

**United Nations Capital Development Fund
PROGRAMME DOCUMENT
(Sierra Leone)**



Programme Title: Digital Financial Services in Sierra Leone

Implementing Partner: Bank of Sierra Leone

Start Date: September 1, 2018 **End Date:** August 30, 2020

Brief Description

In Sierra Leone (SL), 60%¹ of 6.45 million people live in poverty with over 70%² of people living on less than a dollar a day. Most of the poor are women and they are disproportionately disadvantaged³. SL has one of the youngest populations in Sub-Saharan Africa with 30% of Sierra Leoneans younger than 24⁴. Moreover, 70%⁵ of youth are unemployed or underemployed in SL. Opportunities to increase incomes are thus among some of the key development priorities in SL. In the recent years, there were some serious efforts to expand financial services, however 87% of people are still financially excluded⁶. Without access to finance and ability to borrow Sierra Leoneans cannot engage or grow economic activities. This situation jeopardizes efforts to improve incomes and reduce poverty. Consequently, there is a need to expand financial services especially to women, youth and micro/small and medium enterprises.

The “Digital Financial Services” project, administered by UNCDF Mobile Money for the Poor in Sierra Leone (DFS in SL) aims to expand digital financial services among women, youth, micro/small and medium enterprises. The expected impact of the project will be: Support resilient and inclusive economic growth through provision of digital financial services which are available, accessible and affordable to all Sierra Leoneans and MSMEs contributing to the achievement of Sierra Leone’s Sustainable Development Goals and national financial inclusion goals through digital financial services. The expected outcomes will be: By the end of the project in 2021, the financial sector is strengthened and is better able to support financial inclusion through provision of digital financial services to low income populations particularly focusing on MSMEs, women, smallholder farmers and youth who will have access to affordable, timely, quality, responsible and effective Digital Financial Services (especially savings and loans). This will be done by undertaking three core interventions: a) establishing an investment facility (catalytic fund) for innovation in fragile states; b) undertaking advocacy and regulatory capacity building for financial technology; and, c) evidence-based learning knowledge and learning. This project will enable 100,000 people access to loans and savings.

<p>Contributing Outcome (<i>UNCDF Strategic Framework Outcomes and/or UNDAF</i>): UNCDF Strategic Framework outcome 1: Enhanced inclusive financial markets and local development finance systems that benefit poor and vulnerable people.</p> <p>UNDAF Sierra Leone: 1. PRSP Pillar 1: A: Households productive capacities and access to markets for agriculture, manufacturing, fisheries and tourism have increased. 2. PRSP Pillar 1: B: Low income and food insecure households have improved access to sustainable income generating opportunities (on-farm and off – farm)</p> <p>Indicative Output(s):</p> <ol style="list-style-type: none"> Women, youth and MSMEs have improved access to digital financial services – credit and savings by the end of the project. Regulator has strengthened institutional capacity to formulate and implement FinTechs regulatory framework for Sierra Leone by the end of the project. Lessons and best practices about implementing FinTechs innovations in Sierra Leone (FCAS) have been documented and disseminated by the end of the project. 	Total resources required:	US\$ 1,510,000	
	Total resources allocated:	UNCDF⁷	US\$ 510,000
		Partner (IBSA)	US\$ 1,000,000
		Government	
		In-Kind	
	Unfunded:		

Agreed by (signatures):

Government of Sierra Leone	UNCDF
<p>Print Name: Jacob Jusu Saffa Minister of Finance</p> <p>Date:</p>	<p>Judith Karl Executive Secretary</p>

¹ United Nations Development Programme (2017). About Sierra Leone. Available at: <http://www.sl.undp.org/content/sierraleone/en/home/countryinfo.html>

² US Department of State (2013). Investment climate statement - Sierra Leone. Available at: <https://www.state.gov/e/eb/rs/othr/ics/2013/204729.htm>

³ OECD. Social Institutions and Gender Index. (2016). Country Profiles. Available at: <http://www.genderindex.org/countries/>

⁴ The World Bank (2016). World Bank Open Data. Country Profile Sierra Leone and Uganda.

⁵ United Nations Development Programme (2017). About Sierra Leone. Available at: <http://www.sl.undp.org/content/sierraleone/en/home/countryinfo.html>

⁶ The World Bank (2014). Gender, economic productivity and development in Uganda: recent evidence and policy conclusions. Africa region gender innovation lab. Available at: <http://npa.ug/wp-content/uploads/3rd-CNDPF-Gender-Economic-Productivity-Development.pdf>

⁷ For accounting purposes, UNCDF’s contribution commenced as of 1 January 2018 in support of this ongoing programme while awaiting confirmation of IBSA funding

List of Acronyms

Alliance for Financial Inclusion	AFI
African Development Bank	AfDB
Bank of Sierra Leone	BSL
Better Than Cash Alliance	BTCA
Consultative Group to Assist the Poorest	CGAP
Direct Implementation Modality	DIM
Digital Financial Services	DFS
Ebola Response Workers	ERWs
European Union	EU
Financial Service Providers	FSPs
Fragile and Conflict Affected States	FCAS
Full Time Equivalent	FTE
Government of Sierra Leone	GOSL
Gross Domestic Product	GDP
Gross National Income	GNI
Human Development Index	HDI
National Financial Inclusion Strategy 2017 – 2020	NFIS
Ministry of Finance	MoF
Micro, Small and Medium Enterprises	MSME
Mobile Money for the Poor	MM4P
Mobile Network Operators	MNOs
Performance Based Agreements	PBAs
Project Steering Committee	PSC
Sustainable Development Goals	SDGs
United Nations Development Programme	UNDP
Theory of Change	TOC
World Bank	WB
World Health Organization	WHO

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I. DEVELOPMENT CHALLENGE

- 1.1. Sierra Leone, a West African country with a population of 7.4 million people⁸, successfully held its elections in April 2018, with the goal of the new government to achieve long term economic development.** Poverty remains widespread with more than 60% of the population living on less than US\$1.25 a day with high unemployment and illiteracy levels particularly among youth⁹. Sierra Leone has made considerable progress since the end of the civil war in 2002, consolidating peace, democracy and improving development indicators amid rising rates of economic growth. Before the Ebola epidemic 2014/15, Sierra Leone was making steady progress on improving HDI indicators. For example, life expectancy at birth increased by 5 years, mean years of schooling increased by 2.3 years and the gross national income (GNI) per capital increased about 11 % between 1980 and 2012 respectively¹⁰. Nonetheless, Sierra Leone's Human Development Index (HDI) value of 0.420 puts Sierra Leone in the low human development category positioning it at 179 out of 188 countries¹¹.
- 1.2. Ebola crisis further impacted the Sierra Leone's economic growth.** The Ebola crisis from 2014/15 coupled with the collapse of iron ore prices in 2014/15 significantly crippled Sierra Leone's economic growth. The Gross Domestic Product (GDP) was -20.6% in 2015, however despite these two major setbacks Sierra Leone's economic growth has resumed in 2016/17 and reached 5.4 % in 2017. Despite its strong growth and relative peace and stability, considerable challenges unique to Fragile and Conflict Affected States (FCAS) remain, with a huge infrastructure deficit and considerable governance, institutional and capacity constraints, and continuing risks of instability¹². Additionally, from the economic perspective there are additional challenges. Namely, a largely unchanged economic structure at low levels of productivity, with agriculture (still traditional and conducted on a small scale) remaining the mainstay of the economy (46% of Gross Domestic Product) and providing employment for about 75% of the rapidly growing population; inequalities in life expectancy, gender, education, and income; shortcomings in the business climate despite recent gains; and, because of these factors, a small private sector.
- 1.3. Sierra Leone's private sector is characterized by many micro-enterprises,** official estimates indicate that only 5 percent of the economic workforce is in paid formal sector. This means that 95% of the economy is in the informal sector. 84% of rural women and 63% 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 unmet¹³. Challenges identified as the main obstacle to business growth is the inability of small and medium size enterprises to access finance of interest is the extent to which these challenges impact women in business.
- 1.4. Poverty and inequality disproportionately affect women.** Achieving gender equality remains a challenge in Sierra Leone. While, women constitute most of the population they have limited access to decision making power, as well as access to and control over resources. Women are engaged in agricultural sector and while women make vital contributions they have little assets, and control over the production thus reducing women to marginal positions when compared to men. Despite 52 % 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% of women can be found in the formal private sector. About 75 % of the population live in rural areas and they

⁸ World Bank (2016). Population Sierra Leone. <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=SL>

