustainability (max. 10 000 words, excluding annexes).

Output 2 for objective 2: A report on the financial sector landscape in Sierra Leone, specifically that oriented to the agricultural sector, (max. 5 000 words, excluding annexes) and its capacities to become engaged in investment operations and in particular of the EFSD guarantees.

Output 3 for objective 3: A report containing an initial proposal for improved structured dialogue along SB4A lines (max. 2 000 words).

NB: All reports must be properly referenced, both in terms of documentation consulted and used and persons met to gather intelligence.

4. Activities

(Please briefly describe in bullet points the main activities to be undertaken by the TPSDE Facility consultants. These activities should also be reflected in the tentative agenda of the mission)

Previous to the trip to Sierra Leone:

Discussions with the TPSD Facility and potentially other stakeholders to become familiar with the latest developments regarding Sierra Leone, the EIP, the EFSD and SB4A and understand potentially relevant EFSD guarantee projects, how they could be implemented in Sierra Leone and obtain the IFI perspective how to invest in Sierra Leone.

In Sierra Leone:

Meetings with the EUD in Sierra Leone.

Meetings with other relevant donors, including the AFDB and other financial institutions as applicable.

Meetings with relevant government officials.

Semi-structured interviews with private sector organisations.

Semi-structured interviews with a representative sample of agribusiness SMEs, including fisheries (every effort should be made to meet with the largest players, as well as a representative number of small businesses).

Semi-structured interviews with a representative sample of local financial institutions (every effort should be made to meet with the largest local financial institutions).

NB: A comprehensive list of organisations and persons met should be provided at the end of the assignment together with the reports.

5. Location, dates and duration

(Please briefly indicate precise dates and duration of the mission. If not yet known, indicate tentative dates. Under location please indicate where the mission will take place and if field visits are envisaged)

Location: Brussels, Sierra Leone (Freetown and surrounding region).

Dates: April 2019.

Duration: 30 person-days in total, of which half in the field in Sierra Leone.

Focal points within the TPSDE Facility and the EUD/Service

TPSD Facility:

DEVCO C4 – Laura Atienza Urcelay : laura.atienza-urcelay@ec.europa.eu

Team Leader of the Facility – Emmanuel Moyart: emmanuel_moyart@dai.com

Tentative agenda

(Please briefly indicate what is the foreseen tentative agenda of the mission/assignment, including details about who the TPSDE Facility consultants will have to meet. This agenda will be fine-tuned on the days previous to the mission and updated during the mission itself)

Day/month	Activities	Location	WD	Per diem
April 1 to 5	Desk review	Home	5	
April 5	Travel to Brussels and brief with the Facility	Brussels	1	2
April 7	Travel to Freetown			
April 8 to 26	Field work. Meetings. Draft report and presentation	Sierra Leone	15	20
April 27	Travel to Brussels and home			1
April 29 to May 10	Report writing	Home	9	

Additional costs /allowances

The mission's objectives 1 and 2 will require local travel outside Freetown.

The costs incurred to ensure the expert's local transport will be covered by the incidental expenditures up to 1,000 EUR.

ANNEX 2. BRIEF PROFILES OF BANKS AND MICROFINANCE INSTITUTIONS

Sources:, TPSD interviews 2019; FI Annual Reports, websites, BSL and donor publications and updates of IFC 2012

Bank Name Date Established	Owners	Customer Base SME customers SME products	No. branches No. ATMs & POS	Gross Loan Portfolio/Loans to SMEs/PAR/NPL	Annual Report
Access Bank November 2007	Access Bank Plc, Nigeria	10,000 depositors 2012 50,000 in 2017	4 (3 in Freetown) 4 ATMs, no POS	Loans: $4,849.325 (2012) Assets $15M (2018) Loans: $2M (2018) PAR/NPL: N/A	Group Report 2018 includes SL Report
ECOBANK 2007	Ecobank Transnational Inc (100%)	55,000 customers 2012 100,000 by YE2019	7 (4 in Freetown) 17 ATMs, 30 POS	NA	Group Report, No AR for SL
Sierra Leone Commercial Bank February 1973	Govt of Sierra Leone (100%)	180,000 customers 2012	13 (4 in Freetown) 8 ATMs, No POS	Assets env. $140M (2016) NPL 50%+ 2017	NA Website
First International Bank June 2002	FIB Group Limited, Banjul FIB Limited	NA 'NA	18 (5 in Freetown)	NA	NA
Guaranty Trust Bank January 2002	Guaranty Trust Bank Plc , Nigeria	NA	15 (4 in Freetown)	Loans:$10,6M (2012) Loans: $47M (2018) Assets: $120M Deposits: $80M (2018)	Group Report 2018, including SL operations
International Commercial Bank	ICB Financial Group Holdings AG (100%)	NA NA	6 (4 in Freetown) No ATMs or POS	$12M (2012)	NA
Skye Bank NA	Sky Bank Plc (95%) Sierra Leoneans (5%)	NA NA	3 (Freetown)	$ 3,1M (2012)	NA

