

National Study on Women's Access to Financing

in Sierra Leone



NOVEMBER 2014





Hammer Mill



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FOREWORD

The Cherie Blair Foundation for Women seeks to empower women entrepreneurs in developing and emerging economies around the world. We aim to provide these women with the confidence, capability and access to capital they need to become successful small and growing business owners, so that they can contribute to their economies and have a stronger voice in their societies.

Financial inclusion is a key priority for the Foundation. We are working to enhance women entrepreneurs' financial skills, increase their access to financial services, and work with financial institutions – both global and local – to ensure that they provide access to vital services for business women.

In 2012 we partnered with the African Foundation for Development – Sierra Leone (AFFORD-SL) to establish the country's first national network of women entrepreneurs. The Organization of Women's Networks for Entrepreneurs (OWNERS) provides vital support for women in business in Sierra Leone. Thanks to the generous support of the Pratt Foundation, GE and the COMO Foundation, this pioneering project provides 700 women entrepreneurs with training in key business skills, peer support and access to markets, networks and capital.

I am delighted to launch this National Study on Women's Access to Capital in Sierra Leone in collaboration with the International Finance Corporation and AFFORD-SL. This report provides important insights into the challenges that Sierra Leonean women face in securing access to financial services, and will help us determine how we can connect more women entrepreneurs to the capital they need to realize their market potential.

Increasing the number of women in profitable and sustainable businesses in Sierra Leone will generate huge social and economic benefits, strengthening both local communities and the country as a whole.

Sevi Simavi

Chief Executive Officer

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LIST OF ACRONYMS

ABC	Agricultural Business Centres
ADB	African Development Bank
AFFORD-SL	African Foundation for Development
ARD	Association for Rural Development
BDS	Business Development Support Service
BRAC	formerly Bangladesh Rural Advancement Committee
BSL	Bank of Sierra Leone
CB	Community Banks
CEDA	Community Empowerment and Development Agency Microfinance Co. Ltd
CEDAW	Convention on the Elimination of Discrimination Against Women
FBO	Farmer Business Organisation
FDI	Foreign Direct Investment
FIB	First International Bank
GGEM	Grassroots Gender Empowerment Movement
GoSL	Government of Sierra Leone
GTB	Guaranty Trust Bank
HFC	Home Finance Company
ICB	International Commercial Bank
IFAD	International Finance for Agricultural Development
IFC	International Finance Corporation
LAPO	Lift Above Poverty
LDC	Least Developed Countries
MFI	Micro-Finance Institution
MSME	Micro Small and Medium Enterprise
NaC-GBV	National Committee on Gender Based Violence
NBFI	Non-Bank Financial Institution
NaCSA	National Commission for Social Action
NMJD	Network Movement for Justice & Development
OWNERS	Organisation of Women's Networks for Entrepreneurs
PSD	Private Sector Development
RCB	Rokel Commercial Bank
SCB	Standard Chartered Bank
SLCB	Sierra Leone Commercial Bank
SLCC	Sierra Leone Chamber of Commerce
SLCD	Sierra Leone Community Development
SLIEPA	Sierra Leone Import Export Promotion Agency
UTB	Union Trust Bank

EXECUTIVE SUMMARY

A broad range of empirical literature documents the existence of gender differences in women entrepreneurs' ability to access financial services as against their male counterparts. Access to financial services here refers to the ability to access adequate, affordable and timely financial products such as savings, credit, leasing, insurance and pension facilities amongst others. In Sierra Leone evidence points to gender imbalance in accessing these facilities a situation with far reaching implications and economic consequences for the national economic growth of the country.

The International Finance Corporation (IFC) with support from Cherie Blair Foundation for Women commissioned this national study through AFFORD-SL its implementing partner to:

- Provide insights into issues affecting the ability of women in Sierra Leone to engage in productive economic activity.
- Assess the dominance of Sierra Leone women in micro and small business enterprises.
- Provide a review of the financial sector landscape to better understand the environment in which Sierra Leone women conduct their businesses.

This report presents a gendered analytical review of women's ability to access finance and their dominance in micro and small businesses within the constraints of the prevailing financial landscape in country. The nurturing of women entrepreneurs engaged in micro, small and medium size enterprises (MSMEs) is a vital ingredient for economic and social development in Sierra Leone. A strong and vibrant MSME sector provides the foundation for increased standard of living and the reduction of poverty entrepreneurs being the drivers of economic growth, innovation, development and job creation. In Sierra Leone entrepreneurs in general and women entrepreneurs specifically face major challenges; challenges of business entry, survival, growth, capacity to handle complex business management and availability of financial resources.

This report aims to identify and recommend suggested actions and policies to alleviate some of the challenges women entrepreneurs in Sierra Leone face.

The report is divided into five key sections. Section one provides background, context and rationale for the study. Section two provides a detailed literature review of key national policy documents. Key findings from the primary and secondary research are presented in Section three of the report. Causes identified as reasons why women in Sierra Leone have limited access to finance are presented in Section four of the report. Section five provides policy recommendations and conclusions.

STUDY RATIONALE & CONTEXT

In Sierra Leone an estimated 52 percent of the population is women¹ of which an estimated 70 percent are economically active². Of this economically active women population, it is estimated a further 70 percent participate in micro and small business enterprises. Evidence points to the issue of their inability to access appropriate finance as the reason for their dominance in the micro and small enterprise sector of the country's economy.

Having seen the importance of women's economic productivity, international institutions have called upon governments to proactively support women's entrepreneurial efforts. A study produced in 2004 by the African Development Bank, on African women in businesses revealed that women own most of the businesses in Africa. In developed economies such as North America statistics demonstrates that as much as 8 million women in the USA are managing firms of their own.³ These women-owned firms make significant contributions to job creation and economic growth in their countries. According to the

¹ Statistics Sierra Leone Annual Statistical Digest 2005/2006

² Economically active meaning being between the age of 16 and 60

³ Z . Zarkovic Supra n.1

same source, in Germany, women start-up firms provide a million new job openings with annual turnover of 15 billion dollars⁴. Some of the measures called for in the Beijing Platform⁵ and Copenhagen Program were promotion of self-employment, development of entrepreneurship capabilities and support to small businesses for women in rural and urban areas.

UNDP studies have shown that when women control cash from businesses it is more likely to be used in child survival and other human development issues. Therefore when more and more women engage in entrepreneurial activities they increase productivity and contributions to their local economies and promote development with social stability. Thus, there is need for governments and communities to recognize the unavoidable link between women's economic empowerment and the national economic development of a country.

STUDY APPROACH

In conducting the study both primary and secondary data collection methodologies were used.

The primary data collection process used stratified sampling based on geographic location, business size and business type. Individual guided interviews were held alongside focus group discussions. The study was conducted across 9 districts; Bombali, Bo, Kenema, Kailahun, Koinadugu, Pujehun, Tonkolili, Western Area Urban and Western Area Rural. A total number of 222 women engaged in various types of business responded to questions relating to their personal status and general health of their business.

For secondary data collection, both national and international published literature was reviewed.

SUMMARY STUDY OBSERVATIONS

Key Findings from the research revealed:

- As noted in various published literature, this study notes a direct correlation between a woman's education, background, family status and their ability to secure finance.
- The variance in business stock value, business type and size created the need to introduce new business categories which were: a) "Income generating for survival" micro enterprises; b) Low-Value Medium Size enterprises.
- Specific financial and business support requirements were recommended for all the business categories identified.
- The women respondents in the study identified the key challenges in running their business as: a) lack of access to finance and b) high family & household expenses.
- The majority women respondents in the study identified their immediate business support needs as a) access to increased working capital and b) support towards household expenses and school fees.
- The identified underlying cause for women's inability to access appropriate and affordable capital during the study were categorized under immediate and root causes.
 - » Immediate causes were identified as issues of a) limited financial capital and b) limited human capital.
 - » Root causes were identified as issues of a) inherent institutional gender biases b) inadequate government intervention policies and c) a cultural environment that is inherently discriminatory towards women.
- **To understand Sierra Leone's government policy** guiding the business environment in country the following key policy documents were reviewed: a). Sierra Leone's Financial Sector Development Plan 2009. b) "National Micro, Small and Medium Enterprise Development 2013 and c) The Private Sector Development Strategy for Sierra Leone. In these key documents determining government policy in the private sector there was glaring absence of the word "gender" or "women" either in explicit use or in principle in any of the listed documents.

A review of the financial sector landscape in Sierra Leone aimed to identify the supply, and demand of financial resource availability in country.

⁴ Z. Zarkovic Supra n. 1

⁵ Beijing Declaration and Platform for Action; The Fourth World Conference on Women.

- As at 31st December 2012, a total number of 89 commercial bank branches served an estimated population size of 6 million⁶; this gives an average of 1 bank branch for every 67,415 person. With electronic payment system in the country still at its infancy, a best practice standard to stimulate financial inclusion countrywide could be 1 bank branch for every 20,000 person, indicating a requirement gap of 211 additional bank branches.
- The study identified the total number branches of all financial service providers including commercial banks, microfinance institutions, community banks, discount houses, leasing companies registered with the Bank of Sierra Leone to be 208⁷ indicating that in total there is 1 financial service provider for every 28,846 persons⁸.
- Published figures noted that a total of 12 microfinance institutions served a total customer base of 86,712⁹. The total market size is estimated at 1,887,559¹⁰.

SUMMARY STUDY CONCLUSIONS

The dominance of Sierra Leone women entrepreneurs in micro and small business enterprise implies that opportunities exist for women to access small-size finance. The finance used to start-up small business typically range from the Leones equivalent of \$50 up to the Leones equivalent of \$5,000. This size of finance typically only supports small-scale "table-top" or retail trade businesses.

The key challenge identified therefore being that women typically lack the requisite skills and operate in a business and financial environment that limit access to appropriate, affordable and relevant financing to support businesses above the micro level which has potential for sustainable growth. These critical challenges need to be addressed.

A review of the financial sector reveals significant gap in the reach of financial institutions across Sierra Leone, the lack of available structured finance to support start-ups and growth of businesses is a clear consequence of this gap. Inherent institutional and cultural gender biases exacerbate and further disproportionately disadvantage women in acquiring the requisite skills and resources to access the limited available capital. An analysis of government policies further reveals lack of a comprehensive strategy in stimulating the environment to mitigate the identified causes for women's inability to access appropriate finance to start and grow businesses in Sierra Leone.

KEY RECOMMENDATIONS

The recommendations and suggested interventions being put forward aim to address some of these issues and ultimate increase access to financial services across the country for Sierra Leone women.

The recommendations being put forward are categorized into intervention by key stakeholders: a) The Government of Sierra Leone b) International Finance Institutions c) Commercial Banks d) MicroFinance Institutions and e) Non-Government Institutions.

- **The Government of Sierra Leone** A five point action plan of recommendations has been identified a) appoint a national Women MSME champion b) Introduce affirmative action items in government public procurement c) Review all key government strategy policies and make them "gender aware". d) Institutionalize the capture of gender aggregated data for the purpose of tracking, monitoring and evaluation e) Institute policies to enhance women's ability to own property that could be used for collateral to access business loans
- **International Finance Institutions:** IFC, ADB and USAID are key international partners to the Government of Sierra Leone. Each of these institutions provides financial and technical support to other governments and commercial banks in the region to support women entrepreneurs. Three of such programs suitable for adaptation have been identified for adoption in Sierra Leone, details of which can be found in Section five of this report.

⁶ Audited 2012 Bank of Sierra Leone's Financial Statement

⁷ Audited 2012 Bank of Sierra Leone's Financial Statement

⁸ All calculations assumes an estimated population size of 6 million

⁹ IFC Mobile Money Scoping 2012

¹⁰ This figure is derived from estimating that 52% of an est. 6 million population are women, of which 70% are economically active and a further 90% of the economically active are engaged in micro enterprise.

- **Commercial Banks:** Key challenges identified in the financial landscape review were a) lack of bank branches b) misplaced perceptions between the bank and women entrepreneurs and c) limited product range within the banks. The recommended strategy to be adopted by commercial banks focused on mitigating these three key problematic areas.
- **Microfinance Institutions:** The key recommendation for MFIs is in developing innovative products with flexible payment terms and conditions; the issue of rigid payment terms and conditions was a key issue brought up by respondents in the study.
- **Non-Government Institutions:** The recommendation is for NGOs to scale-up and expand support to the eco-system in which women entrepreneurs operate e.g. a) support the enhancement of business development support service providers, b) empower entrepreneur networks and c) expand research into key areas that require better understanding.



Section One

Background and Context



1.1. COUNTRY'S ECONOMIC OVERVIEW

Sierra Leone is a small country located along the west coast of Africa. Bounded on the south-east by Liberia, the north, north-west and north-east by Guinea, and on the west and south-west by the Atlantic Ocean the land area measures approximately 71,740 sq km (about 45,000 sq miles). The estimated population of Sierra Leone is 6 million and women constitute approximately 52 percent of this population. Sierra Leone belongs to the group of Least Developed Countries (LDC) and is ranked 180 out of 187. Adult literacy in the country is estimated at 41 percent of the adult population¹¹.

In 2002, Sierra Leone emerged from a civil war which lasted for almost eleven years. The war had devastating social and economic consequences. Since the war ended there has been social and economic progress, economic reforms have seen growth in GDP from 6 percent in 2011 to 15.2 percent in 2012 and projected to be 12.1 percent in 2014. Inflation has steadily fallen from 18.5 percent in 2011 to 11.6 percent in 2012 and expected to drop further to 6.9 percent in 2014.¹² This growth is being

¹¹ UN Development Programme's (UNDP) Human Development Report 2011.

¹² African Development Bank Statistics Department

led mainly by Foreign Direct Investment (FDI) in the mining sector, supported by growth in the agriculture, construction and service industries. Despite these achievements the infrastructure remains very weak, especially within the rural areas.

Sierra Leone faces challenges from extreme poverty and long-term unemployment. A recent UNDP report estimates that 60 percent of youth¹³ an estimated 2,000,000 people are either unemployed, underemployed or unemployable. It is further estimated that as much as 70 percent of households in the country rely on micro and small businesses operating within the informal sector of which an estimated 70 percent are women. As such, there is a critical need for government policies that ensures inclusive growth which is led by a vibrant MSME sector.

1.3. METHODOLOGY

The data collection method included both primary and secondary data collection methods. The methodology adopted for primary data collection was stratified random sampling. The stratum for the field research was based on geographic location and size of businesses. Business categorization was expanded to include employee size and business stock value. Alongside traditional business categories, two new business categories were included: a) Income Generating for Survival (an additional category within the micro business sector and b) Low-Value Medium size enterprises.