⁹ World Bank (2017). Sierra Leone. Overview. Available at: <http://www.worldbank.org/en/country/sierraleone/overview>

¹⁰ United Nations Development Programme (2013). The rise of the South. Human Progress in a Diverse World. Sierra Leone. Available at: <http://hdr.undp.org/sites/default/files/Country-Profiles/SLE.pdf>

¹¹ United Nations Development Programme. (2017). Sierra Leone. Human Development Indicators 2016. Available at: <http://hdr.undp.org/en/countries/profiles/SLE>

¹² Government of Sierra Leone. Bank of Sierra Leone (2017). National Financial Inclusion Strategy 2017 – 2020. p.19

¹³ African Foundation for Development Sierra Leone et al (2014). National Study on women access to finance Sierra Leone. Available here: <http://www.cherieblairfoundation.org/wp-content/uploads/2015/10/National-Study-on-Women%E2%80%99s-Access-to-Financing-in-Sierra-Leone.pdf> pp. 16 - 18

mostly depend on agriculture for their sustenance. Food insecurity is more pronounced in household (HH) headed by women. When compared to men, women have far lower literacy rates. The difference is especially dire between young males and females. For example, 70.5% of youth males are literate compared to only 52.1 % of females. Additionally, only 59.7 % of adult females are literate and only 9.5 % of adult women have reached a secondary or higher education compared to 20 % of their male counterparts. Sierra Leone has a Gender Inequality Index value of 0.662, ranking 137th out of 146 countries in 2011, reflecting significant gender-based inequalities in reproductive health, empowerment, and economic activity. Poverty challenges are also exacerbated by persistently high fertility rates, which translate into a young, rapidly growing population in need of jobs¹⁴.

1.5. Fast growing youth population with 70 % of youth being unemployed or underemployed. Youth aged 15 – 35, comprise one third of population of Sierra Leone and majority of youth are women. For example, in the 15 – 24 age bracket there are 1.1. million people, out of which 51 % are women. Youth unemployment was a major root cause of the outbreak of civil war in Sierra Leone. By some estimated 800,000 youth today are actively searching for employment. Furthermore, illiteracy remains a persistent challenge and youth that lack that skills and education find it extremely difficult to compete for the limited jobs available.

1.6. Increased urgency to improve employability, entrepreneurship opportunities, MSME growth and productivity in Sierra Leone especially by addressing the access to finance (credit & savings) challenges in Sierra Leone. A majority of the population in Sierra Leone does not have access to financial services. Financial inclusion in fragile states is significantly weaker than in other developing countries, with an average of only 15% of the population having an account at a formal financial institution compared to 43% for rest of the developing world. The Ebola outbreak worsened this situation, with many financial institutions reducing or even suspending loan disbursements because of their deteriorating portfolios. In effect, 87%¹⁵ of Sierra Leoneans are financially excluded with the majority transaction in cash and without a safe way to save or invest money. This means that for most of the population financial services are unavailable. As the fragility increases, suppliers of finance become excessively risk averse and target their limited customer base. The hardest hit are the poor, women and MSMEs which already struggle to access finance under normal economic conditions. This is particularly the case for micro, small and medium enterprises (MSMEs), with 88%¹⁶ of agriculture related MSMEs experiences inability to access credit to grow their enterprises. Lenders often find it challenging to extend credit in fragile environments where there is a high – incidence of non – performing loans therefore banks focus on short – term credit a, relation – based credit and cash transactions¹⁷. Additionally, even though agriculture is a back – bone of the economy, the lending to the sector is only 6% of the commercial banks’ total lending portfolio. Consequently, due to this high rate of financial inclusion, the Bank of Sierra Leone (BSL) has promulgated National Financial Inclusion Strategy 2017 – 2020 (NFIS) which places financial inclusion as an important policy and development objective for Sierra Leone.

1.7. National Financial Inclusion Strategy is a roadmap for enhancing financial inclusion across the sectors of the economy. NFIS addresses such thematic areas: Responsive Policy and Coordinated Actions; Client – centric Products and Services; Digital Financial Services; Financial Literacy, Education and Empowerment; MSME Financing for Growth Sectors; and Data and Measurement. Sierra Leone is a signatory to Maya Declaration¹⁸ under the Alliance for Financial Inclusion (AFI) and is a member of the Better Than Cash Alliance (BTCA).

¹⁴ International Labour Organization (2015). Global Employment Trends for Youth 2015: Scaling Up Investments in Decent Jobs for Youth. International Labour Organization, Geneva. Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_412015.pdf

¹⁵ Government of Sierra Leone. Bank of Sierra Leone (2017). National Strategy for Financial Inclusion 2017 – 2020.

¹⁶ Ibid. page 16.

¹⁷ Ibid. page 16

¹⁸ the Maya Declaration, the Alliance for Financial Inclusion's (AFI) initiative to encourage national commitments to financial inclusion. It represents the world's first commitment platform which enables AFI member institutions to make concrete financial inclusion targets, implement in-country policy changes, and regularly share progress updates. A public commitment to the Maya Declaration is a means to champion financial inclusion, contributing to the range of the United Nations Sustainable Development Goals (SDGs), but specifically focusing on Goal 1 — No Poverty. The Declaration can be accessed here: <https://www.afi-global.org/maya-declaration>

1.8. Financial Inclusion, especially through Digital Financial Services is a key priority for the Government of Sierra Leone. Sierra Leone is an early starter of the Sustainable Development Goals (SDGs) 2030 agenda, and the Government of Sierra Leone (GOSL) digital access to financial services is recognized as an important mechanism for not only provision of financial services but also for enabling the access to other basic services, such as health, education, utilities (e.g. electricity) and markets. DFS are new to Sierra Leone, however DFS already makes up 90% of access points (i.e. places where people can access finance) and is the second largest provider of financial services. DFS, with better regulations, cooperation framework and investments, can strengthen the financial sector in a fragile state such as Sierra Leone, provide liquidity to the financial system and propel the development of the financial services infrastructure necessary for resilient growth. Additionally, empirical evidence also highlights the contribution of financial inclusion on poverty reduction, women's economic empowerment and inclusive growth¹⁹.

1.9. Digital financial services can make life easier for people in fragile states like Sierra Leone by allowing them to transact locally in tiny amounts and better manage their characteristically uneven income and expenses. The payment, transfer, and value storage services of digital transactional platforms and the data generated by customer usage can enable providers to offer additional financial services tailored to customer needs. Digital financial inclusion can also reduce the risk of loss, theft, and other financial crimes posed by cash-based transactions, as well as the costs associated with transacting in cash. DFS can advance economic growth by enabling asset accumulation.

¹⁹ Suri, T. et al (2016). The long – run poverty and gender impacts of mobile money. Science. Vol. 354. Issue 6317. pp 1288-1292. Available here: <http://science.sciencemag.org/content/354/6317/1288.full.pdf+html>

II. STRATEGY

2.1. Theory of Change

2.1.1. Context Analysis:

- Limited access to financial services is a binding constraint to inclusive growth in Sierra Leone. Despite a panoply of over 30 licensed financial service providers, less than 20% of the adult population has access to financial services. Most people and small business in Sierra Leone do not fully participate in the formal financial system. 84% of rural women and 63% 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 credit and other key financial services are not well developed. Challenges identified as the main obstacle to business growth is the inability of MSMEs to access finance and the extent to which these challenges impact women in business. They transact exclusively in cash, have no safe way to save or invest money and do not have access to credit beyond informal lenders and personal networks. Even those with financial accounts have only limited product choice, stand in long lines, and travel significant distances to access their money. Furthermore, analysis of the financial sector highlighted several gender insensitivities in Sierra Leone listed below²⁰:
 - Low account ownership and inability of easily access mobile money agents: 6% of women in rural areas have bank accounts. In Sierra Leone, access points (defined as points of sale where people can open accounts, deposit, borrow and/or cash – out) is concentrated in the Western Region, with 35% of total access. Northern Region is the most underserved in terms of access points, with a ratio of 1 access point to 2,723 economically active population.
 - Medium participation in informal savings groups (Osusus): 44% of women participate in these informal savings group. Low literacy and education levels – Women tend to be less educated than men which is the greatest barrier to adoption. In Sierra Leone, half of the male population is literate compared to only 29% of female population²¹.
 - Very low access to commercial banks: most of the women operate in informal micro-enterprises and have low asset base which makes them illegible for commercial lending.
 - High interest rates and unfavorable payment terms among microfinance organizations: preventing women to borrow.
 - Inherent gender bias in 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 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 were not supportive of MSMEs and were especially negative about micro-enterprises.
- Sierra Leone, under the leadership of the BSL, began its financial inclusion commitments during the drafting of the Financial Sector Development Plan in 2008 in which access to finance formed a key pillar of focus. In 2009, Sierra Leone, joined the AFI in 2012 and signed the Maya Declaration, joining 50 other countries around the globe to advance financial inclusion through specific commitments. The national planning document, the Agenda for Prosperity 2013 – 2018, also recognizes access as an important building block for financial inclusion.
- Owing to their transformative impact aided by digital payments, the Government of Sierra Leone (GOSL) made commitments to the Better Than Cash Alliance to broaden access to finance through digital means and connect people to the formal financial sector and enable them to become customers and suppliers within the wider economy.
- Led by the BSL, with technical support from UNCDF, the NFIS 2017 – 2020 was launched with sector stakeholders to prioritize efforts that remove impediments to grate financial inclusion and find innovative ways to expand access and deliver pro-poor products and services. The BSL has