Bank Name Date Established	Owners	Customer Base SME customers SME products	No. branches No. ATMs & POS	Gross Loan Portfolio/Loans to SMEs/PAR/NPL	Annual Report
Standard Chartered Bank 1894	SCB Holdings (81%) Publicly owned (18%) Directors (1%)	8,000 NA	4 (2 in Freetown) 4 ATMs or POS	$10M (2017)	Global Report, no SL operations report
Union Trust Bank 1995	Sierra Leoneans (100%)	NA NA	12 (4 in Freetown) NA	Loans: $ 29M (2012) Assets: $60M (2016) Loans: $28M (2016) Agriculture: $300,000	Annual Report 2016
United Bank of Africa July 2008	United Bank of Africa Group, Nigeria	NA NA	5 (All in Freetown) NA	tbc	Group Report
Zenith Bank 2008	Subsidiary Zenith Bank plc. Nigeria	NA	6 (2 Freetown), 11 cash centers, 9 ATMs; POS	Assets: $59M (2018) Loans: $0	Group Annual Report 2018, including Sierra Leone operations

Microfinance Institutions

MFI Name Date Establish	Owners/Funders	Customer Base Active Borrowers	No of branches	Gross MFI Portfolio, USD	Annual Report; website
ACTB Savings and Loans 2008	Truestone, Cordaid equity (2019)	17,000	9 (1 in Freetown)	Loans: $3,5M (2018) 30% SME loans Loan size: $4,000-100,000 up to 36 mo	Not publicly available Website Investor information
ARD 2008	UNCDF(start-up grant) CORDAID , KIVA,	NA 12,666 (2012) 16,000 (2017)	4 (2 in Freetown)	$1,210,411	NA
BRAC – SLE 2011	BRAC International KIVA	21,308 (2012) 45,417 (2018)	31 (2017)	$2,7M (2012) $5M (2017) SME loans $700-$10K Agriculture 50%	Annual Report 2017 Website regularly updated
CEDA Sierra Leone 2007	UNCDF, UTB subsidiary	NA 1,640	5 in districts	$143,690	Website, latest 2014
Finance Salone 2007	Union Trust Bank Africap	NA 15,347	1 (Freetown)	$1,650,000	NA
GGEM Microfinance Services Ltd. 2011	UNCDF (start-up grant) CORDAID	NA 3,770	NA	489,196	Website
HELP 2010	NA NA	NA 1,734	NA	140,516	Website
Hope Micro 2009	CORDAID World Hope International	NA 20,760	NA	1,338,951	Website
LAPO – SLE 2009	LAPO Nigeria	NA 11,322	NA	869,359	Website
MMCB 2007	UNCDF (start-up grant) Community-	NA 1,754	NA	384,992	Website
Ecobank Microfinance Sierra Leone	Ecobank	NA 2,187	4 (2 in Freetown)	3,760,000 (2012) 1K-10K	NA
SMT 2011	CORDAID Microvest	NA 7,877	NA	1,076,691	NA
YCB 2007	UNCDF (start-up grant) Community-	NA 1,154	NA	59,919	Website

ANNEX 3. APEX BANK, COMMUNITY BANKS AND FINANCIAL SERVICES ASSOCIATIONS - INSTITUTIONAL SUMMARY

Source: Apex Bank, an umbrella bank for Community Banks (CB) and Financial Services Associations (FSAs) as of May 2019

BOARD STRUCTURE OF APEX BANK

The board Apex is composed of 2 FSA shareholders, 2 CB shareholders, 5 professional and the Managing Director (with no voting right).

