Building capacities & SME Sustainability in Sierra Leone

Makeni, Sierra Leone
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IFC in the World Bank Group

The World Bank Group consists of five closely related institutions:

- **IBRD**: The International Bank for Reconstruction and Development
- **IDA**: The International Development Association
- **IFC**: International Finance Corporation
- **MIGA**: The Multilateral Investment Guarantee Agency
- **ICSID**: The International Center for Investment Disputes
IFC’s Three Businesses

IFC Investment Services
- Loans
- Equity
- Guarantees
- Insurance

IFC Advisory Services
- Advice
- Technical Assistance
- Training

IFC Asset Management Company
- Invests third-party capital alongside IFC
  Wholly owned subsidiary of IFC
  Private equity fund manager
Our Vision

That people should have the opportunity to escape poverty and improve their lives

We foster sustainable economic growth in developing countries by supporting private sector development, mobilizing private capital, and providing advisory and risk mitigation services to businesses and governments.
IFC’s Global Reach

104 country and regional offices worldwide, 3,763 staff of which 56% are outside of Washington
The Reach of IFC’s Projects

Last year our clients provided:

2.5 million jobs

$200 billion in micro, small, and medium enterprise loans

12.2 million patients with health care treatment

34.3 million people with clean water

41.9 million people with power connections

900,000 million students with education
IFC’s Strategic Focus in Africa

Cross-cutting Themes

- Post-conflict
- Climate Change
- Regional Integration
- South-South Investments

Investment Climate
- Working to improve the investment climate in Africa

MSME Support
- Increasing focus on reaching priority sectors and continuing programmatic roll out of successful pilots

Proactive Project Development
- Including special initiatives in priority areas - new focus on Infrastructure & Agribusiness
Sierra Leone - SME Development

IFC strategic focus is to strengthen SMEs in the country and is supporting investment climate reforms.

- IFC has helped Sierra Leone introduce reforms that have simplified tax issues, and reduced business fees. Support will continue to effect the reforms.
- IFC is assisting the Government to develop a national MSME strategy
- IFC’s SME Ventures Program is providing risk capital and advice to SMEs
- Expansion of the Business Edge (business development) training - particularly to SME customers of local banks
MARKET FAILURE

• SMEs have an acute challenge to access funding all across the world;

• In Sierra Leone, this is compounded by the fact that many SMEs are still at the micro-level or family run businesses; with no management systems in place - and oftentimes with no collaterals.

• For few women businesses that exist, the situation is even more dire because women have no legal rights to own a property.
IFC SME Development Assistance in Sierra Leone: Key Highlights

- Helped GoSL to enact reforms to improve business enabling environment:
  - Simplification of business registration and SME Taxation processes
  - Passing of credit bureau act to facilitate access to financing for businesses

- Assisting GoSL to develop a National MSME development strategy.

- Development of a Corporate Governance Program that includes training of SMEs on corporate governance and ethics

- Establishment of SME Ventures fund to provide risk capital to growing small businesses.

Sierra Leone: Holistic Financial Sector Development

Complementary to Financial Sector Development Program: improve the mobilization and investment of long-term funds; and establish a permissive and enabling environment.

- **Financial Infrastructure**
  - Upgrade of Credit Bureau
  - Establishment of Collateral Registry
  - Corporate Governance

- **Access to Finance**
  - Trade Finance
  - Africa MSME Finance
  - Microfinance Initiative
  - Finance Leasing
  - SME Ventures

- **SME Development**
  - Business Edge
  - SME Toolkit
SME Toolkit is an online product that promotes business growth using modern information technology.

The product offers business management information and training for small businesses on accounting and finance, business planning, human resources, marketing and sales, operations, and information technology.

The SME Toolkit is currently available in 17 languages in more than 32 markets. In many of these markets, IFC is providing the only online support resources for small business in the local language. The SME Toolkit is supported by IBM, receives over 4 million unique visitors each year.

www.smetoolkit.org
What is Business Edge?

IFC’s international range of management training products and services, specially designed for owners and managers of SMEs

- **Products**
  37 management workbooks/trainer manuals in 5 key areas (HR, Marketing, Finance & Accounting, Quality & Operations, Soft Skills).

- **Interactive Delivery Method**
  Business Edge products are sold and delivered by certified training providers (TP).
  IFC builds their capacity as well as monitors the quality of delivery.

- **Customized offers for Corporations/Banks/Industries - CVC Model (Corporate Value Chain Model)**
  - Educational Events
  - Comprehensive workshops
SME Ventures

Program Description:

IFC launched SME Ventures in 2010 to support SME growth in 8 countries in Africa, Asia, and the Middle East, many of them recovering from conflict.

The program has provided advisory support and funding ranging from $100,000 to $500,000 to dozens of businesses, helping them grow, diversify, and create jobs.

In Africa, investments are made through the **West Africa Ventures Fund (WAVF)** and the **Central Africa Ventures Fund (CAVF)**.

- The WAVF has a target size of $40 million, of which $13.5 million will come from IFC. The fund has so far invested almost $7.4 million in 19 projects (9 in Sierra Leone and 10 in Liberia)

Strategy:

- A combination of capital and advisory support to help businesses grow in a sustainable and environmentally responsible way.
- The Fund targets small businesses, which generate widespread growth but often struggle to grow, especially in fragile environments.
- A specific focus is on supporting women-run enterprises, whenever possible. About one third of WAVF’s approved projects are run or jointly-run by women
Project Example: Education

**Business**
Sierra Leone’s only formal beauty training/vocational school

**SME Venture Role**
$175,000 investment (debt/equity) plus advisory

**Results**
Revenues of over $100,000, 15 direct jobs, graduating 500 graduates per annum
Thank you

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