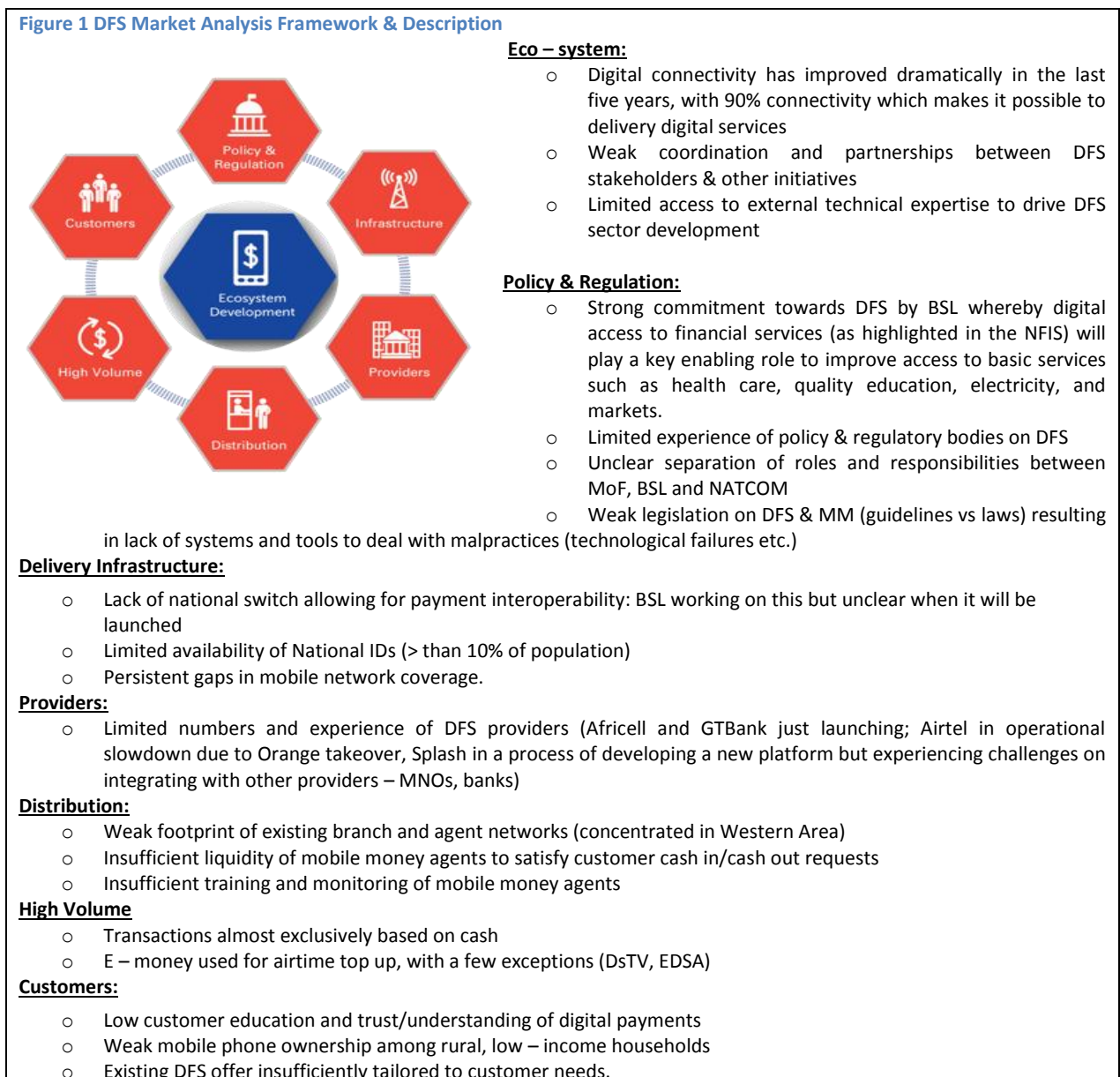
²⁰ African Foundation for Development Sierra Leone et al (2014). National Study on women access to finance Sierra Leone. Available here: <http://www.cherieblairfoundation.org/wp-content/uploads/2015/10/National-Study-on-Women%E2%80%99s-Access-to-Financing-in-Sierra-Leone.pdf>

²¹ World Bank (2016). Education in Sierra Leone. Present challenges, future opportunities. Available here: http://siteresources.worldbank.org/EDUCATION/Resources/278200-1099079872629/547664-1099508849130/39166_Edu_Sierra_Leone.pdf . P. 24

been serving as the overall coordinator of the strategy implementation. The Bank's efforts are particularly focused on the potential of digital financial inclusion, with the Bank leading some of key transformative projects, with support from UNCDF's Mobile Money for the Poor (MM4P), with technical partners. Some of which include:

- Launch of the Government to People (G2P) payment projects – examining ways of channeling salaries through digital means
- DFS working group – stakeholder coordination mechanism helping unlock the challenges faced by the private sector. The working group has several sub – committees, most notable are DFS task force for small holder farmers where the focus is on how to mainstream DFS to support small holder farmers
- Sandbox Framework for FinTechs – a pilot to enable innovative FinTechs products, services, and solutions before being rolled out at massive scale
- Sierra Leone FinTech challenge 2017 – investment support to businesses to develop minimum viable products (i.e. digital credit reference, mobile app to provide bookkeeping tools for MSMEs, mobile phone to improve financial literacy and usage of financial services) and regulatory support to the Central Bank to develop the Sandbox Pilot Program as a learning tool to inform an innovative approach to financial inclusion.

Figure 3 below highlights the characteristics of the DFS market in Sierra Leone, based on the UNCDF MM4P market framework.



2.1.2. Hypothesis of Change

- “DFS project in Sierra Leone” is based on **two theories**: the first theory being that of the Mobile Money for the Poor (MM4P) **eco system theoretical approach** derived from lessons learnt by UNCDF in implementing DFS as well as by watching and learning from other funders and regularly engaging in DFS communities of practices. These lessons suggest that there is no one prescribed business model or approach to developing DFS markets, DFS eco – system can only expand when agents replicate, regulation is an opportunity to build DFS markets, and customer adoption depends on cultural norms, literacy levels, household types, frequency of usage, and ease, women are particularly hard to reach as customers. The ecosystem theoretical approach recognizes four stages of DFS market development (Inception, Start Up, Expansion and Consolidation²²) and places each given market at a stage (Sierra Leone is in Start Up phase) and ascertains that for the development of DFS the focus must be on making shifts between the stages of market development, moving from Start-up to Expansion and eventually to a mature and consolidated market. This requires coordinated actions which will push DFS to a point where societies become “digital”, where technology is optimized by the market and the industry is consolidated.
- The **second theory** informing the project is that Digital Financial Services can be leveraged to empower women (economically and socially). DFS offers an opportunity to help enhance financial independence of women by moving them from limitation of cash – only economy and connecting them with mainstream financial market leading to a range of other related benefits such as better access to savings, credit and insurance products that can in turn result in increased business opportunities and better management of household finances. Providing women with access to financial products and services as helps reverse their lack of power and build their autonomy.
- Considering these two paradigms, the TOC for the “DFS project in Sierra Leone” hypothesizes that by investing directly in the last mile where the population interacts with their local economies and accesses essential services, entrenched financial exclusion and inequalities can be overcome especially for women and MSMEs. Capitalizing on the country’s opportunities, UNCDF in partnership with the BSL will bolster its financial toolbox and optimize its capital mandate to unlock the opportunity for Sierra Leone’s digital financial inclusion. Because of this, the project hopes to achieve these expected changes: a) scale up access to financial services for women and youth; b) increase the volume of loans extended to MSMEs and in the agricultural sector; c) allow the government to save by reducing leakages; d) extend savings to financial service providers by reducing direct costs of doing business; and e) boost GDP growth. UNCDF will play a market development role and focus on driving innovation collaboratively with stakeholders (BSL, FinTechs, banks, community banks) towards digital financial inclusion, essentially helping the market shift. This in a long run should contribute to a DFS market and digital economy that is: *competitive* (where actors are able to innovate, upgrade and add value to their products and services); *inclusive* (delivering a sustainable flow of benefits to a range of actors, as well as to a society as a whole) and *resilient* (actors are able to address, absorb and overcome shocks in the market, policy environment, resource base).