KEY CBs and FSAs DATA

	Details	Financial Services Association (as at February 2019)	Community Bank (as at February 2019)
1	Total Assets	6,486,958.47 **USD**	9,810,882.00 **USD**
2	Share Capital	2,265,960.00 **USD**	723,352 **USD**
3	Loan Portfolio	5,299,109.22 **USD**	6,959,027 **USD**
4	Number of Loan Client	35,824 (***about 40% Female***)	32,019 (***about 40% Female***)
5	Operational Self Sufficiency	248%	191.48%
6	Portfolio At Risk (Average)	9%	11%
7	% Loan Portfolio to Agricultural	20%	12.30%

Total number of Accounts for the CBs and FSAs:
Community Banks (Saving, Current and Fixed Deposit Accounts) – **80,905**
Financial Services Associations (Safe Keeping Accounts) -**8,460**

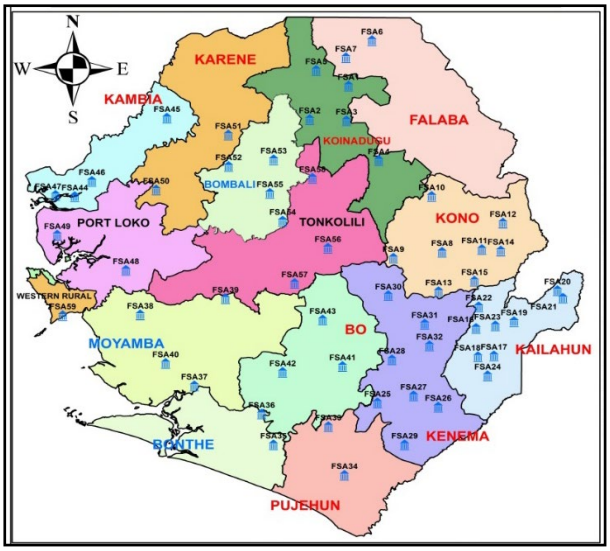
FUTURE EXPANSION PLAN

There are plans to set up about 6 new business locations that will as desk offices for the Apex Bank and selected CBs based on proximity. This is expected to commence in the next in the next 3 months, there establishment is in response to taking needed financial services to the door steps of the unbanked rural populace.

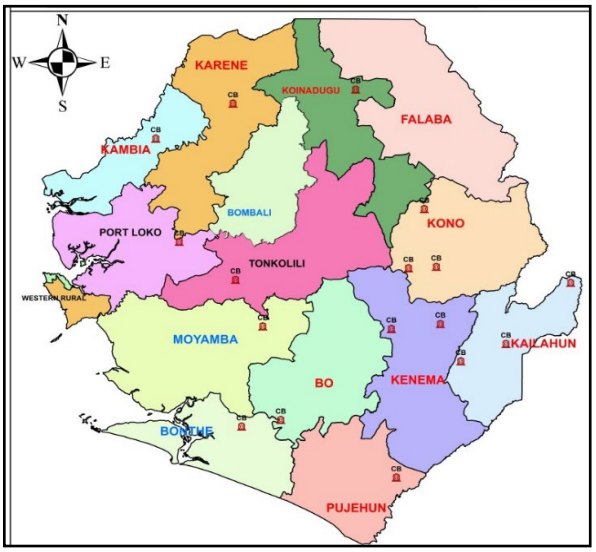
Further, the World Bank has approved financial support of $ 1.6 million for IT solutions across our network. This support will provide VSAT for connectivity, capacity building, Mobile Wallet and POS in support of using digitization to ensure financial inclusion and outreach.

GEOGRAPHICAL SCOPE OF CBS & FSAS

Currently the Apex and its network of Rural Financial Institutions (CBs & FSAs) are in 80 location nationwide. Below are pictorial display of our geographical scope.



Financial Services Associations



Community Banks

LIST OF COMMUNITY BANKS W

APEX BANK AND ITS LOCATIONS

No	Apex	Location	District
1	Apex Bank HQ	Freetown	Western Area
2	Apex Kenema Branch	Kenema	Kenema
3	Apex Cash Point	Makeni	Bombali
4	Apex Cash Point	Kono	Kono

LIST OF COMMUNITY BANKS (CBs) WITH THEIR LOCATIONS

No	Community Bank Name	Location	District
1	Kabala CB	Kabala	Koinadugu
2	Marampa Masimra CB	Lunsar	Port Loko
3	Yoni CB	Mile 91	Tonkolili
4	Kamakwei CB	Kamakwei	Bombali
5	Madina CB	Madina	Kambia
6	Mattru CB	Mattru Jong	Bonthe
7	Zimmi CB	Zimmi	Pujehun
8	Taiama CB	Taiama	Moyamba
9	Lugbu CB	Sumbuya	Bo
10	Segbwema CB	Segbwema	Kailahun
11	Pendembu CB	Pendembu	Kailahun
12	Koindu CB	Koindu	Kailahun
13	Nimiyama CB	Jaiama Sewafe	Kono
14	Nimikoro CB	Jaiama Nimikor	Kono
15	Sandor CB	Kayima	Kono
16	Tongo Field CB	Tongo	Kenema
17	Simbaru CB	Boajibu	Kenema