Table 1: Expanded Business Category Characteristics

CATEGORY	CHARACTERISTICS
"INCOME GENERATING FOR SURVIVAL" ENTERPRISE	<ul style="list-style-type: none">» Table-top / tray market traders» No paid full-time employee; hired hands to perform labourer tasks such as loading as and when required.» Primarily engaged in subsistence farming, trading, mining or service» No formal structure,» Stock value between \$100¹⁴ and \$500
MICRO / HYBRID/SELF-EMPLOYED ENTREPRENEURS	<ul style="list-style-type: none">» Business operates from a shop, store or small office.» Paid full-time employee size ranging between 0 – 4» Primarily engaged in trading or service business» Some formal structure, mostly registered with local council.» Stock value greater than \$500¹⁵ no upper limit
SMALL-SIZE ENTERPRISES	<ul style="list-style-type: none">» Business operates from shop, store or small office» Employee size ranging between 5 - 19 employees» Semi-formal structure» Primarily engaged in trading or service business» Stock value usually greater than \$5000 no upper limit
LOW-VALUE MEDIUM-SIZE ENTERPRISE	<ul style="list-style-type: none">» Business operates from shop, store or small office» Semi-formal structure» Primarily engaged in trading or service business» Stock value less than \$5,000» Paid employees 20 - 49 employees
MEDIUM-SIZE ENTERPRISE	<ul style="list-style-type: none">» Formal Structure.» Engaged in a wide number of activities» Employee size ranges 20 - 49 employees» Stock value usually greater than \$5,000 no upper limit

¹³ In Sierra Leone after the war youth were identified as persons between the age of 16 and 35

¹⁴ Dollar conversion rate being used and referred to is Le 4,350 = \$1.00

¹⁵ Dollar conversion rate being used and referred to is Le 4,350 = \$1.00

To capture primary data, questionnaires were used to guide interviews; the questionnaires were made up of 42 main questions each with sub-questions. The questions aimed to identify characteristics of the women entrepreneurs, their perception of the environment in which they operate, their social and financial net worth. The questions were divided broadly into four main categories of personal, business, financial and social subsections. A total number of 57 in-depth interviews were conducted across the selected regions. Focus Group discussions were held alongside questionnaires. A total number of 10 focus group discussions were held nationally at Bombali District (Makeni), Bo Town, Kenema Town, Kailahun, Koinadugu District (Kabala), Pujehun Town, Tonkolili (Magburuka), Western Area Urban (Freetown) and Western Area Rural (Tombo). The focus group discussions were mostly held at market centers. A total of 165 business women participated at the focus group discussions. Other respondent categories interviewed included:

- Representatives from the following commercial banks: RCB, UTB and FiBank.
- Microfinance Institutions: BRAC, Keystone Bank, LAPO and FinanceSalone.
- Community Banks in Kenema and Kabala.
- Representatives from Business Interest Group: Abacha Street Traders.
- Representation from departments within the government institution:
 - » Ministry of Agriculture
 - » Ministry of Trade and Industry
 - » NaCSA.

For secondary data collection an extensive review of selected literature was done. Findings from the literature review are summarized and included in Section two of this report.

1.3. SIERRA LEONE WOMEN'S ACCESS TO ECONOMIC ASSETS: THE GENDER ECO-SYSTEM

The Private Sector

Sierra Leone's private sector is characterized by a large number of micro-enterprises, official estimates indicate that only 5 percent of the economic workforce is in paid formal sector¹⁶. This means that 95 percent of the economy is in the informal sector. Approximately 84 percent of rural women and 63 percent of urban women operate micro-enterprises such as small-scale farming, table-top trading, artisanal mining, and small-scale fishing. Avenues by which small business owners can acquire much needed business skills, loan finance and other key financial services are not well developed; demand for business management skills goes unmet¹.

Challenges identified as the main obstacle to business growth is the inability of small and medium size enterprises to access finance¹⁷ of particular interest is the extent to which these challenges impact women in business.

The Workforce

Despite 52 percent of the population of Sierra Leone being constituted by women; yet women have low employment status as compared to their male counterparts; rural women are especially worse off. Only 17 percent of women can be found in the formal private sector. About 75 percent of the population live in rural areas and they mostly depend on agriculture for their sustenance.

Women's Social Wellbeing

In Sierra Leone the health of women generally suffers as a result of frequent childbirth and heavy workload at home and in the farms. Women including pregnant and lactating women, work long hours in very stressful conditions, this impairs breast milk production for lactating women giving their children a bad start in life ultimately perpetuating the challenges of the girl child from birth.

¹⁶ African Development Bank, October 2011 Sierra Leone Country Gender Profile

¹⁷ Enterprise Survey (2009),

Ownership of House

According to a recent Statistics Sierra Leone CEDAW survey 25 percent of rural women owned a house. Although the percentage was low at 25 percent, it is encouraging to note that women in Sierra Leone are beginning to own properties such as houses especially in rural communities which could be used as business collateral to secure finance.

Access to credit

A brief review of the financial landscape as identified within the Sixth CEDAW Report highlighted Institutional gender insensitivities.

- **Ownership of Bank Account:** The CEDAW survey indicated that only 6 percent of rural women owned a bank account the small percentage of account holders could be explained by the limited availability of banks in rural communities. No national statistics could be found on women's bank account ownership.
- **Participation in Informal Savings Scheme:** Osusu an informal savings scheme was noted to be used by a large percentage of women in the informal sector. Osusu is a scheme whereby members contribute money over a period and distribute it later or contribute over a period and give it to one person; the situation continues until all members collect their shares. Unlike the formal bank account, this informal savings scheme is popular in rural communities. According to the CEDAW report as much as 44 percent of women interviewed participated in the Osusu scheme.
- **Access to Commercial Bank:** Commercial banks in Sierra Leone target everyone irrespective of gender with set rules for accessing loans. Women have issues accessing loans from commercial banks as they mostly operate micro-enterprises and so are under-capitalized. Mostly their income source is irregular and usually they do not have concrete collateral to apply for larger size loans that could deliver their businesses from subsistence enterprise to capital intensive investment.
- **Access to Mortgage Services:** The largest and most prominent mortgage company in Sierra Leone is the Home Finance Company (HFC). To benefit from its services the client must be prepared to make an upfront payment of 20 percent of the total cost of investment e.g. a total housing investment of two hundred million Leones (\$45,977¹⁸) the client must pre-pay on average about forty million Leones (\$9,195¹⁹). HFC assesses the applicant's capacity to pay the agreed regular monthly mortgage payments. Considering the economic status of the majority of Sierra Leonean women, most of them will not qualify for housing mortgage loans. This is a missed opportunity that could strengthen women entrepreneurs' ability to access business collateral.
- **Access to Micro-finance:** Key among those providing microfinance services are ARD, FinanceSalone, NMJD, GGEM amongst others. Most of these institutions target both women and men. Their major criterion for credit consideration is the ability to pay back. The main complaints against most of these institutions are the high interest rates and payment conditions, embarrassment and sometimes jail time for non-payment of loans. The largest clientele of micro-finance institutions (MFIs) are women; there exists a negative view of MFIs within the country.
- **Government Intervention Programs:** Government programs do exist that provide support to women entrepreneurs e.g. NaCSA's SLCD program provides financial service training and support to micro entrepreneurs. However these programs are typically pilot projects that target specific geographic segment for a defined period of time.
- The Government has demonstrated commitment to reduce national gender disparities and taken steps to sign international legal instruments and protocols that promote national policies and legislation on gender empowerment; some of these initiatives include:
 - » The development of the 6th CEDAW report
 - » The establishment of a National Committee on Gender Based Violence (NaC-GBV)
 - » The passage of Gender Acts a)Domestic Violence Act 2007, b)Devolution of Estates Act 2007 c) Registration of Customary Marriage and Divorce Act 2007 d) Child Rights Act 2007 e)Chieftaincy Act 2009.

¹⁸ The exchange rate is calculated at Le4,350 to \$1.

¹⁹ The exchange rate is calculated at Le4,350 to \$1

However none of these instruments adequately address the structural economic issues responsible for the inherent barriers to women's access to capital. According to "Women Business and the Law" highly developed economies have fewer legal differentiations than middle and low-income countries.

A more detailed review of Sierra Leone's Gender eco-system lies outside the scope of this report.



Section Two

Literature Review

An extensive review of international and national published literature was undertaken to fully understand the issues impacting women's access to capital within the context of secondary research. The publications listed below were selected for inclusion because of their specific relevance to the environment in which business women in Sierra Leone operate.

- » Baseline Survey-Women's Access to Capital in Sierra Leone.
- » Gender Policy: The sixth periodic CEDAW report.
- » Private Sector Development Strategy.
- » National Strategy on MSME Development.
- » Financial Sector Development Plan.

During the review, selected extracts from the publications, alongside observations are noted for inclusion below:

2.1. BASELINE SURVEY-WOMEN'S ACCESS TO CAPITAL IN SIERRA LEONE

This study was commissioned by UN WOMEN Sierra Leone²⁰. The primary research of this study was limited to Moyamba and Bombali Districts. Broadly the key objective of the report was to understand the issue of lack of access to capital of women entrepreneurs and to present recommendations.

Limitations of the Study

- The primary research of the study was limited to Bombali District in the Northern region and Moyamba in the Southern Province; In Sierra Leone there exists 11 additional districts.
- The study confirmed published assertions of disparity in the ability of women to access finance as compared to their male counterparts; however the study did not elaborate on the causes within the business and societal environment that cause the disparity in access to capital.
- The legal and cultural barriers within Sierra Leone's constitution and business environment were not included for review.
- The study did not include an analysis of the micro and small business environment sector where Sierra Leone women entrepreneurs dominate.

The gaps in this report provided a basis upon which this study aims to build upon.

2.2. STUDY RATIONALE

The dominance of women in the micro and small informal private sector driven by an implied inherent bias towards economic empowerment for women in Sierra Leone provides the background for this study. Most women entrepreneurs in Sierra Leone face a discriminatory business environment and disproportionately high and differentiated barriers relative to their male entrepreneurs. Therefore addressing and mitigating the issues affecting women's economic empowerment is critical to Sierra Leone's overall economic growth.

This study aims to: a) provide insights into the inherent gender bias in women's ability to access and acquire capital an implied consequence being their dominance in the MSME sector and b) to recommend possible programs and policy interventions.

The study is commissioned by the International Finance Corporation (IFC). IFC is a member of the World Bank Group and the largest global development institution focused exclusively on the private sector. In Sierra Leone, IFC is working with the government and private enterprises to help eliminate extreme poverty and promote shared prosperity. AFFORD-SL through its OWNERS ("Organization of Women's Networks for Entrepreneurs") project is the implementing partner of the study. AFFORD-SL supports women engaged in small and micro businesses as a key element to job creation and private sector growth in Sierra Leone. A core component of AFFORD-SL's OWNERS project is identifying capital linkages that increase women's access to capital so that they can grow and scale up their businesses from micro to small and medium levels.

²⁰ Kenyeh L. Barlay (August 2012) "Baseline Survey – Women's Access to Capital in Sierra Leone"

The expected outcome of this study is the identification of appropriate policy and program initiatives that would facilitate and enhance women's economic empowerment in Sierra Leone, particularly in the area of "access to financing" for women-owned enterprises. The information is expected to assist in planning appropriate and effective interventions to address the issues and challenges revealed by the study. The study's focus is establishing benchmark information against which future studies and projects can be implemented.

2.3. CONVENTION ON ELIMINATION OF ALL FORMS OF DISCRIMINATION AGAINST WOMEN 6TH PERIODIC REPORT

The adoption and domestication of the findings within the "Convention on the Elimination of All Forms of Discrimination against Women" (CEDAW) Report²¹ Sierra Leone's 6th periodic CEDAW report will benefit Sierra Leone women. The Report highlights the legal, social and economic areas for women improvements in Sierra Leone. The 6th Periodic Report expands on the previously published 5th Periodic Report to include new areas not previously addressed.

For the purpose of this study Articles 1 through to 16 were reviewed as these sections deal with economic equity of women issues with regards to access to education, marriage and family, access to the law, access to health, employment and political participation. The report indicates the following:

- That there are limited economic and social services specifically targeting women in the private sector in Sierra Leone.
- Within the Articles there are no legal measures adopted with regards to business laws governing social and economic benefits to women in Sierra Leone.
- Further, within the Articles there are no specific policies with regards to access to commercial loans, mortgage services, micro-finance initiatives targeting women
- Article 13 of the report lists findings and recommendations specific to women's access to productive and economic assets directly affecting women on a day to day basis in Sierra Leone within the context of home ownership, bank account ownership and women's ability to access credit.

Domestication of the CEDAW Report would significantly contribute to enhancing women's economic empowerment in Sierra Leone.

2.4. PRIVATE SECTOR DEVELOPMENT STRATEGY FOR SIERRA LEONE 2009-2014

The Government through consultation with the business community and other stakeholders developed a Private Sector Development (PSD) Strategy (2009-2014) with the aim of delivering rapid and sustainable private sector led economic growth. This strategy has yet to yield results as demonstrated by the large informal MSME sector in country. The foreword in this document which was published in 2009 was provided by the Country's President H.E. Ernest Bai Koroma in which he said "This document presents a vision for developing a private sector that enables our people to participate in and benefit from economic growth. It summarizes strategies that my government will pursue to develop the private sector and unlock the talent of our people. Private sector led inclusive and sustained economic growth is a cornerstone of the Government's poverty reduction strategy"²²

The Private Sector Development (PSD) Strategy makes mention of two areas of interest: a) The promotion and support of entrepreneurship by recognizing, rewarding and nurturing entrepreneurs; b) Reducing the cost of business, indicating that businesses in Sierra Leone face major difficulties in complying with laws and regulations governing business.

Limitations of the PSD Strategy

Considering women make up an estimated 70 percent of the MSME sector, a key sector within the larger private sector, there is not a single mention of "women" or "gender" in the report neither in word or in context throughout the whole document. An

²¹ United Nations Convention on the Elimination of all Forms of Discrimination against Women (November 2011) "Sixth Periodic Country Report on the Convention on the Elimination of all Forms of Discrimination against Women" CEDAW /C/SLE/6

²² Ministry of Trade and Industry "A Vision and A Promise" Private Sector Development Strategy for Sierra Leone"

evaluation by UNDP of the document identified the following weaknesses of the PSD Strategy (2009 – 2014)²³ and concluded the following:

"challenges posed by a weak private sector development strategy, (PSD) compounded by overall weak national institutional mechanisms and an insufficiently developed National System of Innovation (NSI) have largely affected the supply response of international development partners such as the UNDP. In this case, it can be concluded that the PSD Strategy has not really provided strong enough and coherent guidance for private sector development at national level". The outcome evaluation made mention of the following critical areas missing in the private sector strategy policy document:

- 1 Lack of an agricultural-led MSME private sector growth. A detailed review of the Ministry of Agriculture's Small-Holder Commercialization Program and how it fits into the overall PSD strategy needs to be an important aspect of a national PSD strategy.
- 2 Lack of a policy that enables transition of businesses from informality to formality also makes the approach within the PSD strategy incomplete.

2.5. NATIONAL MICRO SMALL AND MEDIUM ENTERPRISE STRATEGY

In response to the gaps identified in the PSD strategy, the Government of Sierra Leone (GoSL) through its Ministry of Trade and Industry (MTI) invited IFC to assist in creating a National Micro, Small and Medium Enterprises strategy. MTI's vision for this strategy is to serve as a guide to GoSL, International Donors, Local NGOs and private sector groups in providing support to MSME's in a strategic manner. The mandate for the strategy is to use existing policies, laws and regulations to formulate a National MSME Development Strategy that fits well within the current context of MTI's mission.²⁴ The MSME strategy has two key goals to:

- Increase the total number of small businesses in Sierra Leone.
- Support the growth and progression of informal micro and small enterprises into formal medium and large scale enterprises in Sierra Leone.

Key strategic approaches were focused on:

- Improving a business enabling environment.
- Promoting business linkages.
- Linking financial markets.
- Improving capacity.

Limitations of the Study: The document identifies strategies to strengthen a sector that is dominated by women. The irony as in the GoSL's PSD Strategy is there is also not a single reference or policy specifically addressing the biases women in business face in general nor in the issues they face in accessing capital specifically. The National MSME strategy is gender agnostic so does not take into account women's dominance in the sector and therefore fail to address the underlying issues responsible for their dominance in this sector so provides no policy interventions to mitigate some of these underlying issues.