2.1.3. Impact and Outcomes

- The expected impact of the project: Support resilient and inclusive economic growth through provision of digital financial services which are available, accessible and affordable to all Sierra Leoneans and MSMEs contributing to the achievement of Sierra Leone’s post 2015 Sustainable Development Goals and national financial inclusion goals through digital financial services.
- The expected outcomes: By the end of the project in 2021, the financial sector is strengthened and is better able to support financial inclusion through provision of digital financial services to low income populations particularly focusing on MSEM, women, smallholder farmers and youth who will have access to affordable, timely, quality, responsible and effective Digital Financial Services (especially savings and loans).
 - Increased access to financial services (the total number of clients reached will be 100,000 over two years)

²² DFS market development has four stages through which any given DFS market shifts. These are: 1) Inception “transformational” DFS service has yet to be launched; 2) Start-up where one or a few DFS providers are developing a transformational service, with basic products; 3) Expansion where the lead providers begin massive expansion and more decentralized agent management, while new providers enter the market and compete for market share; and 4) Consolidation where DFS are ubiquitous, with more than 1/3 of the adult population actively using the service.

- Increase in number of loans extended to MSMEs and in the agricultural sector (the total number of loans will be 70,210);
- Increase in number of saving clients (the total number of saving clients will be 100,000)
- “DFS project in Sierra Leone” will also deliver:
 - Improved knowledge and skills among the regulations and policy support at national level for enabling environment for FinTechs so that so that new products & services cater to the needs of the women, MSMEs and youth in a responsible manner.
 - Piloting and establishment of new innovative DFS products and services that provide poor people especially women, MSMES, agricultural sector, with mechanisms for savings and loans and potentially other services in a cost-effective manner.
 - Improved awareness among regulators, market actors – MNOs, telcos, banks, and consumers including women, and youth about DFS/FinTechs.

2.1.4. Evidence

- The previous UNCDF project with the ERWs demonstrated the potential of using digital technologies to make payments to ERWs. At the height of the Ebola crises in 2014 – 2015, Sierra Leone turned to mobile wallets to make fast, accurate, and secure payments to over 30,000 Ebola Response Workers (ERWs) with the technical assistance from UNCDF. Before digitization, the cash payments were slow, inaccurate, and open to theft. Digitization cut payment times from over one month to around a week, putting an end to payment – related strikes, and led to a savings of US\$ 10 million. In doing so, digital payments strengthened Sierra Leone’s capacity to contain Ebola disease, treat those infected, and save lives.
- A recent study by Tavneet & William (2016) examining impact of mobile money show that in Kenya, mobile money has lifted as many as 194,000 household (2% of Kenyan population) out of poverty and has been effective in improving the economic lives of poor women and of members of female – headed households²³. *“Having a private, low – cost means of managing financial resources is also necessary and can itself meaningfully reduce poverty rates among vulnerable groups. For women, the route out of poverty may not be more capital, but rather financial inclusion at a more basic level enhancing their ability to manage those financial resources that are already accessible. Thus, although mobile phone use correlates well with economic development, mobile money causes it”*.
- World Bank’s et al “Digital Financial Solutions to Advance women’s economic participation” study (2016)²⁴ and World Bank’s “Promoting Women’s Economic Empowerment” study²⁵ (2014) demonstrated positive economic outcomes from women arising from savings, including increasing productivity of rural women, expanding their profits, increasing investment in their businesses, and expanding their legal control over funds. In addition, DFS increases women’s financial autonomy, support their participation in the labor force, and improve the performance of their businesses.
- Results can be produced relatively fast by encouraging both partnerships between FinTechs and banks, as well as by encouraging innovation that can allow technology to bring down the costs as demonstrated in other Sub-Saharan countries, such as mPesa in Kenya, as well as in recent digital payments to ERWs in Sierra Leone²⁶.
- Empirical evidence suggests that improved access to finance is not only pro-growth but also pro-poor, reducing income inequality and poverty²⁷. Finance performs two key functions

²³ Tavneet, Suri & William, Jack (2016). **The long – run poverty and gender impacts of mobile money**. Vol. 354. Issue 6317. pp. 1288 – 1292.

²⁴ World Bank (2016). Digital financial solutions to advance women’s economic participation. Available here: https://btca-prod.s3.amazonaws.com/documents/122/english_attachments/Women's_Economic_Participation_Report_16_November_2015.pdf?1447440924

²⁵ Buvinic, M et al (2014). Promoting women’s economic empowerment – what works. Available here: <http://documents.worldbank.org/curated/en/864621468337180679/Promoting-womens-economic-empowerment-what-works>

²⁶ Better Than Cash Alliance (2016). Saving Money, Saving Lives: A Case Study on the Benefits of Digitizing Payments to Ebola Response Workers in Sierra Leone. Available here: <https://www.betterthancash.org/tools-research/case-studies/saving-money-saving-lives-a-case-study-on-the-benefits-of-digitizing-payments-to-ebola-response-workers-in-sierra-leone>

²⁷ Stein, Peer (2010). Inclusive Finance: Addressing the global challenge of financial inclusion. Available at: http://siteresources.worldbank.org/DEC/Resources/84797-1275071905763/Inclusive_Finance-Stein.pdf

beneficial to households and firms: risk management and inter-temporal consumption smoothing. These functions yield multiple direct and indirect benefits to households and firms, allowing them to take advantage of investment opportunities, smooth their consumption, manage day-to-day resources, and insure themselves – thus a critical survival tools for poor households.

- Agyekum²⁸ et al. find that digital financial services extend financial inclusion to marginalized populations, such as youth, women, and other vulnerable populations.
- The World Bank and BTCA’s study from 2014²⁹ on a role of the digital payments suggests that digitization of payments helps overcome the costs and physical barriers of access, as well as offering the opportunity to rapidly scale up access to financial services. Additionally, this study also suggests that digital payments, particularly by governments and employers, enable the confidentiality and convenience women require in financial services. Payments provided via an account can provide the on-ramp to financial inclusion and in many cases the first account that a woman has in her own name and under her control. Opening an account can be an important first step for introduction to the formal economy for an entrepreneur and can lead to formalization of her small business.

2.1.5. Assumptions underpinning TOC

- Harmonized support to financial institutions, FinTechs and regulators will lead to increased availability of financial products at customer level.
- Investments in FinTechs will have a positive impact on digital financial inclusion.
- Political commitment to financial inclusion and DFS remains consistent.
- Financial institutions show increased and greater commitment to expand financial services to women, youth, MSMEs and agricultural sector.
- Financial institutions develop products and services removing gender barriers.
- Low cost approaches to build technical capacities will be undertaken ongoingly.
- Customers will be educated on DFS by providers and awareness about DFS improved.
- Access to financial services will have a positive impact on women, MSMEs, and youth.

2.2. Strategy

- 2.2.1. To achieve its goals, “DFS project in Sierra Leone” will adopt a market facilitation approach and focus on three core interventions that will incentivize and encourage DFS providers (such as banks, FinTechs) to develop and delivery digital financial products and services which will positively impact financially excluded, particularly women, youth and MSMEs. These are presented in table 1 below.