LIST OF FINANCIAL SERVICES ASSOCIATIONS (FSAs) WITH THEIR LOCATIONS

No	FSA Name	Location	District
1	Kissy Teng	Kangama	Kailahun
2	Kissi Kama	Dia	Kailahun
3	Luawa	Ngiehun	Kailahun
4	Mandu	Mobai	Kailahun
5	Malema	Jojoima	Kailahun
6	Jawei	Daru	Kailahun
7	Peje West	Bunumbu	Kailahun
8	Peje Bongre	Manowa	Kailahun
9	Yawei	Baaka	Kailahun
10	Nongowa	Largo	Kenema
11	Dama	Kpandebu	Kenema
12	Gaura	Joru	Kenema
13	Tunkia	Golahun	Kenema
14	Niawa	Sendumei	Kenema
15	Kandu Leppiama	Levuma	Kenema
16	Wandor	Baama	Kenema
17	Lower Bambara	Panguma	Kenema

18	Diang	Kondebaya	Koinadugu
19	WW/Bafodia	Bafodia	Koinadugu
20	Kasunko	Fadugu	Koinadugu
21	F/Dembelia	Muasaia	Koinadugu
22	D/Sinkunia	Sinkunia	Koinadugu
23	Sengbe	Kabala	Koinadugu
24	Kunike Barina	Makali	Tonkolili
25	Gbonkolenkeh	Yele	Tonkolili
26	Kalasongoia	Bumbuna	Tonkolili
27	Gorama Kono	Kangama	Kono
28	Nimikor	Gaya	Kono
29	Nimiyama	Ngo town	Kono
30	Sandor	Wordu	Kono
31	Lei	Kombayendeh	Kono
32	Soa	Kaikondu	Kono
33	Faima	Njagbema	Kono
34	Gbaneh	Gandorhun	Kono
35	Sowa	Bandajuma	Pujehun
36	Galliness Perrie	Bumpeh	Pujehun
37	Bum	Madina	Bonthe
38	Kpanda Kemo	Lawana	Bonthe
39	Nieni	Alikalia	Koinadugu
40	Dibia	Gbinty	Port Loko
41	Koya	Masiaka	Port Loko
42	Lokomasama	Petifu	Port Loko
43	Gbanti Kamaranka	Kamaranka	Bombali
44	Biriwa	Kamabai	Bombali
45	Magbema	Rokupr	Kambia
46	Tonko Limba	Kamassasa	Kambia
47	Baoma	Gerihun	Bo
48	Lower Banta	Gbangbatoke	Moyamba
49	Bumpeh	Rotifunk	Moyamba
50	Mambolo	Mambolo	Kambia
51	Gbendembu	Gbendembu Ngowahun	Bombali
52	Tombo	Tombo Community	Western Rural
53	Fakunya	Moyamba Junction	Moyamba
54	Barguwa	Sembehun Nancy Tucker	Moyamba
55	Bumpeh Ngao	Bumpe Ngao	Bo
56	Valunia	Mandu	Bo
57	Paki Masambong	Mapaki	Bombali
58	Safroko Limba	Binkolo	Bombali
59	Samu	Kychom	Kambia