2.6. FINANCIAL SECTOR DEVELOPMENT PLAN

Reforms in the financial sector were undertaken through the Financial Sector Development Plan (FSDP) which was approved by Parliament in November 2009. The four major components of FSDP are:

- Enhancing banking system capacity.
- Enhancing access to finance.
- Strengthening contractual savings and capital markets.
- Strengthening the enabling environment and capacity building.

²³ UNDP 31st Oct 2012 Outcome Evaluation Inclusive Private Sector Development

²⁴ IFC, Ministry of Trade, November 2013 National Micro, Small and Medium Size Enterprise Strategy

To strengthen the financial landscape the following related legislations have since been passed:

- Banking Act 2011 – Enhanced standards for corporate governance of the commercial banks and strengthening of BSL's supervisory and enforcement powers.
- Credit Referencing Act 2011 – led to the establishment of the credit reference bureaus.

Limitations of the FSDP Strategy; A detailed review of the FSDP Strategy highlights a number of limitations as noted below:

- As in the PSD and MSME strategy documents, the FSDP document also makes no mention of the segment of the population most impacted by lack of financial services in country; Women in business who make up the majority in the MSME sector are not mentioned neither in word nor in context or principle in the whole of the FSDP strategy document.
- Also within the FSDP there are no clear policies to improve the availability of start-up capital, access to working capital, equity financing all of which have been identified as a major gap in the development of the private sector.

2.6 A DETAILED REVIEW OF THE COUNTRY'S FINANCIAL SECTOR

The financial sector plays a critically important role in the economy, it helps the economy to pool and utilize resources, reduce costs and risks, expand and diversify opportunities, enhance efficiencies in allocating resources and promote productivity and economic growth. The growth and development of the country's economy largely depends upon the quantity and quality of its financial services and the efficiency with which these services are provided.²⁵ To better understand the market size and fully understand the business environment in which business women in Sierra Leone operate a detailed review of the financial sector landscape was undertaken. In Sierra Leone the financial sector falls considerably short of playing its critical role in the quantity and quality of its service. This reality gets exacerbated with the socio-economic biases women in Sierra Leone face. The overall financial sector situation in Sierra Leone was well summarized in the 2006 World Bank-IMF FSAP report it states: "... the financial system has been unable to provide adequate support to the private sector and the obstacles to its doing so extend beyond the financial sector. Access to finance outside Freetown, among small businesses, the poor, and in agriculture is very limited. Physical barriers to financial sector development posed by weak infrastructure are exacerbated by institutional, administrative, and legal obstacles involved in conducting banking and financial transactions. An even bigger obstacle to the creation of a deeper, more efficient financial sector with wider outreach is the inadequately served need for capacity development due to the shortage of skilled professionals, insufficient technological resources, and a general public that is not well-educated in the products and procedures of a modern financial system".

In Sierra Leone an estimated population size of 6 million is being served by the following financial institutions:

- Commercial Banks via total bank branch 89²⁶ averages at 67,415 bank branch per person.
- 13 Independent MFIs.
- 9 Community Banks primarily serving rural populations.
- 32 Financial Service Associations (FSAs)²⁷

Limitations of Sierra Leone's Financial Institutions

Listed below are the identified limitations of financial institutions in country:

Commercial Banks

Table 3 below lists the total number of commercial bank branches operating in the country. Outside of the capital Freetown, a total number of 43 bank branches serve an estimated population size of 1,750,000 women; this amongst other issues remain one of the key factors impacting access quality capital.

²⁵ BSL October 2009, Financial Sector Development Plan

²⁶ Figure as at December 2012

²⁷ FSAs are community-owned and managed savings and credit schemes.

Table 2: Nationwide Bank Branch Location

COMMERCIAL BANKS	TOTAL NO OF BRANCHES	FTOWN	WATERLOO	BO	MOYAMBA	PUJEHUN	NJALA	KENEMA	KONO	KAILAHUN	MAKENI	MAGBURUKA	LUNGI	PEPEL	BUMBUNA	PORTLOKO	KABALA	KAMBIA
RCB	12	6	-	1	1	1	-	1	1	-	1	-	-	-	-	-	-	-
SLCB	13	5	1	1	1	-	1	1	1	-	1	-	-	-	-	1	-	-
SCB	3	2	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
UTB	10	3	-	1	-	-	1	1	1	-	-	1	-	-	-	-	1	1
GTB	11	5	-	1	-	-	-	1	1	-	1	-	-	1	1	-	-	-
FiB	16	7	1	1	-	-	-	1	1	1	1	1	1	-	-	1	-	-
ICB	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EcoBank	7	4	1	-	-	-	-	1	-	-	1	-	-	-	-	-	-	-
Access bank	4	3	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-
UBA	3	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Skye Bank	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Zenith Bank	4	2	-	-	-	-	-	1	-	-	-	-	1	-	-	-	-	-
Bank PHB	3	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Branches	89	46	3	6	2	1	2	7	5	1	6	2	2	1	1	2	1	1

Microfinance Institutions:

Microfinance could be a major tool in expanding access to capital; a review of the availability and physical access to commercial banks makes the case for a strong microfinance sector. Microfinance includes microcredit, micro-savings and micro-insurance. In 2008 an EU BizClim²⁸-funded study offered the first insights into microfinance demands across Sierra Leone. Given that the overwhelming majority of access to finance issues involve those at the 'bottom of the pyramid'²⁹ according to the BizClim study 2008 there remain substantial desire for microcredit. Findings highlighted in section three of this report viewed microfinance in a negative light; high interest rates and very strong and stringent repayment rules made the use of microcredit very unpopular amongst the study respondents for this report. Table 3 below lists all the MFIs operating in Sierra Leone and registered with the BSLs as at December 2012, with details of their loan type.

²⁸ European Union Business Climate Study on Microfinance in Sierra Leone

²⁹ "Bottom of the Pyramid" refers to poorest socio-economic group in country

Table 3: MFI Client Size by Geographical Location

DISTRICT	MFI CLIENTS		TOTAL
	WOMEN	MEN	
Western Area	16,414	3,475	29,999
Bo	7,065	1,766	8,831
Bonthe	311	104	415
Moyamba	2,262	570	2,823
Pujehun	947	237	
Kenema	3,650	644	4,294
Kono	2,671	1,145	3,816
Kailahun	1,542	385	1,927
Bombali	7,320	737	8,057
oinadugu	1,360	240	1,600
Tonkolili	2,780	738	3,158
Port Loko	4,582	1,147	5,729

To strengthen the operations of MFIs, BSL issued the following guidelines to improve the regulatory environment and facilitate increased access to finance:

- Guidelines on credit-only microfinance institutions.
- Guidelines on deposit taking microfinance institutions and community banks.

Table 4 below highlights commercial lending to Financial Service providers which stood at a meager 3.61³⁰ percent of the total credit facility. This low percent is in spite of BSL’s policy of linking commercial banks with non-bank financial service provider such as MFIs a critical requirement for deepening and expanding financial services across the country,

Table 4: Commercial Bank Credit Facility to the Private Sector

PRIVATE SECTOR	PERCENT OF COMMERCIAL BANK CREDIT FACILITY
Other Services	21.07
Construction	17.54
Import trade and transport	17.52
Storage & Communication	10.19
Manufacturing export trade	7.29
Agriculture, forestry and fisheries	7.22
Miscellaneous sectors	7.04
Financial Services	3.61
Mining and quarrying	2.20
Other trade and tourism	1.69
Electricity, gas and water	0.96

³⁰ According to BSL’s 2012 annual statement

Evidence from the findings in this study points to the fact that MFIs are yet to achieve their intended objective of providing adequate and affordable financial service for the promotion of business growth in Sierra Leone. Therefore, there is need for renewed effort through the development of enhanced policy regulations for support to MFIs in meeting their stated objectives. A viable and enhanced MFI sector is one that would positively impact the growth of women businesses as women are the largest MFI beneficiaries. An estimated population of 2.1 million women entrepreneurs engaged in micro-enterprises, yet still across the country the total microfinance client size remains fewer than 100,000 clients. This low number provides further evidence that the sector is yet to reach its potential and needs further organization.

Despite their current limitations, microfinance institutions play a strong part in the financial landscape of Sierra Leone, providing credit facilities to the majority of clients who require finance but feel unable to access finance at commercial banks. In Sierra Leone, MFIs typically provide very small loan amounts between US\$50 to US\$200. Despite the small size of these loans, they are essential for creating income-generating activities and sustainable livelihoods.

Table 5: Number of Branches and Client Size of Credit Only Microfinance Institutions

MICROFINANCE INSTITUTION	NO. OF BRANCHES	GEOGRAPHIC COVERAGE	LOAN PRODUCT TYPE	PERCENT OF FEMALE CLIENTS / NO. OF FEMALE CLIENTS	TOTAL NO. OF CLIENTS
Brac Microfinance(SL) Limited	42	Port Loko, Makeni, Bo, Magburuka, Kono, Kenema, Kambia and Kabala	Group Loans, Individual Products	70.52 %/ 15,514	22,000
A Call to Business Trading(SL) Limited	1	Freetown,			
Finance Salone c/o UTB	11	Freetown, Kenema, Bo, Kambia, Port Loko, Kono, Daru, Kailahun	Mega, Salaray loan (Salo), Single Enterprise loan (SEL)	60 %/10,522	17,537
Salone Microfinance Trust Limited (SMT)	5	Makeni, Kabala, Magburuka	Group loans, Individual loans, Agricultural loans, Consumer loans for low income earners,	80 %/6,640	8,300
CEDA	1	Moyamba Moyamba Junct. Rotifunk	Individual loans, Group Solidarity staff loans – teachers, agricultural loans.	90 %/4,235	4,705
GGEM	2	Freetown, Moyamba,	Salary Loans, Individual & Group lending	70.52 %/2,785	3,949
LAPO				90 %/138	153
Hope Micro			Salary Loans, Group Loans	95 %/14,700	15,474
			Group loans,		
ARD				74 % /5,342	7,219

Source: IFC Mobile Money Scoping Country Report Sierra Leone & BSL December 2012 Annual Financial Statement

Limitation of Community Banks To mitigate the limited reach of commercial banks, inadequacies of MFIs, BSL working with IFAD pioneered the development of 17 Community Banks (CBs)³¹ and 42 Financial Service Association (FSAs). CBs offers working capital to smallholder farmers, FBOs, ABCs and private sector employees in small rural towns. Challenges in running these CBs range from poor corporate governance and internal controls, lack of qualified staff, remoteness of locations, lack of basic infrastructure and weak technology. Listed below is a list of community banks across the country.

Table 6: Community Banks as at December 2012.

COMMUNITY BANK	LOCATION
Marampa-Masimera Community Bank	Lunsar
Yoni Community Bank	Mile 91
Segbwema Community Bank	Segbwema
Matru Community Bank	Matru Jong
Zimmi Community Bank	Zimmi
Pendembu Community Bank	Pendembu
Nimiyama Community Bank	Njaiama Sewafe, Kono
Sandor Community Bank	Kayima, Kono
Nimikoro Community Bank	Njaima Nimikoro
Tongo Field Community Bank	Tongo Field
Koindu Community Bank	Koindu
Simbaru Community Bank	Boajibu

Banking Supervision Department, BSL, recorded the resource base of nine (9) Community Banks at Le22.46 billion as at 30th November 2012³².

A lot still needs to be done to strengthen the financial sector to make it more gender sensitive towards women entrepreneurs.

³¹ CBs are created as limited liability companies and receive an initial granted shared capital of USD \$200,000 from the Government

³² BSL Financial Statement Audit Report 2012



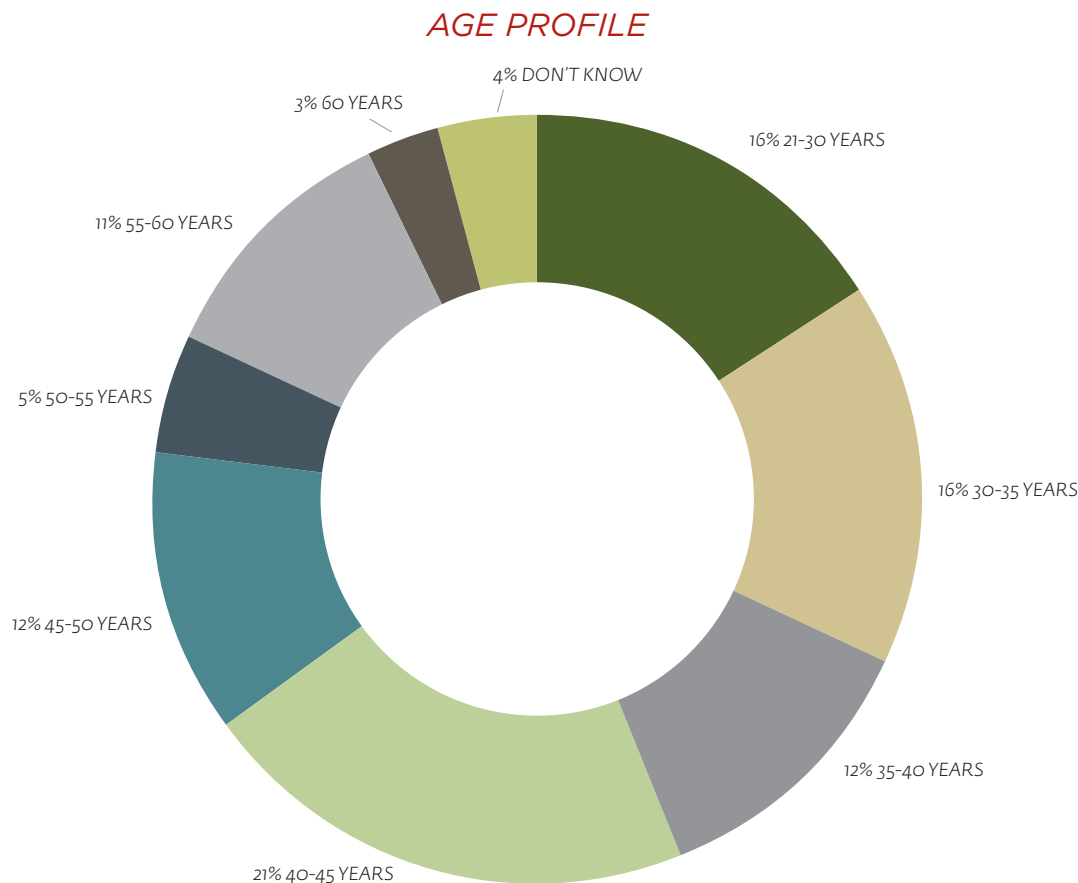
Section Three

Key Study Findings

3.1 PERSONAL PROFILE OF STUDY RESPONDENTS

3.1.1 Age

The women entrepreneurs interviewed for this study came from varying age groups, the youngest women were in their late teens, the oldest were in their mid 60’s. The largest grouping of the women respondents were between the ages of 40 and 45 years they made up 21 percent.