Figure 2 DFS project in Sierra Leone Intervention Snap Shot

Interventions	Objectives	Approach
<p>1. Investment Facility (Catalytic Fund) for Innovation in Fragile States.</p> <p>Note on the Investment Facility: The Catalytic Fund will be designed to leverage the creative powers of FinTechs by stimulating them to test innovative DFS product and services. UNCDF will utilize its well – tested innovation fund modalities. Testing innovations through a fund modality will allow the market actors to submit their innovative ideas as well as to overcome the</p>	<p>With the objective to catalyze the expansion of financial services specifically focusing on using digital financial technologies (mobile phones, fintech) to innovate around financial services. In specific innovations in: Mobile-loans and mobile – savings products,</p>	<p>Selecting financial institutions through a competitive process and providing them with grant & technical support to innovate in the mentioned areas.</p>

²⁸ Agyekum, Francis et al (2016). Financial Inclusion and Digital Financial Services: Empirical evidence from Ghana. Available here: https://mpa.ub.uni-muenchen.de/82885/1/MPRA_paper_82474.pdf

²⁹ World Bank, the Better Than Cash Alliance & the Bill and Melinda Gates Foundation (2014). The Opportunities of Digitizing payments. How digitization of payments, transfers, and remittances contributes to the G20 goals of broad-based economic growth, financial inclusion, and women’s economic empowerment. Available here: http://siteresources.worldbank.org/EXTGLOBALFIN/Resources/8519638-1332259343991/G20_Report_Final_Digital_payments.pdf

<p>risks in operating in the areas where policy environment is weak, infrastructure poor or profits uncertain but where there is an unmet demand and large market demand. The Catalytic Fund will involve first an orientation meeting with all market players to acquaint them with the Fund, then a competitive selection process applying UN rules and regulations will follow. Those who are shortlisted will undergo rigorous due diligence assessments examining the business operations, environmental and gender practices, value for money and applicability of the proposed solution to the objectives of project. Upon UNCDF's evaluation of technical and financial proposals, the bidders will be selected. Once selected, bidders will sign a Performance Based Agreement (PBA) which is a legal document mutually agreed upon between UNCDF and a partner. PBA is an agreement which clearly outlines outputs and targets, and links those with any payments as well as outlines sanctions for lack of performance. The performance agreements are jointly developed by UNCDF and a partner.</p>	<p>Agricultural lending and MSME loans using digital transaction data as credit scores and Improving financial intermediation in rural areas.</p>	
<p>2. Advocacy & Regulatory Capacity Building for Financial Technology (FinTechs)</p>	<p>With the objective to build the regulatory capacity to regulate FinTech disruption to improve the depth and breadth of financial intermediation through an ever-improving digital infrastructure.</p>	<p>Providing tailored technical assistance and capacity building to regulators, and undertaking targeted advocacy interventions.</p>
<p>3. Evidence Based Knowledge and Learning</p>	<p>With the objective to document learnings, best practices about the innovations in fragile states and generate knowledge about how to stimulate and implement innovations in fragile settings</p>	<p>Undertaking discrete research, documenting innovations through observations and in-depth interviews with key stakeholders.</p>

2.2.2. The project strategy will also aid with:

- **Strengthening of local capacities through knowledge transfer and direct support:** The project will pay special attention to strengthening local capacities through cooperation. To promote financial inclusion, BSL in collaboration with development partners is currently implementing the National Financial Inclusion Strategy (2017-2020). The strategy is a road map for enhancing financial inclusion in all sectors of the economy. It addresses six thematic areas: Responsive Policy and Coordinated Actions; Client-centric Products and Services; Digital Financial Services; Financial Literacy, Education and Empowerment; MSMEs Financing for Growth Sector; Data and Measurement. The implementation is in a need of a support: capacity building, development of legal and regulatory framework, infrastructure, FinTech Development, coordination, logistical support, and research. By working directly on Digital Financial Services and FinTech development, the project will build local capacities and support the Government in meeting the objectives of NFIS.
- **Supporting commitments under the Better Than Cash Alliance:** The project strategy will also advance the Government's agenda and commitments made under BTCA towards moving to the digital economy and removing cash. The Government of Sierra Leone aims

to improve the efficiency of payments for social welfare programs and to government employees, setting the foundation for additional advances in its economy. The GOSL is seeking to build on the existing digital payment system, expand implementation and add value as one of the efficient tools for the economic recovery following the Ebola crisis, and for delivering long-term economic growth to the people of Sierra Leone. By introducing new digital financial services, the project will support the Government's aims under BTCA.

- **Supporting advancement of consumer protection and digital financial literacy** by integrating findings from consumer research and behavioral economics into project strategies and activities especially as they pertain to the financial institutions and FinTechs implementing the innovations.

III. RESULTS AND PARTNERSHIPS

3.1. Expected Results

- 3.1.1. **Impact:** Support resilient and inclusive economic growth through provision of digital financial services which are available, accessible and affordable to all Sierra Leoneans and MSMEs contributing to the achievement of Sierra Leone’s post 2015 Sustainable Development Goals and national financial inclusion goals through digital financial services.
- 3.1.2. **Project Outcome:** By the end of the project, the financial sector is strengthened and is better able to support financial inclusion through provision of digital financial services to low income populations particularly focusing on MSEM’s, women, smallholder farmers and youth who will have access to affordable, timely, quality, responsible and effective Digital Financial Services (especially savings and loans) with 100,000 people directly benefiting from the project.
- 3.1.3. The DFS project in Sierra Leone will deliver three outputs as highlighted in the table 2 below.

Figure 3 Programme Outputs

Outputs	Activities
Intervention 1: Investment Facility (Catalytic Fund) for Innovation in Fragile States	
1. Women, youth and MSMES have improved access to digital financial services – credit and savings by the end of the project.	<p>1.1. Invest in DFS/FinTech institutions and partnerships (risk capital grant support + technical assistance) through Catalytic Fund</p> <p>1.2. Provide direct technical advice & exposure to global best practices regarding the development of suitable financial products and services to respective partners.</p> <p>1.3. Hold discussions/events to stimulate market/private sector investments (i.e. create investment network)</p>
Intervention 2. Advocacy & Regulatory Capacity Building for Financial Technology (FinTech)	
2. Regulator has strengthened institutional capacity to formulate and implement FinTechs regulatory framework for Sierra Leone by the end of the project.	<p>2.1. Provide capacity building/training and technical assistance to regulators from BSL (such as fintech boot-camp a two-three-day workshops between regulators and FinTech’s on how best o regulate fintech in SL) and organize exposure visits for regulators to global best practices in FinTech and approaches from other markets</p> <p>2.2. Provide direct policy technical support/technical assistance and recommendations for operationalization of FinTech regulatory framework for SL (on site assistance, working group, technical advice)</p> <p>2.3. Promote FinTechs among market actors, and government in SL through dialogue, events and other dissemination approaches. (e.g. a forum to show – tell innovations)</p>
Intervention 3. Evidence Based Knowledge and Learning	
3. Lessons and best practices about implementing FinTechs innovations in Sierra Leone (FCAS) have been documented and disseminated by the end of the project.	<p>3.1. Document innovations from start to end by commissioning research (e.g. innovation process documentation).</p> <p>3.2. Write one to two brief case studies (and publish) on innovation implementation in fragile states (audiences: practitioners, donors, regulators).</p> <p>3.3. Organize regular partner meetings, on line events to share best practices, learnings, identify problems and find solutions.</p>

3.2. Resources Required to Achieve the Expected Results

3.2.1. The total budget for the project is USD 1,510,000 (one million, five hundred and ten thousand US dollars), where The India, Brazil and South Africa Facility for Poverty and Hunger Alleviation (IBSA Fund) is providing USD\$ 1, 000,000 (one million US dollars) and co – financing by UNCDF stands at US\$ 510,000 (five hundred and ten thousand US dollars). Financial resources are distributed as shown in the table 3 below.

Figure 4 Budget Snap-Shot

Budget by Intervention Area	USD\$	Partner
1. Investment Facility (Catalytic Fund) for Innovation fragile states - in Sierra Leone.	600,000	IBSA
2. Advocacy & Regulatory Capacity Building for Financial Technology (FinTech).	300,000	IBSA
3. Evidence Based Knowledge and Learning.	100,000	IBSA
4. Project Management	510,000	UNCDF
TOTAL	1,510,000	

Detailed activity-based budget of the Project is enclosed in Section VII.

3.3. Partnerships

3.3.1. The “DFS project in Sierra Leone” project will be **rolled out in partnership with the government**, as it is intended to support the government financial inclusion objectives and in addition, the overarching framework will be the National Financial Inclusion Strategy which is implemented by the Government. Government counterparts will therefore be co-opted into the project governance and reporting structures. Key government counterparts that have been identified for this project include the Ministry of Finance and Bank of Sierra Leone, as well as the Ministry of Local Government and Rural Development. These relationships are critical to achieve the results of the project, as the project’s intention is to support the BSL as it works on developing the regulatory conditions for FinTechs in Sierra Leone.