ANNEX 4. LIST OF MEETINGS

Mission: TPSD Facility

From 5 to 26 April 2019, Brussels-Freetown-SL Districts

ORGANIZATION/PERSON/S	LOCATION	PARTIES
DAI Europe	4 Av. De l'Yser, Etterbeek 1040	Mr Emmanuel Moyart, TPSD Team Leader
EDFI	Business lunch near EC HQ	Mr Yves Ehrlert, Senior Programme Manager at EDFI, the association of European Development Finance Institutions.
Cordaid	71A Bishop Drive, Smart Farm, Off Wilkinson Road	Mr Mohamed Sesay Country Director,+232 78227486
Ministry of Trade	Youyi Building, 6th Floor	Mr Abdul Kamara, Coordinator, Enhanced Integrated Framework (EIF)National Steering Committee
EUD - Briefing	Leicester Peak, Regent	Pierre-Henri Helleputte, Thomas Opperer, Mats Liljefelt, John Abu-Kpawoh, Linda Williams
Ministry of Planning and Economic Development/NAO	Tower Hill, next to VP Office	Ms Amy Myers, NAO Secretary +4 Heads od MOPED Departments
Ecobank	4 Charlotte Str.	Mr Justice, Risk Management Department
Sierra Tropical	Spur Road	Mr Patrick Blake, Manager
Sierra Leone Central Bank	Gloucester Street 12th Floor, Sam Bangura Building	Dr Ibrahim Stevens, Deputy Bank Governor
Ecobank (check the date)	Lifghtfoot Boston Str	Mr Justice, Risk Management Department
Yazbeck &Sons	The Hub meeting lounge	Mr Yazbeck and manager, trucks, tourism, BDS
DFID	Spur Road near UK Commission	Mr Tom Ratsakatika Mr Chris Pearce
Innovations Ltd	Phone interview	Meeting moved to 4/24
Mountain Lion	Conference call – district visits design	Mr Donal Ola
World Bank	17 Spur Road	Ms Alari Mahda, PSD
CCI Trade Fair in National Stadium	National Stadium	Dozens local and foreign firms: garments, water tanks, vehicles, cosmetics, food, insurance, telecoms, banks and MFIs
Sierra Leone Chamber of Commerce, Industry and Agriculture	Howe Street	Mr Foster, President
Mountain Lion Ltd	Skype call, rice operations in Makeni	Ms Jason Dudek, CFO
Mel-O Africa Limited	Introductory/Coordinating call, Makeni operations Sierra Leone Address: Mel-O Africa Limited 57 Old Mabanta Road Makeni, Sierra Leone	Tim Harder Email: meloafricaltd@gmail.com +232 99 96 61 01 +232 79 04 20 06 Skype live:meloafricaltd Facebook @meloafrica
Cordaid	Follow-up with Cordaid Investment Operation	Ms Lorisa Canillas, Investment Manager Lorisa.Canillas@cordaid.org 232 78 19 22 44
WB SCADEP (smallholder commercialization $55M)	Sierra Leone Agribusiness Development Fund (Sladf) KPMG House 37 Siaka Stevens Road P O BOX 100 Freetown Sierra Leone	Kweku Fraser, Fund Manager 232 76 36 78 42 232 99 36 57 89 Kweks_faser@yahoo.com Tel +232 30 444 142/ +232 30 444 104/ +232 30 444 179
IFC	WB Country Assistance Strategy level	Gima Lavaly 078 20 01 45
State House for Investment Board	Status unclear	Joe Demby State House 076 64 32 65
FINIC	Local equipment producer for palm oil, firepacks, coordinate with CCI	Foday Melvin Kamara 232 76 60 19 56

ORGANIZATION/PERSON/S	LOCATION	PARTIES
		finicone@yahoo.com
DAI UK	Invest Salone (teleconference) Peer House, 8-14 Verulam Street, London WC1X 8LZ United Kingdom	Tom Cairnes **T** +44 (0)20 7539 2650
UNIDO (EU project)	Old Signal Hill Road, Congo Cross	Dr Shaukat H Malik 0334 78 90 12's.hussein@unido.org Shaukat043@gmail.com Assistant Evelyn Alpha 076 22 13 53 evelynalpha@gmail.com
SLeCAD via MOAFFS	44 Bathhurst Str	Ahmed Nanoh, Executive Secretary
Innovations Ltd	11 Bolling str. Kingtom	Francis Stevens George, partner, incubees CEO Innovation SL LTD MD Global Entrepreneurship Network Sierra Leone Francis Stevens George <fsg@innosl.com> Tel:Freetown: 232 077 05 1821/ 078 35 49 57 Managing Director | GEN Sierra Leone
Sierra Agra	Newton, Special Economic Zone	Rachel Cobbs, Corporate Communications
IFC (for SME/Agribanks)	Spur Road	Mr Frank Ajilore; secr. Dorcas Ndaneh Mambu T +23276793479 E dmambu@ifc.org
Sierra Tropical	BO, Sumbuya	Patrick Blake, member of CAPA Association
Earth Lizard, cocoa	Kenema	Daniel Scholler, CEO
Tradin Organic, cocoa	Kenema	Peter Pijpers, Country Manager
Mountain Lion	Makeni	Donald Ola, Manager
MELO Africa	Makeni	Tim Harder, Manager
Yazbeck and Sons	Freetown	Mr Joe Yazbeck, Director
Shankerdas Group	East End, Freetown	Ram Shankerdas
Sierra Leone Investment and Export Promotion Agency (SLIEPA)	Tower Hill	Victor Bangura, Investment Promotion and the team
New Brookfields Hotel	Freetown	Paul Suffield, owner, Manager, member of hotels association
Ministry of Agriculture, Forestry and Food Security (MOAFFS)	Youyi Building	Mariama Barry 079 74 14 40
SMEDA	Teleconference	
West Africa Venture Fund	Spur rd. Freetown	Fode Bangoura
GIZ	Wilkinson Road	Jacque Sam 076 10 34 60
African Development bank (AFDB)	13 Lamina Sankoh Street 5th & 6th floor, Bishop Building Freetown, Sierra Leone	Sierra Leone Country Office African Development Bank Group Tel: (232) 76541328 Ms. Peninah Kariuki, Country Manager P.KARIUKI@AFDB.ORG
APEX, Community Banks, FSA	Leicester Str	Mr Nelson, CEO
Actb MFI	Behind Youyi Bldg	David Kamara
Market women	Port Loko	Group of women F&V trade
030354311 organic jam	maryhawa@gmail.com; justintimesievafood@gmail.com	Bombali, Makeni; processing; women association
Truestone, Chicken Town	Via Skype	Ben Corley
Lebanese Groceries	Three in Freetown	'Mystery' shopping
Cook stoves	Bombali	Vendors
Automechanical services	Bo	Family business
F&V, charcoal vendors	Road side village and town markets en route Makeni-Freetown	Around 50 vendors, including children