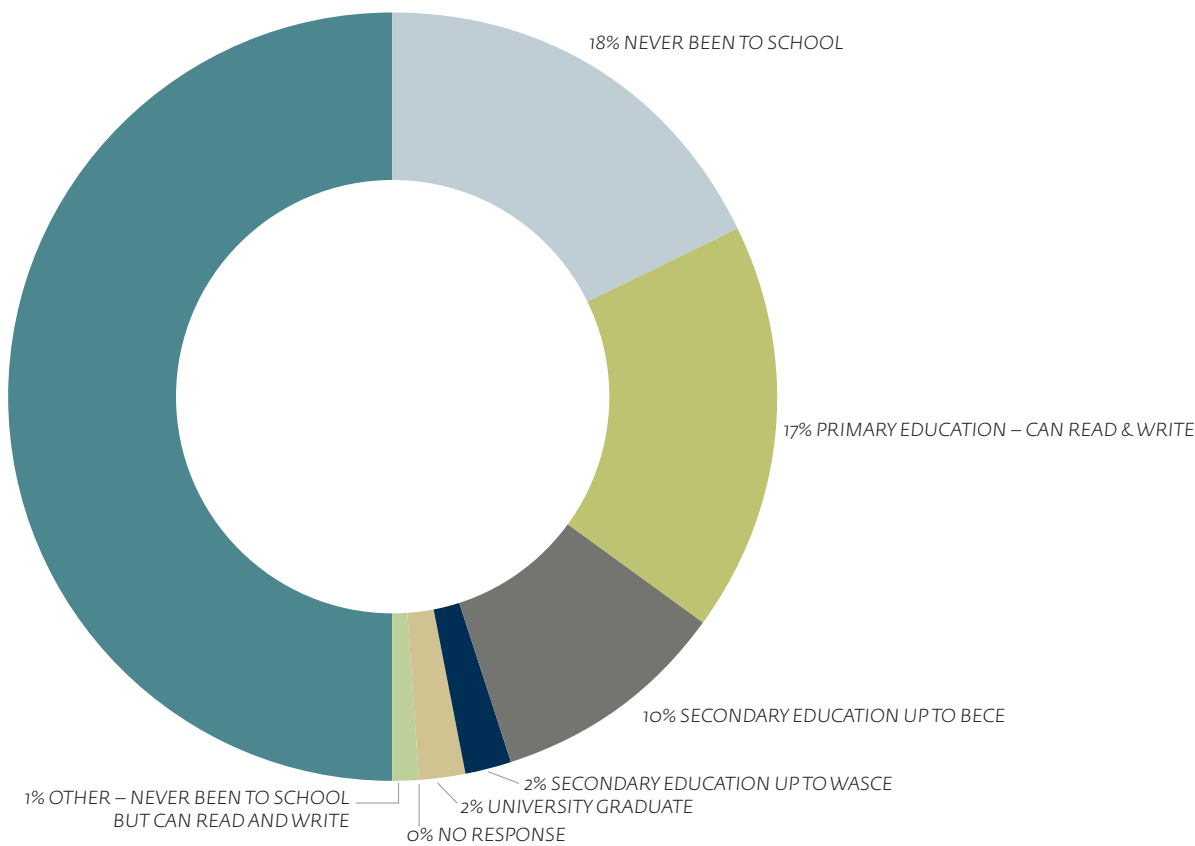


3.1.2 Education

Lack of formal education often quoted as a factor limiting the development of women entrepreneurs contributes to the inability of women entrepreneurs to access appropriate financial resources. The study indicated high illiteracy level; 71 percent of the women respondents of this study had either no education or very basic primary education. This pattern is seen across all 9 regions where the study was conducted except in the Western Area, where the study revealed that as much as 50 percent had no secondary education at all. Anecdotal evidence points to a direct correlation between education and the ability to access finance from formal institutions to support business growth.. The study did not examine or establish the education level of the husbands of the women respondents and how this might influence the ability of the women to access financial service.

Figure 1: Education Profile of Study Respondents

EDUCATION PROFILE OF STUDY RESPONDENTS



3.1.3 Work Experience

When looking at what the women entrepreneurs had been doing immediately prior to being in business, the survey findings revealed that the majority 62 percent had no previous work experience. Across all nine districts 71 percent of all the women interviewed had no previous experience in business before they started their own business. These entrepreneurs lacked the experience of operating and networking within a formal workplace or business environment; an experience which could have helped in developing the relevant “know who” and networking skills required for their business. Indeed, the women noted that they felt they lack the skills and competencies required to grow their businesses.

3.1.4 Family Status

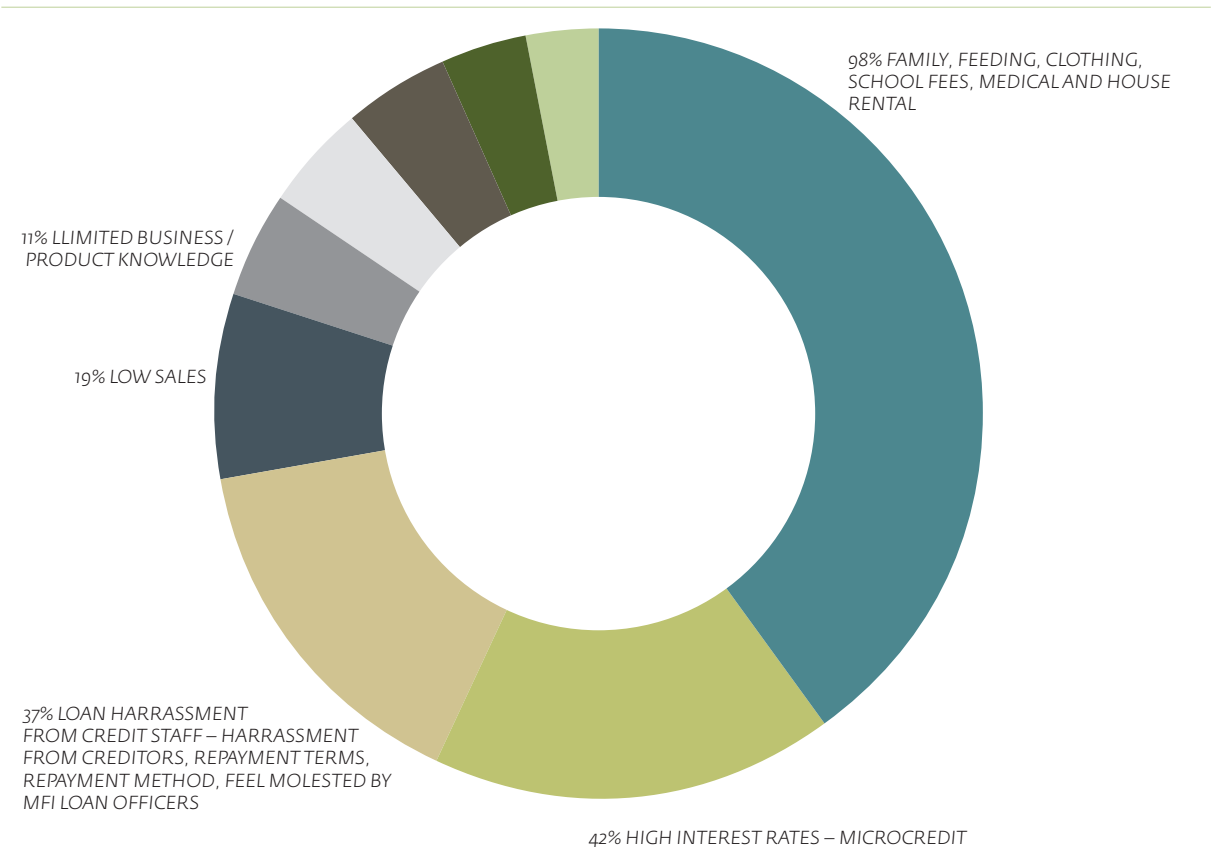
Much is said about how women entrepreneurs are constrained by their multiple roles within the family and community³³ and the various responsibilities and restrictions that accompany these roles. The majority 76 percent of the women interviewed were married at the time of the study, 13 percent were widows, only 3 percent had never been married. The study did not determine whether the women got married before starting their business or the type of marriage whether monogamous or polygamous. All of the women interviewed in this study had children of their own as well as additional dependents; the average number of dependents of the women was 6. All the women entrepreneurs in this study had household and reproductive responsibilities to fulfill in addition to developing their business. In this respect they experience typical constraints on their time and mobility. Many of the women entrepreneurs said they benefited positively from the support of their family receiving

³³ IFC Strengthening Access to Finance for Women-Owned SMEs in Developing Countries.

financial, moral and practical support. Family set-up was experienced as a social asset, as well as a liability which plays against the finance of the business in a critical way. The number one challenge presented by all the women in the study was the issue of household expenses which included school and feeding. A significantly high proportion of the women interviewed 82 percent were solely responsible for the feeding and household expenses highlighting a disparate gender issue of home management.

When asked about the key challenges faced in the running of their business, most of the women entrepreneurs identified lack of access to finance and high family & household expenses as their most pressing challenge. When asked what their most immediate need in support of their businesses answers varied, however increased working capital remained the most popular along with support towards household expenses and school feeding

Figure 2: Study Response to Challenges Face in Running Business

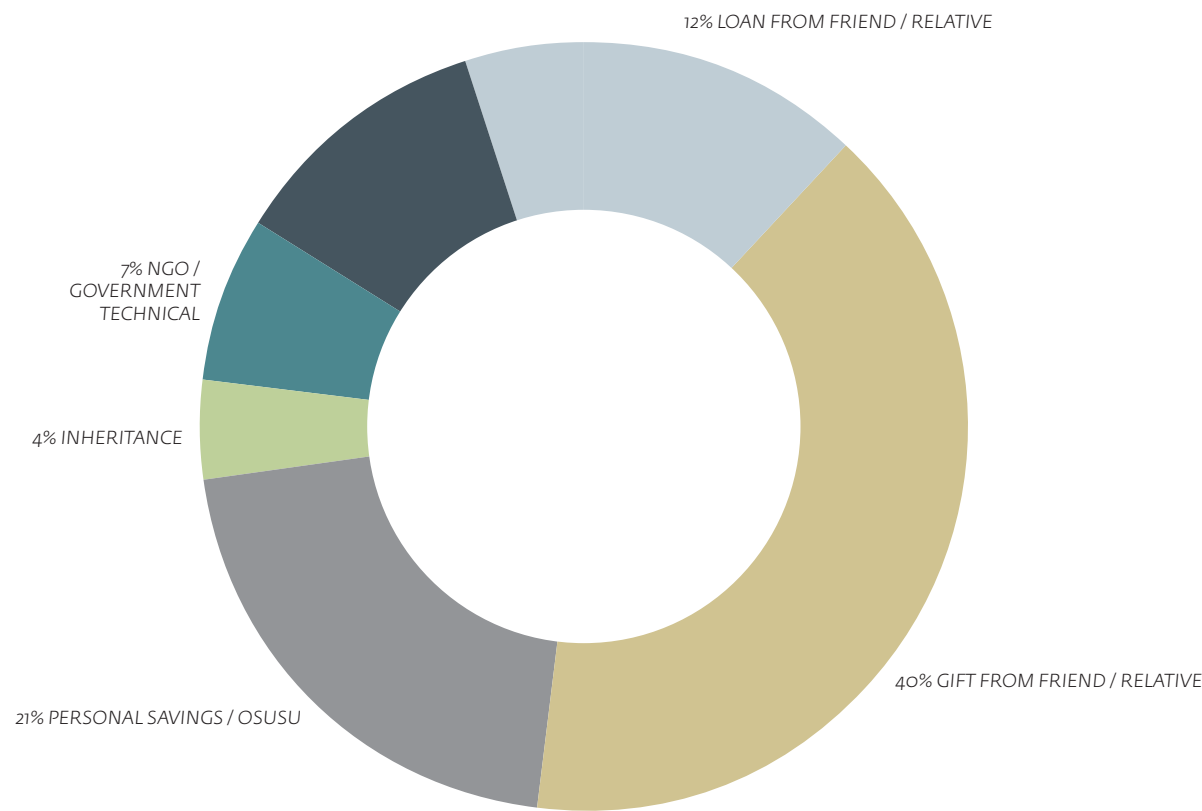


BUSINESS PROFILE OF STUDY RESPONDENTS

3.2.1 Business Start-up & Finance

In all 9 districts, the majority of the women entrepreneurs interviewed were the sole or primary drivers in starting their business; this shows a strong desire to be independent the need for income being the main motivating force to start a business

Figure 3: Study Response to Source of Start-up Finance

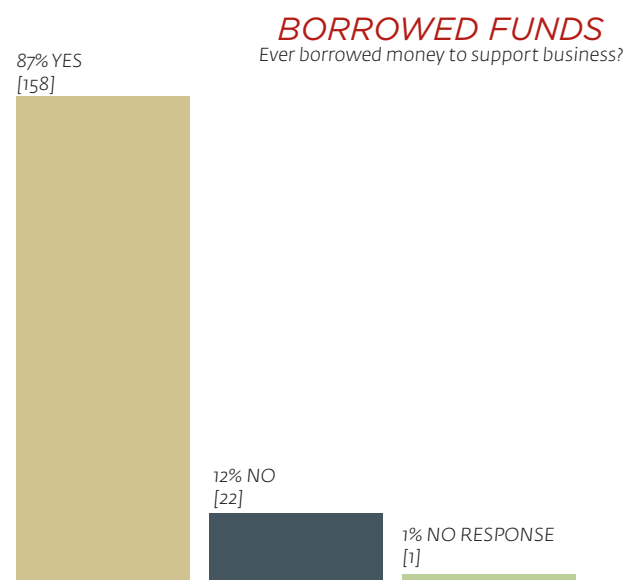


Based on the findings, as is typical within a global context, friends and family over 80 percent of start-up finance for the women entrepreneurs came from family, friends or personal savings. The challenge of this available start-up finance however seems to be the size of the finance.

3.2.2 Source of Funds to Support Business Growth

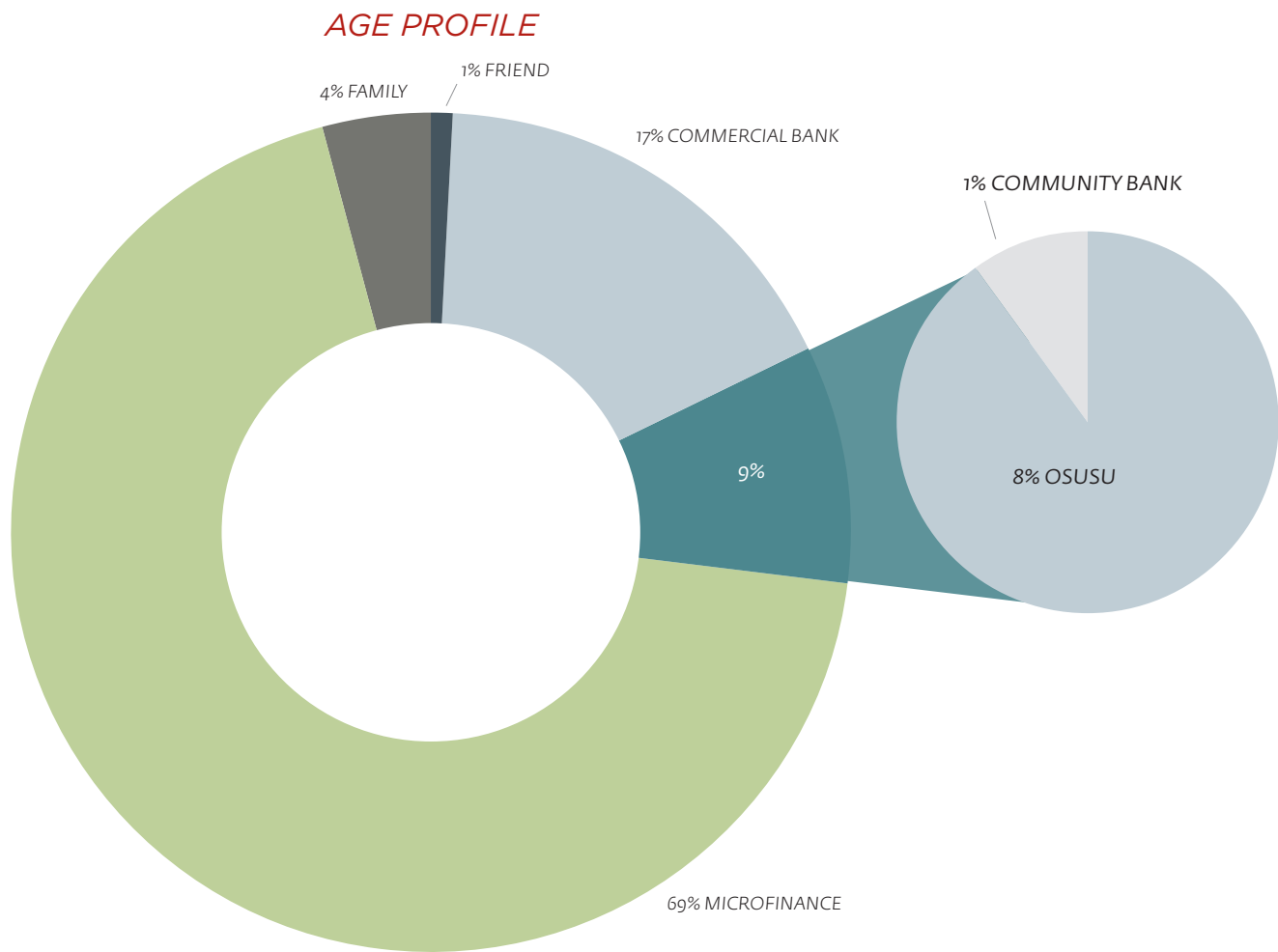
A total number of 180 participants responded to the question of accessing further finance upon start-up of their business. Over 80 percent responded that they had borrowed funds from an external source to support their business operations.