Figure 5 Snapshot of Current GSL financial inclusion/DFS actions

Partners	Current Financial Inclusion/DFS actions	Engagement with the project
A. Government		
Sierra Leone	<ul style="list-style-type: none"> Implementing National Financial Inclusion Strategy Actively involved in DFS/Financial Inclusion promotion/work in the country Secretariat of the national DFS Working Group 	<ul style="list-style-type: none"> Responsible Party for the Project Close coordination and collaboration with UNCDF Chairing the project’s steering committee BSL will receive capacity development from the project
Ministry of Finance	<ul style="list-style-type: none"> Oversees Bank of Sierra Leone, and actively through BSL involved in financial inclusion Member of the national DFS Working Group Focal point for the Better Than Cash Alliance 	<ul style="list-style-type: none"> Strategic partner and a project steering committee member UNCDF will seek strategic advice from the Ministry and involve the Ministry in key project activities
Ministry of Local Government and Rural Development	<ul style="list-style-type: none"> Not currently involved in financial inclusion 	<ul style="list-style-type: none"> Strategic partner, UNCDF will keep the

Rural Development	inclusion or digital payments however potential exists for digital payments	Ministry informed through BSL on the project and seek opportunities for collaboration to advance financial inclusion as appropriate
of Agriculture, Forestry and Food Security	<ul style="list-style-type: none"> Particularly interested in expansion of credit through DFS to MSMEs in agriculture and small holder farmers Chair of the DFS Task Force for Smallholder Farmers, a sub-committee of the national DFS Working Group 	<ul style="list-style-type: none"> Strategic partner, UNCDF will keep the Ministry informed and seek to find a common approach to meeting the credit needs of small holder farmers through DFS

- 3.3.2. In addition to the government, “DFS project in Sierra Leone” will also work with the **private Sector** especially with the FinTechs, financial institutions that will be responsible for implementing FinTech innovations. Through these partnerships UNCDF hope to scale up access to financial services for women and youth, as well as to increase the volume of loans extended to women, youth and agricultural sector. Moreover, UNCDF will also work **with Community Banks and Financial Service Associations**, especially to improve financial intermediation in rural areas, particularly to expand financial services in rural areas. These relationships will be important in enabling the project to reach into rural areas and improve financial services (lending and savings) to MSMEs engaged in agriculture, as well as women living in rural areas.
- 3.3.3. In terms of **other Partnerships and Linkages**, the “DFS project in Sierra Leone” will work with various initiatives in Sierra Leone as well as with other UNCDF programmes, as well as share results and information to ensure optimal impact for the target beneficiaries. To best place UNCDF’s catalytic capital investments, “DFS project in Sierra Leone” will strive to maximize the leveraging of other UNCDF projects on thematic issues of relevance to Sierra Leone to ensure synergies and complementarities. Areas of complementarity include digital payments, savings-led development, digital financial services, strengthening financial inclusion for low income youth. The “DFS project in Sierra Leone” will draw on the experience and knowledge of those UNCDF thematic projects that offer great potential to create synergies and promote cross learning. Namely from the **Mobile Money for the Poor Programme³⁰, MicroLead³¹ and the Better Than Cash Alliance³²**.
- 3.3.4. Furthermore, UNCDF will draw on the knowledge and experience of other UN agencies working in Sierra Leone as well as with a wide range of development partners including:
- **United Nations Development Programme (UNDP):** UNCDF’s relationship with UNDP is rooted in the complementarity of the two organizations and aims at greater coherence, effectiveness, and increased resource flows. Concerted efforts on the part of both organizations over the past planning period have resulted in strong synergies at the strategic, programmatic, and operational level. UNDP is UNCDF representative at the country level and the Resident Representative is UNCDF’s official representative to the government. Whenever possible, “DFS project in Sierra Leone” will make full use of UNDP systems. At the programmatic level this project will work in cooperation with UNDP in each country for the design of the country strategies, ensuring that programme interventions are complementary to those of UNDP and anchored to the UNDAF. At present, UNCDF team members and inclusive finance staff are co-located with UNDP in Sierra Leone. In terms of DFS, UNDP is interested in digital payments and digital innovations. UNCDF will work to collaborate with UNDP on research, joint events to showcase role of digital platforms, including payments platform in promoting better access to energy and livelihood opportunities to achieve the SDGs.
 - **World Bank (WB):** is going to support the Government of Sierra Leone with implementation of national payment switch systems. UNCDF will collaborate in areas of knowledge exchange and research.

³⁰ <http://www.uncdf.org/fr/mm4p>

³¹ <http://www.uncdf.org/microlead/homepage>

³² <https://www.betterthancash.org/>

- **European Union (EU):** is interested in exploring the role of digital finance for smallholder farmers and is currently engaged in an assessment to identify value proposition of DFS for smallholder farmers under the EU funded “Boosting Agriculture” project with the Ministry of Agriculture and is also a member of the DFS Taskforce for Smallholder Farmers. EU will be a strategic partner, and UNCDF will provide the results of this project to engage with EU to increase support for DFS.
- **African Development Bank (AfDB):** is interested in providing financial support for innovations in digital economy. UNCDF will link proven FinTech models to AfDB for access to development finance loans and other financing instruments.
- **Consultative Group to Assist the Poorest (CGAP):** will coordinate with CGAP and the World Bank to develop enabling FinTech policies and regulations.
- **SMART Campaign³³:** UNCDF will promote client protection principles and ensure that all financial services providers/FinTechs endorse the Client Protection Principles of the SMART Campaign as required in all Performance-Based Agreements of UNCDF.

3.4. Risks and Assumptions

See Annex A for RiskLog

3.5. Stakeholder Engagement

3.5.1. Stakeholders and Target Groups are shown in the table below.

Figure 6 Stakeholder, Target Groups and Ultimate Beneficiaries

Stakeholder	Categories	Examples	Nature of Engagement & Containing Interest in the Project
Micro – level (retail level)	<ul style="list-style-type: none"> ● Financial Service Providers ● End users of financial products and services (women, youth, MSMEs) 	<ul style="list-style-type: none"> ● Banks, microfinance institutions, cooperatives, community banks, financial service associations 	<ul style="list-style-type: none"> ● The project will work closely with these stakeholders through the project duration. These stakeholders will be selected through a competitive process. The partners will have an opportunity to receive grants, capacity development, technical assistance as well as participate in knowledge sharing and other events.
Meso- level	<ul style="list-style-type: none"> ● Technical Service Providers ● Digital Solution Providers (FinTechs) 	<ul style="list-style-type: none"> ● Public and private consultancy & training institutions ● Providers of professional services to the financial sector (e.g. mobile network operators, IT) ● Associations 	<ul style="list-style-type: none"> ● The project will work closely with these stakeholders through the project duration. These stakeholders will be selected through a competitive process.
Macro – level	Policy makers, regulators, and key agencies participating in the financial sector	<ul style="list-style-type: none"> ● Ministries of Finance, Local Government and Rural Development, 	The representatives of the Government departments and Ministries will be engaged in the project’s steering

³³ <https://www.smartcampaign.org/>

	development and financial inclusion process	Agriculture, Fisheries and Food Security, <ul style="list-style-type: none"> Other regulators and departments within government overseeing the delivery of rural services, financial services, services to women & youth. 	committee. Additionally, the project will invest in the capacity development especially of BSL to enable BSL to work on regulatory conditions for FinTechs. Over the two years, the project will organize several workshops, and trainings for BSL, as well as provide direct technical assistance and support in drafting of FinTech regulations. UNCDF has an on – going relationship with BSL.
Key partner and donor agencies	Locally and internationally based donors and other development partners supporting financial sector development, financial inclusion, MSMEs, value chain development in Sierra Leone	<ul style="list-style-type: none"> Development partners include: UNDP, WB, AfDB, EU UNCDF existing global initiatives MicroLead, BTCA, MM4P 	Identifying strategic areas for collaboration to advance DFS in Sierra Leone.

3.5.2. The **ultimate beneficiaries for this project** are the unbanked and underbanked low-income populations, especially those involved in agricultural activities, rural poor and small – holder farmers with a focus on women and youth involved in agriculture and MSMEs. 100,000 of previously excluded individuals will benefit directly from loans and savings.

3.6. *South-South and Triangular Cooperation (SSC/TrC)*

3.6.1. The project will build-in elements of South-South knowledge sharing and technical support, building and expanding on a recent South to South exchange between Sierra Leone and India sponsored by the Better Than Cash Alliance. “DFS project in Sierra Leone” will encourage the use and the transfer of capacities and expertise as detailed in the table 7 below.

