



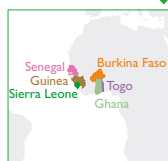
MUNAFI

A microfinance institution to help social and economic inclusion for the poorest.

COUNTRY FACTS

- 7.7 million inhabitants
- 184th out of 189 on the HDI¹
- 60% of the population live below the poverty line²

¹Human Development Index - ²Less than \$1.25 a day



CONTEXT

Country context and population

Since independence from the British in 1961, Sierra Leone has experienced many social, economic and political challenges. From 1991 to 2002, Sierra Leone was devastated by civil war after a rebel group, the Revolutionary United Front, intervened in an attempt to overthrow the Government. The country has made significant progress since 2002 in terms of post-conflict recovery, peace building and democracy. In recent years, economic growth has been driven by mining, particularly iron ore. The country's principal exports are iron ore, diamonds, and rutile, and the economy is vulnerable to fluctuations in international prices. The Ebola outbreak of 2014 and 2015, combined with falling global commodities prices, caused a significant decline in all economic activity. In 2017, increased iron ore exports, together with the end of the Ebola epidemic, supported an improvement in economic growth. However, high problems of poor infrastructure and widespread rural and urban impoverishment remain.

A urgent need for social microfinance

Much of the population live in rural areas (62%). The population is also very young: 42% is under 15 years old. Employment remains high, with 70% of youth currently unemployed or underemployed. To make a living, people run a small grocery, workshop, field or livestock. But to develop it and make it profitable, they lack of funding and training. Their need for social microfinance is high.



The small size of the Sierra Leone microfinance market and extreme poverty and vulnerability of the inhabitants stop microfinance operators from working with these people, particularly in very rural areas. The microfinance market is still not very developed in Sierra Leone, so Entrepreneurs du Monde decided to start up a programme to help some of the most poor and vulnerable communities to succeed in their microbusiness and get out of extreme poverty.

MARIA CONTEH petty trader



I live in Colbot slum in Freetown. For my business, I travel to Guinea once a month to buy goods that I

then sell in and around the slum area where I live. Buying goods from Guinea to sell is good as some are different from those available in the large markets in Freetown, and often they are better quality. I do not have much space for keeping a stock in my home, so I am limited on how much I can buy on each trip.

My life has been very tough and I have tried different ways to keep my family going including small scale farming in Freetown, small business and also living with my Christian faith religion.

To start my current petty trading business my husband gave me a small amount of money. I have lived with my family in and around Colbot slum for many years and we are well known in the community. I would like MUNAFI to help me and others to improve our lives because we have been living in the same way for a long time without any support for our activities. I have heard of microfinance institutions before, but no one has come from any organization to offer us loans before. So if MUNAFI comes and makes a difference in our lives, it will be much appreciated.

DECISION TO ACT

At the beginning of 2018, Entrepreneurs du Monde decided to go ahead with an initial prospection of Sierra Leone for a new microfinance programme.



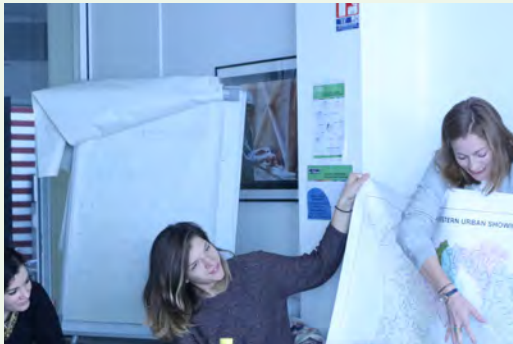
In May, an in-country feasibility study was conducted which included surveying the target population and meeting with key actors and

regulators. The study showed a large need for a social microfinance institution and Entrepreneurs du Monde confirmed its decision to open one. Following consultation with the target population, a local name was selected, "Munafa", which means "to improve well-being and to prosper/grow". It is a well-known local Krio word known by Sierra Leonean nationals.

In November, Entrepreneurs du Monde moved ahead with appointment of a local law firm to support with set up of the programme. Incorporation of the institution under Sierra Leonean law will be completed early 2019.

FOCUS

Anna BROWN, in charge the feasibility survey



Previously I was the Programme Manager for Entrepreneurs du Monde's Myanmar programme, SOO. I love working for Entrepreneurs du Monde because of the integrity, commitment and clear social mission of the organisation. After 3 years of strong commitment, I went back to United Kingdom but a few months after, when the NGO asked me to be part of the Entrepreneurs du Monde research team in the preparation stage before activities in Sierra Leone, I quickly accepted.



During two missions to Freetown I spent time interviewing and people living in the slum communities, and possible partners to work with. There is a lot of demand, curiosity and need for microfinance and social support from these communities and the government regulatory environment is supportive of new Microfinance Institutions joining the sector.

As a first step, it will be important for Entrepreneurs du Monde to train a strong local team and Operations Manager who will set up the first two branches in Freetown and develop a good relationship with the micro-entrepreneurs, in the slum communities. I have high hopes and confidence that MUNAFa will be a great success and help many people living in extremely challenging conditions in Sierra Leone.

MISSION

In some of the most precarious slums of Freetown then in remote rural areas, Entrepreneurs du Monde will support the most vulnerable families. It will offer them financial and socio-economic services such as training and support that are adapted to their needs, to help them develop their income generating activities and permanently improve their living

conditions. It will ensure that it has equal impact on both women and men.



OBJECTIVES

	No. of beneficiaries ¹	No. of loans granted ¹	Average loan ¹	Outstanding loans ²	No. of employees ²	No. of branches ²
2019	1,080	1,296	€ 78	€ 45,761	32	2
2020	3,600	4,800	€ 89	€ 187,738	55	4
2021	7,200	9,600	€ 112	€ 502,870	80	6

¹ over one year - ² on dec 31

ACTION - NEXT STEPS



Preparation

Early 2019, MUNAFa will be incorporated as a Company in Sierra Leone and apply for a microfinance license from the Central Bank of Sierra Leone. Recruitment has begun for local staff for the programme, and a full team for 2 branches will be recruited and trained at the beginning of 2019 ready to start operations in May 2019. Technical support and expertise will be provided from Entrepreneurs du Monde to create Credit Policies and Procedures, HR manual, set up of Accounting and indicators to track social impact of the programme over time.

Starting up in Freetown

License approvals from the Central Bank will enable MUNAFa to grant its first loans in disadvantaged areas of Freetown. Initial activities will be focused on Colbot slum and Kanikay slum, both located in Chiefdom of East III in the

Western Urban district of Freetown. The staff will rapidly expand their work in these first two branch offices.

Expansion to further urban areas of Freetown

There are over 50 slums in Freetown. During its second year of activities, MUNAFa will therefore continue to serve more beneficiaries living in the slum areas of the city with the opening of two additional branch offices. A greater number of vulnerable people engaged in informal petty trading will be supported through financial and social services that fit their needs.



Followed by expansion to rural areas

In 2021, MUNAFa will expand its work to rural areas, in particular Mile 91, which is located 3 hours South East of Freetown. To deploy its services to Mile 91, MUNAFa will adapt its work to the people and business activities in a rural area (rice farming, cassava and ground nut cultivation, market gardening, fishing etc.).

FUNDING NEEDS

To be able to start its action and quickly reach many micro-entrepreneurs, MUNAFa already receives financial support from the French Agency for Development but still needs to find additional partners.

CONTACT

Entrepreneurs du Monde France

Carole SULSKI
Head of Social microfinance Unit

> carole.sulski@entrepreneursdumonde.org
> www.entrepreneursdumonde.org