Figure 4: Study Response to Access to Borrowed finance



When asked about the source of funds to support the business upon start-up, the majority 69 percent had borrowed funds from MFIs. This further highlighting the importance of MFIs in the access to finance eco-system in Sierra Leone.

Figure 5: Study Response to Source of Funds Post Start-Up



As noted, only 17 percent of the respondents had access to loans at commercial banks since the start of their business. When asked whether they have bank accounts in the name of their business, 74 percent of the respondents said no; when asked whether they had accounts in their personal names, 58 percent said no. Hence, it is clear that commercial banks in Sierra Leone are missing an opportunity to leverage on women business clients. Subsequent questioning of the study respondents whom had access commercial bank loans is noted in Table 7 below:

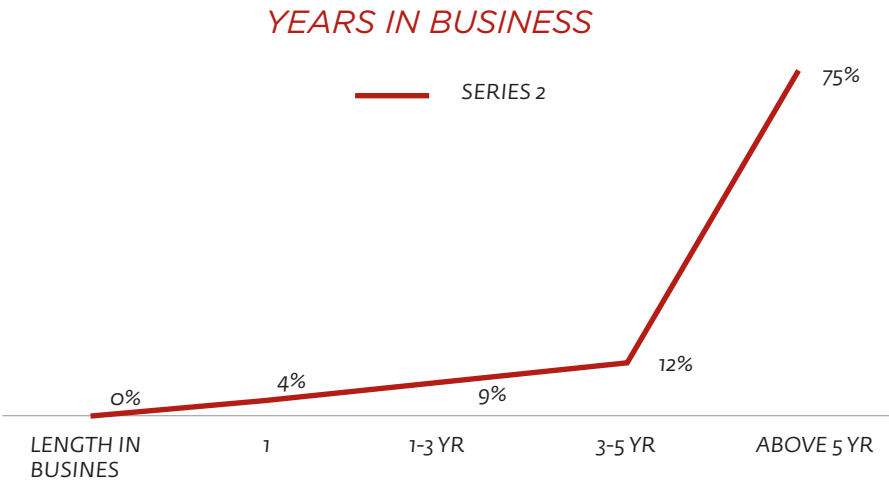
Table 7: Bank Branches of Respondents

BANK	RESPONDENTS
UTB	26%
FIB	25 %
RCB	12 %
SLCB	12 %
GTB	7 %
Local Community Bank	7 %
No Response/Don't Know	7 %
EcoBank	4 %

A total of 13 commercial banks exist in Sierra Leone. Table 7 above shows a direct correlation between the commercial banks accessed by women entrepreneurs and the number of branches which these banks have- as was noted in Table 2 in Section 2 of this report earlier. It appears that UTB, FIB, RCB and SLCB have the farthest reach in terms of total number of bank branches and total number of bank branches outside of the city Freetown.

An interview with a bank clerk at the United Bank of Africa (UBA) established that one of the criteria for accessing commercial bank loan at their bank was operating a business account for a minimum of three months. 75 percent of the respondents of this study had been in business for over five years; meaning these women all have the ability to operate an account with the business to build commercial credibility to be able to access financial service at the bank. This goes to further underpin the mismatch of the knowledge of majority of women in business to access financial services at commercial banks.

Figure 6: Study Response to No. of Years in Business



3.2.3 Business Category

The study examined the experiences of the women entrepreneurs in managing their businesses. Growth in sales, product range, value of stock was some of the yardstick used to assess overall growth in the business.

A wide variation especially in the value of stock and assets was noted amongst the women entrepreneurs as noted in Figures 7 & 8 below:

Figure 7: Total Stock Value of Study Respondents (in Le's)

TOTAL STOCK VALUE OF INTERVIEW RESPONDENTS (IN LE'S)

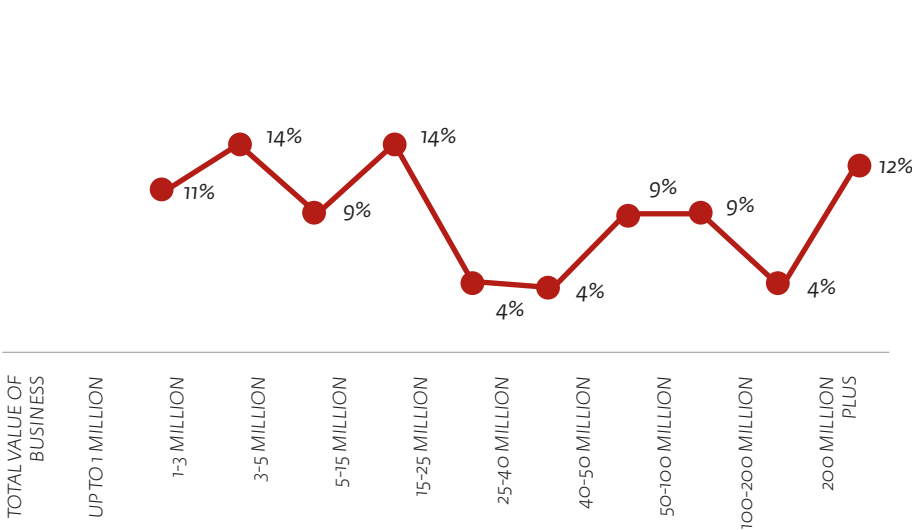
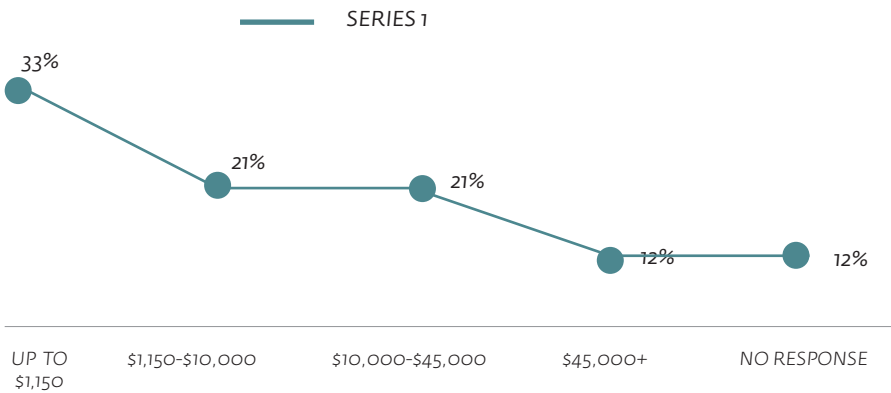


Figure 8: Total Stock Value of Study Respondents (in \$'s)

SUMMARISED VIEW OF TOTAL STOCK VALUE OF INTERVIEW RESPONDENTS (IN \$S)



As noted, this wide variation identified the need for further categorization to include the difference in financial and business support.

The wide variation amongst study respondents created the need for further categorization of businesses. Typically categorization of businesses is done against the number of staff employed. However for the purpose of this study, categorization was expanded to take into account the number of employees, the formality and structure of the business's stock value. Table 8 below details the expanded business categorization.

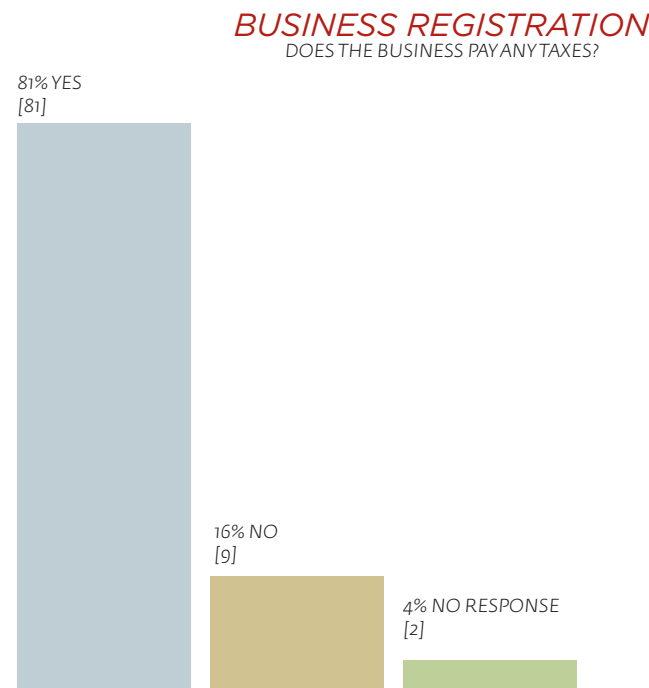
Table 8: Business Enterprise Category Characteristics

CATEGORY	CATEGORY CHARACTERISTICS	EMPLOYEES	VALUE OF STOCK
Income Generating "Survival" Micro Enterprise	<ul style="list-style-type: none">» Table-top / tray market traders» No paid full-time employee; hired hands perform labourer tasks such as loading when required.» Primarily engaged in subsistence farming, trading, mining or service» No formal structure	0	Le 0 – 45 million
"Self-Employed /Hybrid/ High Value Micro-Enterprise	<ul style="list-style-type: none">» Business operates from a shop, small office or farm.» Primarily engaged in trading, service» Some formal structure, mostly registered with local council	0 – 4 employees	Le 0 – 45 million
Small Enterprise	<ul style="list-style-type: none">» Business operates from shop, store or small office» Semi-formal structure» Primarily engaged in trading or service business	5 – 19 employees	Le 45 million +
Low-Value Medium Enterprise	<ul style="list-style-type: none">» Business operates from shop, store or small office» Semi-formal structure» Primarily engaged in trading or service	20 -49 employees	Less than Le 100 million
Medium Enterprise	<ul style="list-style-type: none">» Business operates from shop, store or small office» Semi formal structure» Primarily engaged in Agriculture	20 -49 employees	Le 100 million +

3.2.4 Business Registration

Despite the widely held consensus of informality within the MSME sector as much as 81 percent of the businesses of study respondents were registered with their local councils.

Figure 9: Study Response to Business Registration

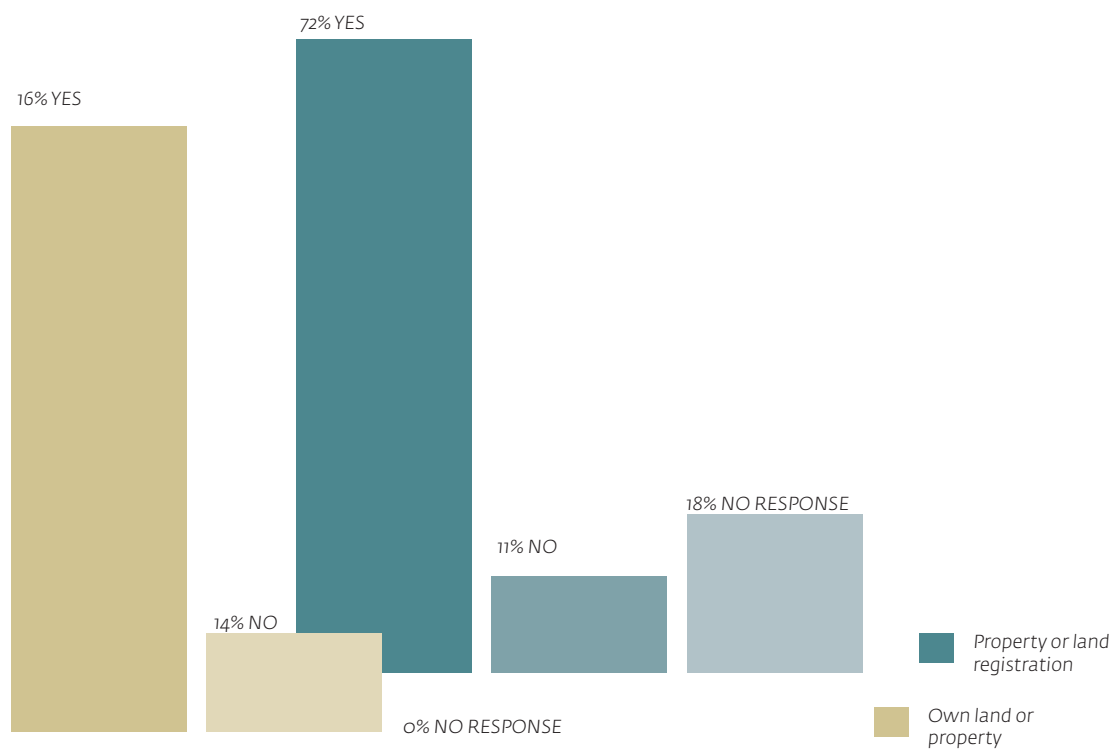


This study did not determine the appropriateness or sufficiency of this business registration to maintain business accounts at the commercial banks. The majority of the study respondents were operating as sole trader however as much as 81 percent had their business registered with the local council or authority.

3.2.5 Access to Collateral: Property Ownership

For access to loan at commercial banks, banks usually request for collateral. When asked about ownership of land and/or property 86 percent of the respondents had properties that were registered with the local council. Outside of the capital Freetown, property registration with local council proves legal ownership. In Sierra Leone there is unclarity of the applicability of the use of such property for the purpose of loan collateral at commercial banks, this requires further investigation. The ability to use these property as collateral for the purpose of securing business loan is key in addressing the issue of access to finance.

Figure 10: Study Response to Ownership of Properties





Section Four

Key Barriers of Access to Capital

This section highlights the identified immediate and root causes for women entrepreneurs' lack of ability to access finance. The profile of women entrepreneurs who own and manage successful enterprises in Sierra Leone show how causes responsible for lack of access to capital has been mitigated; showcasing the route and ability of successful women entrepreneurs is key in developing appropriate recommendations.

The key issues limiting women entrepreneurs' ability to access capital based on findings from this study has been categorized as:

1. Immediate causes.
2. Root causes

4.1 IMMEDIATE CAUSES

4.1.1 Limited Financial Capital

A review of practices in the developed world indicates that start-up finance from commercial banks are hard to access; commercial banks are typically risk averse; the statistical high failure rates of start-up businesses have placed them in a high-risk segment.