ANNEX 5. LIST OF DOCUMENTS AND WEB RESOURCES REVIEWED

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Africa Economic Outlook 2019, AfDB, 2019, https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/2019AEO/AEO_2019-EN.pdf

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Financial Stability Report 2017, Bank of Sierra Leone, published in February 2019

Geospatial Data Analysis and Mapping for Financial Inclusion Report, BSL, 30/11/2017

Heads of Mission working breakfast with EU investors, Main Conclusions, internal, EU Delegation to Sierra Leone, 1/3/2019

Identification and Formulation of EU Actions To Support Agriculture And Rural Development In *Sierra Leone Under The Second Phase Of The 11th Edf (2018 – 2020), internal,* EU Delegation to Sierra Leone, 14/12/2018

IMF Country Report, 2018

IMF Mission Press Release 5/7/2019, https://www.imf.org/en/News/Articles/2019/05/07/pr19147-sierra-leone-imf-staff-concludes-first-ecf-review-mission

Innovations Axis Incubator, Accelerator and Coworking, Brochure, 2018

Invest Salone Programme Description, DFID, 2018

Kickstarting mobile service innovation in Sierra Leone, accessed 4/22/2019, https://medium.com/@JonSRobertson/kickstarting-mobile-service-innovation-in-sierra-leone-20db84f64749

Land: Enhancing Governance for Economic Development, DFID, 2019, accessed 5/5/2019 https://www.odi.org/projects/2798-land-enhancing-governance-economic-development-legend

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Monthly Economic Review, BSL, February 2019

Operating Principles for Impact Management, World Bank, April 12, 2019, *https://www.ifc.org/wps/wcm/connect/76e6607a-11a4-4ae8-a36c-7116b3d9dab3/Impactprinciples_booklet_FINAL_web_4-12-19.pdf?MOD=AJPERES; licence:* https://creativecommons.org/licenses/by-nc-nd/3.0/igo/

National Indicative Programme, EDF 11 Sierra Leone, 2014-2020

National Strategy for Financial Inclusion 2017-2020, BSL, 2017

Natural Habitats accessed15/4/2019 https://www.natural-habitats.com/countries-of-operation/sierra-leone/

Non-Paper Business Environment an Investment Climate in Sierra Leone, October 2018, internal, EU Delegation to Sierra Leone

Report on the Technical Audit of the Social Security, Telecommunications, Civil Works and Energy Sectors Volume I – Full Report, Audit Service of Sierra Leone, March 2019

Supporting Job Creation And Economic Growth In Africa , Jobs And Growth Compact For Sierra Leone, internal report, Eu Delegation to Sierra Leone, 3/26/2019

Sierra Leone Agro-processing Competitiveness Project, Project Information Document, World Bank, 4/6/2018

Sierra Leone Expanding Financial Inclusion, Project Information Document, World Bank, 25/10/2018

Sierra Leone Business Environment Diagnostic Report, DFID, 2017

Sierra Leone Doing Business 2019 Report, World Bank/IFC, 2018

Sierra Leone 2018 Investment Climate Statement, US Department of State, 7/19/2018

Solidaridad accessed 18/4/2019 https://www.solidaridadnetwork.org/regions/west-africa

Summaries of the EU External Investment Plan Guarantees, European Commission, December 2018

Sustainable Business for Africa (SB4A) Platform, EC, 2017

Systematic Country Diagnostics: Republic of Sierra Leone, Priorities for Sustainable Growth and Poverty Reduction, World Bank, 6/2/2018