Figure 7 South to South Cooperation List of Actions

Type of Cooperation	Actions
Capacity Development	<ul style="list-style-type: none"> Collaboration with experts/firms from the global south Showcasing FinTechs models from the global south Exposure visits to the global south countries and sharing expertise and learnings on FinTechs regulatory framework Inviting non – state actors from the global south to highlight their FinTechs innovations (through on-line event or in person)
Technical Skills Development	<ul style="list-style-type: none"> Provision of technical assistance by experts from global south Presenting Sierra Leone FinTechs achievements in global communities of practices in Financial Inclusion and Digital Financial Services Collaborating with technical services providers from the global south with whom UNCDF has long term agreements with (such as MicroSave with offices in Nairobi, and India) Developing a technical brief primer on implementing FinTechs innovation originating in Sierra Leone and shared with global communities of practice
Presentation of Innovations undertaken in Sierra Leone	<ul style="list-style-type: none"> Through an organised event, the innovation is presented by its creators to the interested public. These events will be organized by the national institution such as BSL in collaboration with UNCDF. They will involve the national authorities, potential users, public and private bodies, universities, international cooperation organizations

	<p>and United Nations agencies</p> <ul style="list-style-type: none"> • Broader dissemination of best practices and learnings through networking structures and additional utilization of UNCDF’s global and regional programmes • Organization of on – line seminars highlighting the project with BSL sharing the results and lessons learnt with broader audiences
Participation in regional and global forums	<ul style="list-style-type: none"> • Encouraging active participation and sharing of the lessons learnt through alliances such as Better Than Cash Alliance, through conferences (such as Association for Financial Inclusion) as well as through global DFS programme Mobile Money for the Poor implemented in the countries of the Global South. • Encouraging state actors to actively contribute to on line knowledge exchange platforms and lessons learnt and share their expertise and learnings with non-Sierra Leone audiences • Sierra Leone is a member of the Better Than Cash Alliance, and a signatory to the Maya Declaration of AFI. Both forums will serve as platforms for Sierra Leone to gain knowledge and expertise from other South countries.

3.7. Knowledge

- 3.7.1. **Knowledge & Learning:** will be implemented to dynamically adapt the project over time and to encourage good practices in the national financial inclusion agenda and hence contribute to the achievement of the NFIS goals. Knowledge management and learning form an important element of “DFS project in Sierra Leone” aligning its annual targets and priorities based on the development in the DFS market, as well as successes and failures during implementation of innovations. Therefore, monitoring, careful recording and sharing of project lessons will be ensured through various tools. These will include:
- a) Workshops/Events: with an aim to inform national stakeholders of the innovations being implemented and promote good practices and lessons learnt.
 - b) On line tools: contributing to UNCDF blog, and UNCDF’s MM4P newsletter sharing lessons and best practices as well as project updates.
 - c) Virtual knowledge sharing: organization of an on – line sharing event
 - d) Newspaper articles: a topic will be selected during the project implementation
 - e) Publications: 2 research reports/ technical briefs (2) illustrative publications may include: a case study on implementation of FinTechs innovations in Sierra Leone, technical premier on best practices to implement DFS innovations in FCAS.
- 3.7.2. **Visibility:** The project will dedicate attention to ensuring strategic and effective communication within the project be with an objective to increase visibility of the IBSA funding, this project, its results, and accomplishments, as well as the partnership with BSL in this project. The visibility plan will be further elaborated at the beginning of the implementation, but it will principally be in line with the UNCDF Communication Guidelines as well as with IBSA’s. The activities will include: design and print of information sheets, leaflets on the results of the project, public version of project summaries, publications, and reports; dissemination of the selected materials through public events, utilizing UNCDF Twitter and Facebook accounts, press releases on training, seminars, conferences, field missions and the like related to the project; direct communication with stakeholders.

3.8. Maturity Model: Ensuring Sustainability and Scaling Up

- 3.8.1. Based on UNCDF, maturity model which recognized four stages of DFS market development (Inception, Start Up, Expansion and Consolidation³⁴). Sierra Leone is in a Start Up phase. The **Start-**

³⁴ DFS market development has four stages through which any given DFS market shifts. These are: 1) Inception “transformational” DFS service has yet to be launched;

up is characterized by one or a few DFS providers developing a transformational service, with basic products, available through a network of agents that may achieve many customer registrations, but little customer activity. Moving beyond this period requires providers to find the right balance of active customers and available agents to serve them. It also requires addressing all of the service issues that impede customer adoption. UNCDF anticipates that the use of grant mechanisms will stimulate FinTech innovations as a measure of market development and that it will provide necessary incentives for market actors to innovate and take risks. It is anticipated that these innovations will lead to improvements in DFS financial services products and offering and will therefore result in financial service providers being able to reach the last mile with financial services. Moreover, UNCDF will demonstrate the principles of performance-based grant mechanisms which others can learn from and replicate. Additionally, UNCDF catalytic support is anticipated to also build confidence of other donors and development partners with a potential interest to invest into DFS in Sierra Leone. As a part of the project, a paper with lessons learnt and best practices will be developed as an effort to document knowledge and share good practices with the implementation of the innovations both in country and globally, as they pertain to FCAS. Interventions related to the empowerment of FSPs including technical assistance, grants and non – grants will create a pool of organizations with expertise to intervene in DFS space and consequently ensure sustainable replication. These organizations will also become examples in the market. The government (primarily MoF, BSL) understanding of DFS will be increased and the need for an enabling environment will become apparent. By working on FinTech regulations, the regulatory environment will become more enabling and open to other market actors to enter DFS space, which will increase the depth of outreach. Consequently, over time UNCDF interventions will lead to maturing of DFS market in Sierra Leone.

2) Start-up where one or a few DFS providers are developing a transformational service, with basic products; 3) Expansion where the lead providers begin massive expansion and more decentralized agent management, while new providers enter the market and compete for market share; and 4) Consolidation where DFS are ubiquitous, with more than 1/3 of the adult population actively using the service.

IV. PROGRAMME MANAGEMENT

4.1. *Programme Management*

4.1.1. **Office Location/Programme Operationalization**

- “DFS project in Sierra Leone” is fully embedded within the existing UNCDF’s in – country Financial Inclusion Practice and consequently it will utilize all the existing infrastructure and systems. Currently, UNCDF is implementing the Mobile Money for the Poor (MM4P) project, which works with digital delivery of financial services unlocking productivity and investment, reducing poverty, empowering women, and helping build stronger institutions with less corruption—while providing a profitable, sustainable business opportunity for financial service providers.
- “DFS project in Sierra Leone” will be administered by the MM4P project and will be operationalized across Sierra Leone. The location of the physical office will be in the capital Freetown, where UNCDF’s MM4P already has its fully functional office.

4.1.2. **Cost Efficiency and Effectiveness**

- In terms of procurement, outsourcing of services will be based on a transparent and competitive process, as well as on the value-for-money principle.
- All training and capacity development assistance will be delivered by clustering government departments, to ensure economy of scale.
- To the extent possible, the project will seek to utilize in-kind contribution from partners in the form of hosting venue, hospitality and transport costs for events and training.
- For further cost efficiency, the project will make use of the existing relevant training programmes, thus reduce cost for training.
- The Project will constantly seek to pair up its effort and activities with other UNCDF implemented intervention to increase efficiency and achieve better results.

Results and Resources Framework

Intended Outcome as stated in the UNCDF Strategic Framework: 1: Enhanced inclusive financial markets and local development finance systems that benefit poor and vulnerable people.

Impact: Support resilient and inclusive economic growth through provision of digital financial services which are available, accessible and affordable to all Sierra Leoneans and MSMEs contributing to the achievement of Sierra Leone's post 2015 Sustainable Development Goals and national financial inclusion goals through digital financial services.

Indicators: % increase in financial inclusion

Baseline: less than 20% of population (NFIS, 2017)

Project Outcome: By the end of the project in 2021³⁵, the financial sector is strengthened and is better able to support financial inclusion through provision of digital financial services to low income populations particularly focusing on MSEM, women, smallholder farmers and youth who will have access to affordable, timely, quality, responsible and effective Digital Financial Services (especially savings and loans) with 100,000 people directly benefiting from the project.

Indicators: % change in financial inclusion among the project target groups, nature and suitability of financial products on offer

Baseline: To be established

DFS market outcomes:

By the end of the project in 2021:

1. There are new financial products provided to MSMEs, women, smallholder farmers and youth due to FinTech innovations.
2. DFS regulatory setting is proportionate to risks enabling a range of providers to safely provide services.
3. Lessons shared and best practices on DFS innovations are influencing the financial and aligned stakeholders in Sierra Leone.

Indicators: 1. # and nature of financial products offered to target groups; 2. Nature of regulatory changes introduced; 3. Nature of engagement among stakeholders in the DFS innovations in Sierra Leone.