In Sierra Leone women entrepreneurs dominate the large informal sector of micro and small business enterprise; this implies that Sierra Leone women have the ability to mobilize finance to start-up businesses. However, this start-up finance is low capital; the size of the capital is typically only sufficient to start-up small micro businesses. The lack of access to affordable and appropriate finance to support start-up of high-value small and medium size business is a key issue.

Findings from this study show that over 60 percent of women entrepreneurs obtain their start-up finance from personal sources such as gifts from friends or personal savings, whereas a further 12 percent used Osusu³⁴.

The main issue of women's dominance in micro businesses is the non-availability of adequate start-up capital that could be secured from commercial bank or non-bank institutions. None of the women entrepreneurs questioned in this study had received a start-up loan from a commercial bank or from an MFI³⁵. Most of the women relied on personal sources of finance a clear reason why start-up finance is perceived as one of the most significant challenges by many of the women interviewees. This finding mirrors research undertaken on a similar group of women entrepreneurs in Pakistan where 73 percent of the women used personal/family savings for start-up costs.

The key therefore would be expanding and structuring alternative forms for accessible non-bank finance and make them more structured. In Sierra Leone, research points to the existence of two venture capitalist firms ManoCap and West Africa Venture Fund (WAVF). A review of published information on the website of both companies notes minimum equity investment of between \$100,000 and a maximum loan requirement of \$500,000 for WAVF and up to \$1 million for ManoCap. The start-up requirement as identified by most small start-ups require capital ranging between \$10,000 and \$50,000; this presents a mismatch between the needs of a majority of the start-up capital requirement and the availability. Figure 11 below profiles IDEAS-UK a capital-intensive small-size consulting firm which seek international finance to engage in a large-scale business venture.

³⁴ Osusu is an informal form of joint savings within a group.

³⁵ MFIs traditionally work with existing businesses

Figure 11: Profile of a Successful High-Value Small Enterprise – Mitigating access to capital

A HIGH-VALUE SMALL ENTERPRISE

Ms. Morgan a consulting engineer and Mrs. Aki Sawyerr a successful real estate business owner are part of the senior management team of IDEAS-UK. IDEAS-UK won the bid to develop a five star hotel in the grounds of the old Cape Sierra Hotel in Sierra Leone.

- » IDEA has major development project in the Kaffu Bullom area.
- » IDEA's investments in Sierra Leone are at the very high end of capital investment.
- » IDEA's capital comes from external sources (i.e. outside Sierra Leone).

The IDEA team is relatively small, three in SL and five in the UK. They however do utilize large team of international and local consultants experts to deliver on large-scale projects.

4.1.2 Limited Human Capital

Non-finance related factors also impede Sierra Leone women entrepreneurs' ability to access appropriate finance to start and grow their businesses. Sufficient literature and consensus exists to demonstrate the correlation of women's ability to access finance and their human capital³⁶. Human capital refers to the woman's level of education, training, skills, expertise and experience. In Sierra Leone women and girls experience high levels of illiteracy which in turn prevents them from attaining maximum self-productivity in their communities and the economy as a whole; the high percent of low literacy level of the respondents further demonstrates that the majority of women entrepreneurs in Sierra Leone are incapable with their current level of expertise to develop strong business propositions on their own. The ability to develop strong business propositions increases the opportunity to access adequate and sufficient capital to start and grow one's business.

The profile of the Pujehun Market Traders as noted in Figure 12 below is typical of majority of the women entrepreneurs in Sierra Leone.

Figure 12: Profile of an "Income generating for survival" Micro Enterprise: Pujehun Market Women.

"INCOME GENERATING FOR SURVIVAL"

Miicro-enterprise: A focus group discussion held with 6 market women study respondents in Pujehun, Southern District, Sierra Leone. They all operate "table-top business. Five of them had no formal education and had never been to school. Low-level education is a typical characteristic of women found doing business within this sub-category. All six of them had used micro-credit facility in the past. All noted that they can barely meet their family needs and use microcredit as a "top-up" facility to meet emergency family support needs, they did not use the microfinance loan to support their business. All six of them then struggle to pay back micro-finance loan which is why they no longer participate in microfinance. Only three of them had a personal bank account that they operate. All participated in "osusu" savings scheme.



³⁶ IFC Strengthening Access to Finance for Women-Owned SMEs in Developing Countries;

Figure 13 below profiles Madam Amie Dumbuya who used her intellect as a source of capital to start-up a business and was also able to raise finance outside of Sierra Leone to start-up a high-value company.

Figure 13: Profile of a Successful Entrepreneur: "Intellect a Viable Start-Up Resource"

A HIGH-VALUE SMALL ENTERPRISE

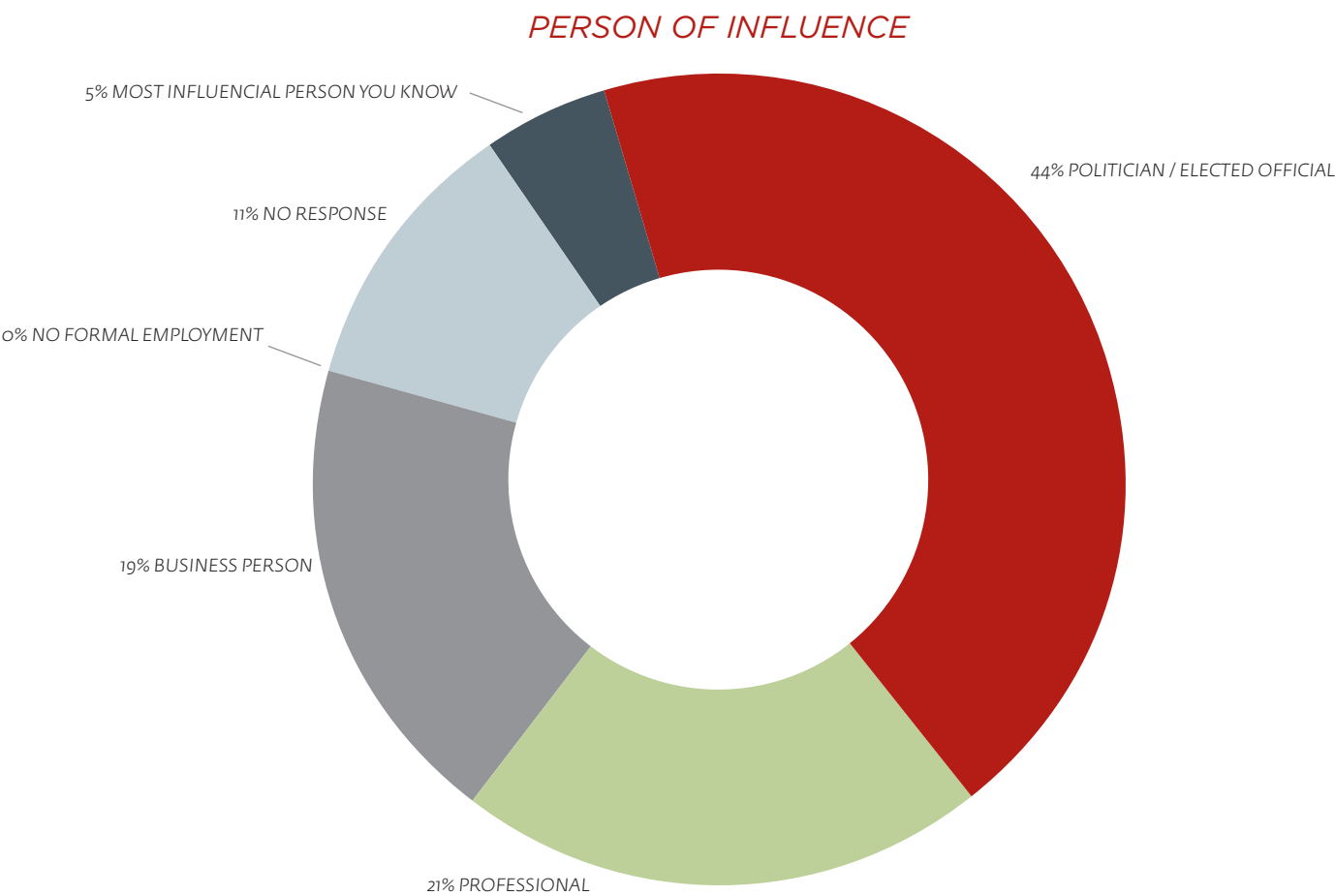
Ms. Morgan, a consulting engineer, and Mrs. Aki Sawyerr, a successful real estate business owner, are part of the senior management team of IDEAS-UK, which won the bid to develop a five star hotel in the grounds of the old Cape Sierra Hotel in Sierra Leone.

- » IDEAS has major development projects in the Kaffu Bullom area.
- » IDEAS' investments in Sierra Leone are at the very high end of capital investment.
- » IDEAS' capital comes from external sources (i.e. outside Sierra Leone).

4.1.3 Social Capital:

Published literature exists that examine the concept of social capital as having value³⁷ Just as there is consensus that a positive cultural environment and human capital can increase a woman's ability to access finance; this study seeks to examine evidence of correlation between an extensive social connections and the woman's ability to access finance. To establish the study respondents social network a number of questions were asked with regards to circle of relation and influence. A majority of those asked were active members of at least one organization, a majority of the respondents 88 percent felt they knew someone who was influential in their community. Most of them identified an elected government official as the most influential person they know. The findings from this study proved inconclusive in providing an absolute or direct correlation between the social net worth of the women and their ability to access appropriate capital for their business.

Figure 14: Study Response on Determining Social Net Worth



4.2 ROOT CAUSES FOR WOMEN'S INABILITY TO ACCESS APPROPRIATE FINANCE

To better understand the context of barriers that women face in accessing finance, a review of the gender ecosystem in country is required. A detailed review of the deep rooted gender biases that form the root causes for women's inability to access appropriate finance will not be dealt with within the context of this report; however a broad perspective of constraints in the cultural and government's policy environment is included below.

4.2.1 Inherent Gender Bias in a Cultural Environment

Sierra Leone has a background of a highly patriarchal society with institutionalized gender biases and inequalities e.g. discriminatory customary practices require husbands to approve personal and business transactions, there are discriminatory practices of female entitlement and property rights, discriminatory customs in marriage. All of these cultural constraints contribute to impeding the ability of the Sierra Leonean woman to develop the appropriate skills required to access finance. Also there are societal perceptions. Many women entrepreneurs feel that their broader community and society as a whole were not supportive of MSMEs, and were especially negative about micro-enterprises. This was evidenced by them as incidences where they believed officials felt it was permissible to harass women entrepreneurs. In a slight contradiction the findings indicated many of the women entrepreneurs have largely succeeded with the support of their families.

Figure 15: Cultural influence of a Highly Successful woman entrepreneur

A WOMAN-OWNED MEDIUM-SIZE ENTERPRISE

Meet Madam "S" She requests anonymity, I asked could this be a gender thing being shy of being seen as successful? Her response "...never thought about it" could be

- » She goes on to state she has been indoctrinated "culturally to not be ahead of her man
- » Education: A graduate from a top university in California, USA Graduate degree in Finance
- » Secure her initial start-up capital from husband.
- » Moved into higher-end, capital intensive business – secured finance from international partners outside- of Sierra Leone.
- » About access to finance in Sierra Leone she notes "Bank laws around loans are stringent and with exorbitant interest rates it's not worth the bother, collateral requirement inflexible
- » She self-finances all project or seek international partners to raise equity finance.
- » Knows all the Managing Directors of all the banks.
- » The biggest challenge she faces in developing and growing her business is not finance but low quality technical human resource in country.

4.2.2 Inadequate Government Policy

In Sierra Leone there are no government institutions or policy focused exclusively on supporting the women entrepreneurs. Much of the business legislation and related support mechanisms for business are oriented to medium to large-scale businesses. In this respect women are disadvantaged as they mostly participate in micro and small business enterprises which make up as much as seventy percent of the private sector in Sierra Leone, there are no evidence of women-specific business support programs across the country

Figure 16 A Low Value Medium Size Enterprise



A LOW-VALUE MEDIUM SIZE ENTERPRISE.

Meet Madam Bio founder and leader of Muamia a cooperative.

- » participates within the framework of a co-operative of 300 women
- » Been in existence for over 15 years; Women are in 10 smaller groups of 30
- » Each group cultivates 10 acres a total of 300 acres being cultivated for cassava farming. Cassava made into gari and foo-foo are the main agricultural product

The group operates a bank account and has seasonal revenue averages at Le 6 million. (\$1,200). The nearest bank to her is in Pujehun town over 7 miles from where she lives in Koribondu. Madam Bio lacks the know-how to access capital finance at the commercial bank. Madam Bio also operates a Village Savings and Loans Scheme.

The large number of women and relatively low seasonal revenue places Madam Bio's co-operative in the low-value medium size enterprise category. With intensive support there are significant potential for growth of this enterprise.

The recommendation therefore remains that there must be direct government intervention policies in support of organizations such as Madam Bio's.



Section Five

Suggested Action and Policy Responses

At the G-20 Seoul Summit in November 2010, the leaders of the 20 member countries endorsed the "Financial Inclusion Action Plan" and the creation of the "Global Partnership for Financial Inclusion (GPFI)". The leaders' declaration states the following rationale behind the creation of the group: "To promote the resilience, job creation and mitigate risks for development, we will prioritize action under the Seoul Consensus on addressing critical bottlenecks including infrastructure deficits, food market availability and exclusion from financial services"³⁸

To enhance Sierra Leonean women entrepreneurs' ability to access to finance especially within the broader MSME finance and gender agenda the following recommendations are being put forward:

The financial sector landscape as viewed by the only female MD of a commercial bank in Sierra Leone

Figure 17: profile of Sierra Leone's only female Bank Managing Director

A VIEW FROM SIERRA LEONE'S ONLY FEMALE BANK MANAGING DIRECTOR: MADAM AGBAJE

Confirms that there are cultural issues surrounding women's role with deep rooted perception about women

- » Recommends sensitization programs especially with tribal authorities
- » Emphasizes education of the girl child
- » Agrees with segmentation of the sector to reflect difference in financial and business needs a one size fits all approach
- » Confirms that more men get regular loans than women
- » She notes "the probability for a woman to pay loans is higher than a man: Recommends: micro businesswomen need to grow to get them into small and medium-size businesses
- » Encourage financial literacy for women
- » She notes the challenge of lack of collateral: Recommends that programs with credit guarantee scheme be introduced to business women within the wide spectrum

Specific to FiBank which she manages, she notes:

FiBank provides advisory services to its clients that own businesses.

The Bank runs an Osusu savings scheme for women in the informal sector.

Personal Recommendation

- » Banks need better opportunities and that can only happen when more businesses emerge, she notes that there are opportunities on low income real estate, tourism and cross border trading.
- » In addition, banks need programs that support a small selection of women e.g. a group of 10 women that they could work with to get them to the middle tier and then replicate the exercise to assist additional number of women

On her being the only female MD/CEO in banking sector: She notes "It's lonely at the top one need to work twice as hard.