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Tradin Organic accessed 9/04/2019 https://www.tradinorganic.com/

Truestone Impact Investment, accessed 28/04/2019, http://truestoneimpactinvestment.co.uk/investment/

USAID Sierra Leone, accessed 28/3/2019 https://www.usaid.gov/sierra-leone

Trade Policy Review, Report by Sierra Leone, 10/01/2017

ANNEX 6. NTIS ACTION PLAN LOGFRAME (INTERNAL DOCUMENT)

Table 6: The Sierra Leone Project Logical Framework

Intervention Logic	Indicators	Baseline	Schedule Targets/July 2019					Sources & Verification Means	Assumptions
			3/18	4/10	5/15	5/30	7/30		
Intervention 1: Elaboration of a National Trade and Investment Strategy (NTIS) under Sierra Leone priorities and specific needs established during scoping mission.	Adopt integrated & participatory approach	N/A						The Sierra Leone's National Trade and Investment Strategy.	Goodwill and support from Sierra Leone and ITC
	Provide Situational Analysis	N/A							
	Identify Opportunities under AfCFTA	N/A							
	Constraints & Strategic Responses	N/A							
	Risk and Mitigation Actions/M&E	N/A							
	Cross-Cutting Issues	N/A							
Activity 1: Identify market opportunities for value chain development **Activity 2:** Prioritize sectors for value chain development and integration	Please note that these two activities shall be part of the situational analysis and shall feed into justification for a pivot towards a comprehensive National Trade and Investment Strategy (encapsulating key attributes of the AfCFTA and keeping in mind that the country is keen on resolving some of their trade facilitation and standards issues). Each activity shall be undertaken by qualitative and quantitative analysis of the market and competitive opportunities in Sierra Leone. Here, it should be important to clarify women's participation via targeted gender analysis to better understand constraints and opportunities.								

Intervention Logic	Indicators	Baseline	Schedule Targets/July 2019					Sources & Verification Mean	Assumptions
			4/10	4/11	4/12	5/30	7/30		
Intervention 2: Ensure coordination of project activities at country-level and contribute to organizing national AfCFTA consulting forums	Private/Informal Sector Symposium	N/A						Symposiums, and an on-going Development partner engagement plan.	The ITC/ATPC Symposiums are resounding successes.
	Public/Private Sector Symposium	N/A							
	Development Partner Symposium	N/A							
	Engage with ECOWAS/ETLS	N/A						ECOWAS Input in the NTIS	Project Interest
Activity 1: Engage with Civil Society **Activity 2:** Engage Public/Private Sector **Activity 3:** Engage w/Dev't Partners	As a key component of this project, and of the integrated and participatory approach, coherence between industrial, infrastructure, education, investment, social and other Sierra Leone policies will mean an understanding of what other development partners are doing, and ensure that each of the stakeholders understands the benefits of the AfCFTA. As the scoping mission saw, stakeholders don't know about the AfCFTA and gender benefits are not specifically established.								

Intervention Logic	Indicators	Schedule Targets					Sources & Verification Means	Assumptions
		4/10	4/11	5/30	6/30	7/30		
AfCFTA Advocacy: The project successfully advocates to promote the AfCFTA in Sierra Leone.	The project holds multi-stakeholder symposiums in Sierra Leone. Some of these could include a communication and visibility component.						In collaboration with ECOWAS, 3 symposiums (incl. the AfCFTA validation forum).	Resources and national context /media coverage
Development of NTIS: The project works with Sierra Leone to develop a country-specific AfCFTA Strategy.	Sierra Leone validates the ATPC/ITC-developed National Trade & Investment Strategy; with national coverage and perhaps even presidential engagement.						Validation workshop for the NTIS, with media coverage of launch & endorsement.	Resources and adequate media coverage
Preparation of the Schedule of Tariff Concessions for Goods; Commitments for Services, and Setup of NTB Focal Point.	Training on Tariff Concessions and Commitments for Services takes place, and MTI identifies an inter-agency task force to identify NTB focal person and point.						Documents on their tariff concessions; where necessary, ITC training for MTI.	That ITC does train on services in April/June

Table 7: Official Work Schedule – Approved between UNECA & Sierra Leone Ministry of Trade and Industry | January to September 2019