³⁸ Strengthening Access to Finance for Women-Owned SMEs in Developing Countries

BUSINESS DEVELOPMENT CYCLES			BUSINESS SERVICE NEEDS				
			GENERAL BUSINESS SERVICE NEEDS	INFORMATION SERVICES	CLIENT DEVELOPMENT SERVICES	ENTREPRENEURSHIP DEVELOPMENT SERVICES	BUSINESS DEVELOPMENT SERVICES
Income Generating for SurvivalEnterprise	Pre-Start	Seed capital	Coaching/advice: market research, business idea assessment, business planning, business registration/ administration	General Information on lending conditions			
Micro / Self-employed / hybrid entrepreneurs							
Small Enterprises,	Start-up	Venture capital / grant / loans 1st round Investment capital grant/loan Working capital grant/ loan Loans for specific purposes	Training: e.g. Marketing, bookkeeping, management, networking, specific business skills. Business development advice/coaching Incubator	Formal Information by means of brochures, leaflets	Financial Literacy programs Health, safety and environmental		
Small Enterprise Medium enterprises	Consolidation / Growth	2nd round Investment capital / bank loan Working capital / Liquidity assistance	Regular / advice on coaching: monitoring of business development / business records Specific training	Formal Information by means of brochures, leaflets	Financial education	Enterprise Education	
Small / Medium enterprises	Crisis	3rd round investment capital - Liquidity assistance (e.g. to cover order or cash losses)	Intensive business coaching	General Information on lending conditions			
Small / Medium enterprises	Over-indebtedness	Cancelling of loan contracts Liquidation of collateral / guarantees	Credit counseling / debt consolidations business bankruptcy				

A number of study respondents such as Madam Bio whose profile is detailed in figure 2 below enforced the need for the introduction of the new business categories. Madam Bio is leader of an informal co-operative type business unit with over 300 women member network.

5.1 KEY RECOMMENDATIONS

5.1.1 The Role of Government

To support Sierra Leone women entrepreneurs take advantage of access to finance opportunities, it is recommended that the Government of SL develop a holistic five point action plan that includes:

1. Appointing a national leader / champion for women MSME's.
2. Introducing policy of affirmative preference for women-owned businesses in the procurement of government goods and services and from large corporations.
3. Introducing a policy to institutionalize gender disaggregated data for the purpose of tracking, monitoring and evaluation.
4. Including the World Bank ranking in the "Doing Business Report" which has a "Business Graduation Index". Published ratings on the intervention strategies Governments put in place to support the growth of small businesses movement from informality to formality could be a strong incentive to Governments across the world to provide better support their MSMEs.
5. Aside from permitting the use of collateral, the Government of Sierra Leone should introduce specific policies to support to women own properties policies such as:
 - a Women entrepreneurs to get priority allocation for land at the Ministry of Land.
 - b Provide government backed loan guarantee scheme to HFC to give women 100% home construction mortgages homes; upon completion of construction the homes can later be used as collateral requirements. One such example is the DFCU which created a "land loan" specifically for women. With this product, women are able to obtain a loan to purchase property that they later on use as collateral for business loan. Another example of a similar government scheme is the "Japanese Credit Supplementation Scheme".
 - c Introduce policies where women homebuyers benefit from tax exemptions.

5.1.2 The Role of International Finance Institutions

International financial institutions with pro-poor developmental agenda such as the ADB, IFC IDB USAID have provided institutional support to governments and commercial banks in other countries in support of women entrepreneurs. Examples of such support that could be extended to the Government of Sierra Leone by the various organizations are:

- **IFC** has worked with over 16 banks and invested over \$118 million in various countries to enhance the ability of commercial banks provide targeted products and services to women entrepreneurs. In Sierra Leone, IFC could work with commercial banks to provide similar program and intervention strategies.
- **AfDB GOWE Program** The "Growth Oriented Women Entrepreneurs (GOWE)," is a partial guarantee fund aimed at women entrepreneurs was launched by AfDB. The GOWE program in Kenya is fully financed by the African Development Bank (AfDB) with up to USD \$3 million for capacity building and management, and another USD \$10 million for the partial guarantee facility. In Cameroon, the GOWE program is partly financed by AfDB to the tune of USD\$530,000.
- **USAID's DCA (Development Credit Authority): In Kenya** USAID partners with KCB, a Kenyan bank, to introduce the Grace Loan, which is tailor made for individual women entrepreneurs and women business groups to meet their working capital or business expansion. Through the Grace Loan, women are able to apply for a loan of up to \$62,000, repayable in up to 36 months. Also, the loan also has an important training component. To access value added services. Since the launch, the bank has lent over USD \$1.6 million to 350 women entrepreneurs.

International organizations could as well as adopt and adapt any of its similar programs which exist in similar countries in Sierra Leone, also develop programs to mitigate issues specific to women entrepreneurs in Sierra Leone.

5.1.3 The Role of Commercial Banks

Commercial banks in Sierra Leone face challenges in reaching MSMEs in general and women entrepreneurs in particular as they operate within an environment of weak infrastructure. Amidst these difficulties, commercial banks working in partnership

with their governments and international institutions such as IFC, USAID and ADB within the region such as the Access Bank in Nigeria, DFCU Bank in Uganda and KCB Bank in Kenya have all been able to create specific offering for women entrepreneurs taking into account the cultural environment in which they operate. Commercial banks in Sierra Leone must seek to do the same. The following recommendations are being put forward:

1. Women entrepreneurs represent a large potential client base, therefore, commercial banks should increase their marketing activities towards informing about their services. Women entrepreneur associations could assist their members develop better understanding of how to approach and negotiate with banks.
2. Commercial banks must create women specific business products. For example, as part of its MSME business strategy in Uganda, DFCU Bank created the Women in Business (WIB) Program in 2007 to assist Ugandan women entrepreneurs. DFCU provided business management and financial literacy training to women entrepreneurs in addition to traditional loans. DFCU also promotes partnerships among clients. To facilitate this process, it created the Investment Club, a savings scheme where women entrepreneurs raise funds together to make a future business investment. Members of the investment club can also use the amount saved as collateral. Through the program over \$20 million have been lent to women entrepreneurs in Uganda. Also, overdraft arrangements for working capital need to be more easily available.

5.1.4 The Role of MFIs

In Sierra Leone, MFIs need to offer a wider range of financial products geared towards business growth such as:

1. Provide access to working capital and overdraft-like facility with variable interest rates,
2. Provide flexible and longer repayment terms and conditions specific to the varying needs of the businesses.
3. MFIs need to examine the conditions of repayment in light of the needs of women entrepreneurs.

5.1.5 The Role of Non-Government Institutions

As non-government organizations such as AFFORD-SL complements the efforts of stakeholders, other non-government agencies can provide similar support or scale up existing efforts. Recommended actions include:

1. Scale up finance and business training and develop entrepreneurial education and training opportunities better aligned with the needs of women entrepreneurs.
2. Provide premise incubators for women entrepreneurs in order to alleviate the shortage of reasonably priced, safe and suitable premises for women entrepreneurs.
3. Provide support to empower women networks and associations to participate in policy dialogue, experience sharing and information exchange.
4. Support the sustainability and scaling up of existing women entrepreneur associations so they can lobby from a position of strength and in numbers.
5. Support women entrepreneurs to access lucrative domestic and export markets.
6. Support BDS providers to provide better support to women entrepreneurs.

5.2 CONCLUSION

The impact of women's limited access to finance not only impedes women's ability to grow their businesses, It also restricts the types of business they begin and their future potential. It is important to note that women make up 52 percent of the population and must be included in the economic growth of the country. Access to finance remains a significant barrier to business growth, particularly for women-owned business. Expanding financial inclusion needs to be an important policy goal if women in Sierra Leone are to reach their maximum capacity alongside their male counterpart

Aspiring businesswomen are often prevented from realizing their economic potential. Mainstreaming gender issues will help leverage the untapped potential of both women and men in Sierra Leone.

The impact of limited access to finance not only impedes women's ability to grow their businesses it also restricts the types of businesses they begin in the first place and thus their future potential.

This study reinforces the need for increased and continuous engagement to develop the profile of women entrepreneurs in Sierra Leone and to identify intervention strategies and policy to mitigate the underlying issues impeding the economic growth of business women in Sierra Leone

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Annexures

ANNEX 1

SUMMARY RESPONSE TO BUSINESS CHALLENGES

SUMMARY OF RESPONDENTS BUSINESS CHALLENGES							
	MAKENI	KAMBIA	MAGBURAKA	KAILAHUN	KABALA	PUJEHUN	WESTERN RURAL
	57	42	44	30	16	23	6
Business infrastructure							
Competition from foreigners/bigger competitors	3						
Competition from market	2						
High competition from larger suppliers	1	x					
Debtors - unsaying customers	3	x					
Family, feeding, clothing, school fees, medical and house rental		x	x	x	x	x	x
Farming labor cost	1						
Health issues	4						
High cost of machinery							
High interest rates - microcredit	24	x	x				
High taxes from customs officials	5	x					
Inadequate staff	1						
Insufficient/low capital	2	x					
Limited business / product knowledge	6						
Low sales	11						x
Low working capital	3						
No guaranteed market	1						
Operational issues	1						
Police harassment	1						
Political intimidation	2						
Poor electricity	3						
Seasonal fluctuations	1						
Theft from customers/staff/family	3						
High transportation cost/poor road network	6	x	x		x		
Poor connection to people in authority	1						
No/inadequate machinery	6						
High rental cost	1						

Loan harassment from credit staff- harassment from creditors, repayment terms, repayment method, feel molested by mfi loan officers	21	x	x				
No individual loan products		x					
Lack of business trainings and training on use of micro-credit		x		x			
High family expectations from business		x					
No external support from families		x					
No market sites for traders		x					
Need for collateral		x					
Lack of savings culture			x				
Socio political patronage/award of contracts based on political affiliations					x		
High teenage pregnancy					x		
External investors allowed to mine instead of locals -most locals where in farming and gold mining				x			
Large sectors of bush taken over outsiders				x			
Reduction of luma days				x			
Rebel war displaced men - wives now sole providers				x			

ANNEX 2

SUMMARY RESPONSE TO BUSINESS NEEDS

NEEDS	SUMMARY INDIVIDUAL QUESTIONNAIRES
access to working capital	27
better business location	3
connection with big suppliers	2
connection with business people	1
credit supply line	2
establishing joint-ventures, partnerships, joint ventures	
foreign exchange rate controls	3
good road conditions	7
housing	2
increased product knowledge	
increased product range	3
loan scheme with low interest rate	3
low cost housing facility	
low interest loan	2
lower taxes	3
price control	3
scholarship for children	11
increased sales	1
free medical	3
lower interest rate	2
price control	
access to credit lines/machinery for hire/machinery for sales	1
joint ventures, partnerships	
increase in working capital	

SUMMARY OF RESPONDENT PROFILES

ANNEX3

AGE	21-30	30-35	35-40	40-45	45-50	50-55	55-60	60	DON'T KNOW
	9	9	7	12	7	3	6	2	2
	16 %	16 %	12 %	21 %	12 %	5 %	11 %	4 %	4 %
	under 35	32 %		35 - 60	49 percent				
Marital Status	Married	separated	widows	single - never been married					
	60	6	10	3			79		
	76 %	8 %	13 %	4 %					
Kids	Yes	No	No Response						
	54	1	2		57				
	95 %	2 %	4 %						
feeding responsibility	Solely	Jointly with Husband	Other	husband only	No Response				
	47	19	2	1	-12	57	69		
	82 %	33 %	4 %	2 %					
Decision Making	Self Only	Husband Only	Self & Husband	Other	no response				
	27	1	12	2	15	57	42		
	4 %	2 %	21 %	4 %	26 %				
Education Only	Never been to school	primary education - can read & write	Secondary Education up to BECE	Secondary Education up to WASCE	university graduate	no response	other		
	48	46	26	6	4	1	2	133	
	36 %	35 %	20 %	5 %	3 %	1 %	2 %		
Land Property	Yes	No							
	49	8	57						
	86 %	14 %							

Property Ownership	Brought from own funds	Brought jointly with husband	Inheritance	No Response					
	38	4	5	10			57		
	67 %	7 %	9 %	18 %					
Property Registration	Yes	No	No Response						
	41	6	10				57		
	72 %	11 %	18 %						
Property Title Deed	Self Only	Self & Husband	Other Persons Name	No Response					
	17	12	13	15			57		
	30 %	21 %	23 %	26 %					
Type of Business Engaged	Trade	Agriculture	Services						
	44	9	4				57		
	77 %	16 %	7 %						
Length in Business	1	1 - 3 yr	3-5 yr	above 5 yr					
	2	5	7	43			57		
	4 %	9 %	12 %	75 %					
Start up funds	loan from friend/relative	gift from friend/relative	loan from financial institution	personal savings/osusu	inheritance	NGO/Govt. Technical	Agriculture/ garden farming	No Response	
	7	23	0	12	2	4	6	3	57
	12 %	40 %	0 %	21 %	4 %	7 %	11 %	5 %	

Paid Staff	Yes	No	No Response			total no. of paid staff	101		
	24	32	1	57					
	42 %	56 %	2 %						
Unpaid Staff	Yes	No							
	44	13		57		total no. of unpaid staff	119		
	77 %	23 %							
Business Registration	Yes	No	No Response						
	35	20	2		57				
	61 %	35 %	4 %						
Work before business	Farming	other Paid Work	Housewife/ student	No response					
	10	13	30	4		57			
	18 %	23 %	53 %	7 %					
Total Value of business	up to 1 mill	1-3 mill	3-5 mill.	5 - 15 mill	15 - 25 mill	25 - 40 mill	40 - 50 mill	50 - 100 mill	100 - 200 mill
	6	8	5	8	2	2	5	5	2
	11 %	14 %	9 %	14 %	4 %	4 %	9 %	9 %	4 %
Savings	Yes	No	No Response						
	44	11	2		57				
	77 %	19 %	4 %						
Closest Bank to business	RCB	EcoBank	FIBank	Zenith	SLCB	GTB	UTB	CB	NR
	7	2	14	0	7	4	15	4	4
	12 %	4 %	25 %	0 %	12 %	7 %	26 %	7 %	7 %
	Yes	No	NR						

Account opened in the name of the business	14	42	1	57					
	25 %	74 %	2 %						
which bank	RCB	EcoBank	FIB	SLCB	UTB	CB			
	2	1	6	2	2	1	14		
	14 %	7 %	43 %	14 %	14 %	7 %			
Account opened in personal name	Yes	No	NR						
	40	26	3	69					
	58 %	38 %	4 %						
which bank account held	RCB	EcoBank	FIBank	SLCB	UTB	CB	GTB	NR	
	5		6	1	7	1	4	9	33
	26 %	0 %	32 %	5 %	37 %	5 %	21 %		
Ever Borrowed to support business	Yes	No	NR						
	158	22	1	181					
	87 %	12 %	1 %						
With Whom	MFI	Family	Friend	Commercial Bank	CB	NR	osusu		
	108	6	1	27	2	2	13	159	
	68 %	4 %	1 %	17 %	1 %	1 %	8 %		

Have you ever applied for credit to bank and was unsuccessful	yes	No	NR							
	14	41	2			57				
	25%	72%	4%							
Does the business pay any taxes	Yes	No	NF							
	46	9	2		57					
	81%	16%	4%							
which taxes	NRA	GST	Local Council Tax	NASSIT						
	13	7	52	3		57				
	23%	12%	91%	5%						
Received any business training	Yes	No	NR							
	39	17	1			57				
	68%	30%	2%							
From whom	Training Institution	NGO	Govt.	Financial Institution	No Response					
	1	17	9	9	3		39			
	3%	44%	23%	23%	8%					

Biggest expense outside of business	Feeding & School Fees	Food	School Fees	No expense	no response	other expenses		
	21	9	11	1	10	5	57	
	37 %	16 %	19 %	2 %	18 %	9 %		
know anyone working in a bank	yes	no	NR					
	33	20	4		57			
	58 %	35 %	7 %					
who in a bank	snr mgmt	middle mgmt	general	NR				
	17	2	8	6		33		
	52 %	6 %	24 %	18 %				
most influential person you know	politician/ elected official	professional	business person	no formal employment	no response	traditional ruler		
	25	12	11	0	6	3	57	
	44 %	21 %	19 %	0 %	11 %	5 %		
active member in a group/	yes	no	no response					
	43	12	2		57			
	75 %	21 %	4 %					

SAMPLE QUESTIONNAIRE FOR INDIVIDUAL RESPONDENTS

ANNEX 4

REGION..... DISTRICT

PERSONAL/FAMILY

1) Name _____ Sex _____

2) Address _____ Contact No _____

3) How old would you say you are

- | | | |
|-------------|------------|----------------------------------|
| a) under 21 | b) 21- 30 | c) 30 – 35 |
| d) 35 – 40 | e) 40 – 45 | f) 45-50 |
| g) 50 – 55 | f) 55 – 60 | g) 60 + i) don't know |

4) Are you

- | | | |
|--------------------------------|--------------|------------|
| a) Married | b) Separated | c) Widowed |
| d) Single – Never been married | | |

5) Do you have kids?

- | | |
|--------|-------|
| a) Yes | b) No |
|--------|-------|

- If yes how many kids? _____
- How many dependents do you have that are not your kids? _____
- What is the age range of the kids and dependants
 - » 0 – 5 how many? _____
 - » 5 – 10 how many? _____
 - » 10 – 15 how many? _____
 - » 15 – 20 how many? _____
- How many of these kids and dependants are going to school? _____

- 6) In your house are you responsible for feeding and general household expenses?
- a) Yes, solely b) Yes, jointly with husband c) Sometimes d) Other
- 7) In your house who makes the decision mostly on how to spend the finance?
- 8) How would you describe your educational background
- Never been to school
 - Primary education – can read & write
 - Secondary education up to BECE or equivalent
 - Secondary Education up to WASCE level
 - Technical / Vocational training – diploma
 - University degree – graduate /post graduate
- 9) Do you own any land/property?
- a) Yes b) No
- If Yes how many? _____
- a) land b) property
- If yes how did you get this property?
- a) bought from own funds b) inheritance c) other
- If yes is/are this/these property/ies registered with the authority
- a) Yes b) No
- If yes is the title deed in your name?
- a) Yes b) No

BUSINESS

- 1) What type of business are you engaged in?
 - a) Trade b) Agriculture c) Services (give type) d) Other
 - 2) How long have you been in your current business?
 - a) 0-1 yr. b) 1-3 yrs c) 3-5 yrs d) above 5 yrs (please specify)
 - 3) How did you get the money to start your business?
 - a) Loan from friend/relative b) gift from friend/relative
 - c) loan from financial institution d) personal savings
 - e) inheritance f) other
 - 4) At your business do you have anyone working for you that you pay regularly
 - a) Yes b) No
 - i) How many?
 - 5) Do you have anyone working for regularly that is not paid a) Yes b) No
 - If yes how many?
 - Who are they:
 - a) friends b) family c) other (please specify)
 - 6) Is your business registered with any of the authorities?
 - a) Yes b) No
 - If no would you like to get it registered?
 - a) Yes b) No
 - If Yes do you know how or where to get your business registered
 - a) Yes b) No
 - 7) What did you do before your started your business?
-

FINANCE

- 1) How would you know if your business is growing?

- 2) Has your business grown in the past two years?
a) Yes b) No
- 3) Do you know your total monthly business revenue?
a) Yes b) No
- 4) Including your current stock what would you say is the total value of your business today?
a) Up to 1 million Leones b) 1 – 3 million Leones
c) 3- 5 million Leones d) above 5 million Leones please specify _____
- 5) What are your daily business expenses?

- 6) Did you make profit/loss in the last month?
a) Profit b) Loss c) Don't know
 - If Profit how much? _____
 - If Loss how much? _____
 - If you don't know why don't you know please give reasons _____
- 7) If you were to make a profit what would you do with it ?
a) save it b) re-invest in business c) use for general expenses
d) save to acquire property
- 8) Do you have any savings?
a) Yes b) No
 - If so approximately how much? _____
 - How often do you save?
a) Weekly b) Monthly c) Bi-Monthly d) Other (specify) _____
 - Where does the money you save come from?
a) Your business(es)

b) Other income-generating activities, if so which ones? _____

c) other (specify) _____

9) Which bank is the closest bank to you from your place of business? _____

10) How will you get to the closest bank to you from your place of business?

a) within 10 mins. walk b) I would need to take transport or walk longer than 10 minutes

11) Do you have a bank account that is opened in the name of the business or for the sole use of the business?

a) Yes b) No

- If Yes

- » With which bank is the account held? _____

- » For what purpose do you use the account?

a) savings b) other please specify _____

- » Do you know what type of account it is and if Yes which one? _____

- » How long has the account been open? _____

- If No

- » Would you like to open an account solely for the business?

a) Yes b) No

12) Do you have a bank account in your personal name a) Yes b) No

- With which bank is the account held? _____

- For what purpose do you use the account?

a) savings b) other please specify

- Do you know what type of account it is and if Yes which one? _____

- » How long has the account been opened? _____

- If No

- » would you like to open an account solely for the business ?

a) Yes b) No

13) Have you ever borrow money to support your business? a) Yes b) No

- If yes

- » How many times? _____

- » At the last occasion with whom
 - a) Bank b) Microfinance c) Family d) Friend
 - » How much was the last amount you borrowed? _____
 - If No, would you like to borrow money to help grow your business?
 - a) Yes b) No
- 14) Have you even applied for credit at bank and was unsuccessful
- a) Yes b) No
- If Yes
 - » What was the amount applied for? _____
 - » What was the reason reason? _____
- 15) Have you even applied for credit at microfinance and was unsuccessful a) Yes b) No
- If Yes
 - » What was the amount applied for? _____
 - » what was the reason given if any ? _____
- 16) Do you pay any tax to any of the government authorities local or national?
- a) Yes b) No
- if Yes
 - » Which tax do you pay
 - a) NRA b) GST c) Local council tax
 - d) NASSIT e) other (specify)
 - » Do you pay any NASSIT contributions?
 - a) Yes b) No
 - If No would you like to make NASSIT contributions
 - a) Yes b) No
 - » If No, Would you like to pay tax contributions?
 - a) Yes b) No
- 17) Have you ever received any type of business training or support a) Yes b) No
- If yes
 - » From whom? _____
 - » How many times? _____
 -

- If no

» How did you acquire your business knowledge? _____

»

18) Outside of business what is your biggest expenses?

a) Food b) School fees c) other household expenses

d) other (specify) _____

SOCIAL

- 1) Do you know anyone working in a bank?
 - a) Yes b) No
 - » If Yes which bank and position does the person hold? _____
- 2) Who would you say is the "most influential" person you know?
 - What do they do? _____
 - » Do you have their contact numbers?
 - » Do they live in the same town?
 - a) Yes b) No
- 3) Do you know and have the contact numbers that you can use to call upon of the Administrative Head of any large business or institution?
 - a) Yes b) No
 - » If Yes which one? _____
- 4) Do you know and have the contact numbers that you can use to call upon the Administrative Head of any Government Ministry, Department or Agency?
 - a) Yes b) No
- 5) Do you know any of your local politicians or tribal head?
 - a) Yes b) No
- 6) Do you know and have contact numbers where you can call if need be your:
 - Local Councilor
 - a) Yes b) No
 - Local Member of Parliament
 - a) Yes b) No
 - Mayor/ District Chairman or any important person in the council
 - a) Yes b) No
 - Town Chief
 - a) Yes b) No
 - Paramount Chief
 - a) Yes b) No

7) Are you an active member of any group / organization?

a) Yes b) No

- If Yes, how many organizations are you an active member of? _____
 - » What are the names of the organizations? _____
 - » Is the organization
 - a) Local b) National c) International organizations?
- If No
 - » Would you like to be a part of an organization?
 - a) Yes b) No
 - » What kind of organization would you like to be a part of? _____.

8) What are the top 3 challenges or issues you face in running your business?

9) What top 3 things would you identify as your most critical needs?

1. _____
2. _____
3. _____

ANNEX
5

SAMPLE QUESTIONNAIRE FOR
FINANCIAL INSTITUTION

NAME OF INSTITUTION:

DATE:

PERSON MET:

GUIDE QUESTION	SUMMARY OF DISCUSSION
Does the institution have a gender focal person?	
Does the institution keep record of its male / female client participation	
Loan portfolio size – is there a record on men / women percent loan allocation – if so can details be made available?	
Does the institution have women specific product? If so please provide details	
Does the bank have any specific strategies in place to target women in general or women entrepreneurs specifically?	
Does the institutions application procedure have considerations for illiterate or semi-literate persons/ women?	
What is the cost of opening a savings account?	
What are the requirements for applying for small loan amounts ranging from 1 to 20 million Leones	
Is the bank aware of any Programs supporting or championing Women's access to Finance such as the Global Banking Alliance for Women	

INTERVIEW GUIDE: GOVERNMENT & NGOS

ANNEX 6

NAME OF INSTITUTION:

DATE:

PERSON MET:

GUIDE QUESTION	SUMMARY OF DISCUSSION
Is there a representative office of your institution available outside of Freetown? if so where	
Do you have any women focused programs if so please provide details of: <ul style="list-style-type: none">» Description of program and program rationale» Program life cycle, timeframe and implementation capacity» Source of funding» No. of active participants (if any)» No. of targeted participants» Sustainability plan» Monitoring & evaluation framework» Results – expected result of initiative» Links to background of initiative	

ANNEX
7

TERMS OF REFERENCE

CONSULTANCY SERVICES: Study on Access to Capital for Women's Entrepreneurship Sierra Leone

The African Foundation for Development Sierra Leone, ("AFFORD SL") and the Cherie Blair Foundation for Women ("the Foundation") have joined forces to establish a national network of women entrepreneurs, the Organization of Women's Networks for Entrepreneurs (OWNERS). The network will both provide business skills training and incubation services, and act as a unifying force and peer support model for women in business in Sierra Leone. The long-term desired outcomes are to increase the number of women entrepreneurs in sustainable business in Sierra Leone, employment creation and overall strengthening of the private sector. A core component of this project is to identify capital linkages that increase women's access to capital so that they can grow and scale up their businesses from the micro to small level.

1. RATIONALE

According to the IFC, it is estimated that SMEs with full or partial female ownership represent 31 to 38 per cent (8 to 10 million) of formal SMEs in emerging markets. These firms represent a significant share of employment generation and economic growth potential.³⁹ However, women-owned SMEs are a financially underserved segment and they are less likely to obtain formal financing and often pay higher interest rates⁴⁰. In addition, a recent OECD working paper reveals that on average, women perform worse than men on tests of financial knowledge.⁴¹

The 'missing middle' of women entrepreneurs caught between microfinance and private equity for larger businesses, are amongst those that have the greatest chance of growth and potential for generating the greatest returns for countries' economies. The Foundation defines its target group as micro, small and growing businesses, following the ANDE definition of small and growing businesses (SBGs) that typically require between \$10,000 and \$250,000 in investment. This places them in the 'missing middle' of private finance.

Evidence by the World Bank suggests that North and Sub-Saharan Africa have among the lowest levels of financial inclusion and can benefit most from policies and efforts to promote women's financial inclusion. Therefore, there is a need for policies and practices within the private and public sector to support women to access capital and financial training.

2. BACKGROUND

Overall aim of the study:

- To carry out an in-depth survey on the different forms of financing available to support women entrepreneurs in Sierra Leone and to understand the barriers they are facing and needs they require. The findings will be used to develop and implement a strategy for improving women's access to capital across Sierra Leone.

Key objectives of the study:

³⁹ International Finance Corporation, Nov 2011: Strengthening Access to Finance for Women-Owned SMEs in Developing Countries (http://www.ifc.org/wps/wcm/connect/a4774a004a3f66539f0f9f8969adcc27/G2o_Women_Report.pdf?MOD=AJPERES)

⁴⁰ International Finance Corporation, Nov 2011: Strengthening Access to Finance for Women-Owned SMEs in Developing Countries (http://www.ifc.org/wps/wcm/connect/a4774a004a3f66539f0f9f8969adcc27/G2o_Women_Report.pdf?MOD=AJPERES)

⁴¹ Hung, A., J. Yoong and E. Brown (2012), "Empowering Women Through Financial Awareness and Education", *OECD Working Papers on Finance, Insurance and Private Pensions*, No. 14, OECD Publishing.

1. To understand the needs of women entrepreneurs in Sierra Leone with regards to capital investment.
2. To increase knowledge and awareness of SME financing mechanisms and options for women entrepreneurs in Sierra Leone.
3. To use the findings of the study to illustrate the gaps and opportunities in the provision of finance for women entrepreneurs.
4. To influence banks and finance organisations to improve and tailor their services to these women.

Key outcomes of the study:

1. To have mapped out and identified the financial needs of women entrepreneurs in Sierra Leone at the early, intermediate and more advanced stages of their businesses.
2. To develop and oversee the implementation of an appropriate model on how to connect more women entrepreneurs in Sierra Leone to capital.
3. To make recommendations to financial institutions and the Sierra Leonean government on what needs to change for women's access to capital.

3. TERMS OF REFERENCE (TOR)

Purpose

The study will involve an in-depth country level analysis on women's access to capital in Sierra Leone.

It will focus on establishing benchmark information against which future project efforts and impact can be assessed. It will also provide key information on the study's target groups in key geographical areas for more effective targeting and project delivery.

General Approach and Methodology

It is envisaged that the study will adopt a combination of primary and secondary data collection on specific issues pertaining to access to capital on a national level and by women entrepreneurs across the country. Primary data collection should involve participatory approaches at various levels of the study. Prospective consultant(s) will be required to propose relevant and suitable sampling procedures, sample size, type of data to be collected, methods and tools to be used, including but not limited to interviews, questionnaires and focus group discussions. The consultant should indicate the participatory methods which will bring on board the individual women entrepreneurs, business groupings and associations, financial institutions, (banks, MFIs, insurance companies) and other key actors, to ensure that the study results are relevant to the needs of the target groups and reflect local market conditions. Information using both a quantitative component (i.e., a household survey) and a qualitative component (using qualitative data collection methods such as focus group discussions and key informant interviews) should be provided.

The Baseline Survey will:

1. Map out existing capital available in country including banks, microfinance institutes, angel investors, social impact investors, and venture capitalists (if any) and identify which of these services are available to women Assess the key characteristics of women entrepreneurs, with specific emphasis on their level of education, nature and size of business, area of operating (i.e. formal or informal sector), other relevant parameters
2. Provide baseline data on women's access to capital from the following sources to understand the barriers they are facing: formal banking institutions including community banks, microfinance institutions, cooperatives, village savings and loan associations, grants and other informal capital e.g. family and friends.
3. Evaluate performance and impact of financial products i.e. savings and credit provided to women.
4. Identify the legal and cultural constraints and other challenges in access to and provision of capital for women.

5. Identify existing policies, interventions and programmes designed to increase access to finance and capital by the target group in the study areas - from Government agencies, multilateral development agencies, NGOs, banks and other providers of finance and financial services.
 6. Identify specific access to finance programmes being implemented by other NGOs in study areas, and providing information about their specific objectives, programme intervention areas and programme targets. Identify and map out key areas where there is potential for improvements to be made in access to capital and capital by the target population of women entrepreneurs and make recommendations on the type of activities that should be included in the project. Provide other relevant information on the attitudes, preferences and views of key actors that are critical to improving access to capital by women entrepreneurs.
-



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