Activity	9-Month Timeline									Venue	Cost	Inputs	Responsibility	Remarks
	Jan. 2019	Feb. 2019	March 2019	April 2019	May 2019	June 2019	July 2019	Aug. 2019	Sept. 2019					
Establish Parameters/Draft Chapters of the National Trade & Investment Strategy										Freetown, Sierra Leone	US$ 5,000.00	ATPC/ECA	PMD/UNECA	May include collaboration costs of up to US$ 2,700.00.
Develop Terms of Reference for Task Force (TF) & Working Groups (WGs)/National Consultant										Freetown, Sierra Leone	US$ 5,000.00	ATPC/ECA	PMD/UNECA	Includes National Consultant Costs of up to USD$ 5,000
Consult Affiliate MTI Institutions, Private Sector and Stakeholders Outside Freetown on Process										Freetown, Sierra Leone	US$ 0.00	ATPC/ECA	PMD/UNECA	MTI's PMD will take lead on this aspect.
Constitute Task Force & Working Groups; MTI/UNECA Meetings & Policy Dialogue										Freetown, Sierra Leone	US$ 3,500.00	ATPC/ECA	PMD/UNECA	Costs would go towards refreshment & documentation.
Meeting of the Task Force, Working Group, and ATPC/UNECA										Freetown, Sierra Leone	US$ 11,000.00	ATPC/ECA	PMD/UNECA	Includes US$ 6,000 for consultant travel/DSA
3 Meetings of the Task Force & Working Group and establishment of policy dialogue										Freetown, Sierra Leone	US$ 5,500.00	ATPC/ECA	PMD/UNECA	Costs for Venue, Refreshment & Documentation
Sensitization of Parliament, Ministers & Presidency on Significance of the NTIS/AfCFTA										Freetown, Sierra Leone	US$ 5,000.00	ATPC/ECA	PS/Min of MTI	Costs for Venue, Refreshment & Documentation
Finalization of the NTIS, and the Official Validation of the Overall Strategy										Freetown, Sierra Leone	US$ 10,000.00	ATPC/ECA	PMD/UNECA	Includes US$ 2,700.00 for Consultant travel/DSA
Overall Total Approved for the Sierra Leone Ministry of Trade & Industry											**US$ 45,000.00**	Forty-Five Thousand Dollars		

Please note the following:

i. Table 7 is a redraft of the *Work Schedule for the Approved Work Programme and Budget for Sierra Leone's NTS – 2019*
ii. Based on earlier iterations of this Inception Report, Table 7 amalgamates overall International and National Consultant Costs
iii. A number of activities, including *Developing TORs for TF and WGs* have already been completed
iv. Constituting Task Force/Working Groups and the Policy Dialogue is a continuation of the Scoping Mission process

Table 8: Project Stakeholder Engagement Framework | 8-Day Period | March 28 – April 10

No.	Strategic Stakeholder	Schedule Targets | March 28 – April 10, 2019									Remarks
		3/28	3/29	4/1	4/2	4/3	4/5	4/8	4/9	4/10	
1.	Ministry of Trade & Industry										Coordination Purposes
2.	National Trade Task Force										Guidance and Structure
3.	SLIEPA										Investment Aspects
4.	AfDB										Financial Attributes of the NTIS
5.	UNIDO										Donor-related Aspects
6.	World Bank Group										Donor-related Aspects
7.	European Union										Donor-related Aspects
8.	DfID										Donor-related Aspects
9.	Other Development Partners										Donor-related Aspects
10.	UN Regional Coordinator										Overall Coordination - Donor-related Aspects
11.	Sierra Leone Standards Bureau										Trade Facilitation and NTMs/TBTs/SPS
12.	Ministry of Finance/Ministry of Development										Overall Economic Environment
13.	Ministry of Agriculture & Food Security										Priority Sectors/MTNDP
14.	President's Office										Priority Sectors
15.	Sierra Leone Produce Marketing Company										Priority Sectors
16.	Mano River Union										Priority Sectors
17.	University of Sierra Leone										Overall Economic Aspects
18.	Sierra Leone Association of Journalists										Overall Economic Aspects
19.	Market Women Association										Overall Economic Aspects
20.	Civil Society Organization 1- TBD										Overall Economic Aspects
21.	Civil Society Organization 2 - TBD										Overall Economic Aspects
22.	Government Agency 1 – TBD										Overall Economic Aspects
23.	Government Agency 2 – TBD										Overall Economic Aspects
24.	Sierra Leone Chamber of Commerce										Overall Economic Aspects
25.	Sierra Leone Chamber of Agri-Business										Overall Economic Aspects
26.	Current Investor 1 – TBD										Overall Economic Aspects
27.	Current Investor – Dole										Overall Economic Aspects
28.	Informal Sector Organization – TBD										Overall Economic Aspects