Baseline: To be established

Programme title: "DFS project in Sierra Leone" and Atlas Programme Number: _____

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS		DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	

35

It is assumed that the project will start in July 2018. However, this figure will be adjusted once the project starts.

Output 1: Women, youth and MSMEs have improved access to digital financial services – credit and savings by the end of the project.	1.1 Number of FinTech innovations (by type of innovation, nature)	UNCDF Monitoring Reports, DFS eco system assessment	To Be Determined TBD	2018	1	3	4	Quantitative
	1.2 Number of new products introduced (by: type, nature)	Partner reports	TBD	2018	1	2	3	Quantitative & Qualitative
	1.3 Total Number of new clients served with new products (by: gender, age, target group)	Partner reports	TBD	2018	25,000	75,000	100,000	Quantitative
	1.4. Number of new clients served with loans	Partner reports	TBD	2018	25,000	45,000	70,000	Quantitative
	1.5. Number of new clients served with savings	Partner reports	TBD	2018	25,000	75,000	100,000	Quantitative
Output 2: Regulator has strengthened institutional capacity to formulate and implement FinTechs regulatory framework for Sierra Leone by the end of the project.	2.1. Number of capacity development activities for regulators in DFS/Fintech (by: nature of training, topics, knowledge)	UNCDF monitoring reports	0	2018	1	1	2	Quantitative & Qualitative
	2.2. Nature and type of regulatory provisions introduced	UNCDF reports	0	2018	0	FinTeh reg	FinTech regulation	Qualitative
	2.3. Number and nature of policy changes introduced	UNCDF reports	0	2018	0	TBD	TBD	Quantitative & Qualitative
Output 3: Lessons and best practices about implementing FinTechs innovations in Sierra Leone	3.1 Number of knowledge products (by: type, topic, audiences)	UNCDF publications	0	2018	1	1	2	Qualitative
	3.2 Nature and type of dissemination options used (by: channels – on line, print; number of audiences reached)	UNCDF reports	0	2018	2	2	4	Qualitative

(FCAS) have been documented and disseminated by the end of the project	3.3. Number of events organized (by: type, stakeholders present)	UNCDF reports	0	2018	1	1	2	Qualitative
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V. MONITORING AND EVALUATION

In accordance with UNDP/UNCDF's programming policies and procedures, the programme will be monitored through the following monitoring and evaluation plans.

Monitoring

The Action will be monitored through the following:

Within the annual cycle

- A detailed Monitoring and Evaluation Plan will be developed to map all essential steps and tools in assessing and reporting progress towards achieving project objectives.
- On a quarterly basis, a quality assessment shall record progress towards the completion of key results and should be sent to UNOSSC as Secretariat.
- Based on the initial risk analysis, a risk log shall regularly be updated by reviewing the external environment that may affect the project implementation.
- A project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project.

Reporting

- **Annual Narrative and Financial Reports** shall be prepared by the Project Manager and shared with the Project Board.
- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year.
- **Final Report** will also be prepared and submitted to the Project Board at the end of the Action, incorporating the findings of the final independent evaluation.

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the programme in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by programme management.	UNCDF	Refer to Work Plan
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log.. Audits will be conducted in accordance with UNCDF's audit policy to manage financial risk.	Quarterly	Risks are identified by programme management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	UNCDF	Refer to Work Plan
Learn	Knowledge, good practices, and lessons will be captured regularly, as well as actively sourced from other programmes and partners and integrated back into the programme.	At least annually	Relevant lessons are captured by the programme team and used to inform management decisions.	UNCDF	Refer to Work Plan
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	Quarterly	Performance data, risks, lessons and quality will be discussed by the programme board and used to make course corrections.	UNCDF	Refer to Work Plan
Programme Report	A progress report will be presented to the Project Board and the IBSA Fund Board through its Secretariat at the UNOSSC and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	Quarterly, and at the end of the project (final report)		UNCDF	Refer to Work Plan

Programme Review	The programme's governance mechanism will hold regular programme reviews to assess the performance of the programme and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the programme. In the programme's final year, the Programme Board shall hold an end-of programme review to capture lessons learned and discuss opportunities for scaling up and to socialize programme results and lessons learned with relevant audiences.	Annually	Any quality concerns or slower than expected progress should be discussed by the programme board and management actions agreed to address the issues identified.	UNCDF	Refer to Work Plan
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Evaluation Plan³⁶

Evaluation Title	Partners (if joint)	Related UNCDF Strategic Plan and/or UNDAF Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
End Evaluation	UNCDF only	<p>UNCDF Strategic Framework outcome 1: Enhanced inclusive financial markets and local development finance systems that benefit poor and vulnerable people.</p> <p>UNDAF Sierra Leone:</p> <p>1. PRSP Pillar 1: A: Households productive capacities and access to markets for agriculture, manufacturing, fisheries and tourism have increased.</p> <p>2. PRSP Pillar 1: B: Low income and food insecure households have improved access to</p>	3 months before completion of the programme	UNCDF, IBSA and Bank of Sierra Leone	US\$ 80,000/UNCDF

³⁶ Optional, if needed

		sustainable income generating opportunities (on-farm and off – farm)			
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VI. MULTI-YEAR WORK PLAN

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year		RESPONSIBLE PARTY	PLANNED BUDGET			
		Y1	Y2		Funding Source	Budget Description	Amount (in US\$)	
Output 1. Women, youth and MSMEs have improved access to digital financial services – credit and savings by the end of the project.	1.1. Invest in DFS/FinTech institutions and partnerships (risk capital grant support + technical assistance) through Catalytic Fund	200,110.75	244,579.81	UNCDF	IBSA	71200	Consultants	5,000
					IBSA	75700	Workshops	-
					IBSA	71600	Travel	5,000
					IBSA	72600	Grants	340,000
					IBSA	74500	Miscellaneous (communications)	-
					IBSA	61300	Staff costs - Programme Manager	5,612
					IBSA	61300	Staff costs - Operations Manager	6,803
					IBSA	61300	Staff costs - Global Ecosystem Specialist	17,550
					IBSA	61300	Staff costs - Communication specialist	8,017
					UNCDF	61200	Staff Costs - Sierra Leone Technical Specialist	56,709
	1.2. Provide direct technical advice & exposure to global best practices regarding the development of suitable financial products and services to respective partners.	78,385.75	95,804.81	UNCDF	IBSA	71200	Consultants	12,000
					IBSA	75700	Workshops	0
					IBSA	71600	Travel	2,500
					IBSA	72600	Grants	65,000
					IBSA	74500	Miscellaneous	0
					IBSA	61300	Staff costs - Programme Manager	5,612
					IBSA	61300	Staff costs - Operations Manager	6,803
					IBSA	61300	Staff costs - Global Ecosystem Specialist	17,550
					IBSA	61300	Staff costs - Communication specialist	8,017
	UNCDF	61200	Staff Costs - Sierra Leone Technical Specialist	56,709				
	1.3. Hold discussions/events to stimulate market/private sector investments (i.e. create investment network)	49,473.25	60,467.31	UNCDF	IBSA	71200	Consultants	3,000
					IBSA	75700	Workshops	-
					IBSA	71600	Travel	2,500
					IBSA	72600	Grants	-

					IBSA	74500	Miscellaneous	-
					IBSA	61300	Staff costs - Programme Manager	5,612
					IBSA	61300	Staff costs - Operations Manager	6,803
					IBSA	61300	Staff costs - Global Ecosystem Specialist	17,550
					IBSA	61300	Staff costs - Communication specialist	8,017
					UNCDF	61200	Staff Costs - Sierra Leone Technical Specialist	56,709
	MONITORING				IBSA	61300	Staff costs - Results Measurement	9,750
	Sub-Total for Output 1							728,822
Output 2. Regulator has strengthened institutional capacity to formulate and implement FinTechs regulatory framework for Sierra Leone by the end of the project.	2.1. Provide capacity building/training and technical assistance to regulators from BSL (such as fintech boot-camp a two-three day workshops between regulators and FinTech's on how best to regulate fintech in SL) and organize exposure visits for regulators to global best practices in FinTech and approaches from other markets	89,017.75	108,799.47	UNCDF	IBSA	71200	Consultants	14,000
					IBSA	75700	Workshops	15,000
					IBSA	71600	Travel	2,500
					IBSA	72600	Grants	95,000
					IBSA	74500	Miscellaneous	-
					IBSA	61300	Staff costs - Programme Manager	2,158
					IBSA	61300	Staff costs - Operations Manager	2,617
					IBSA	61300	Staff costs - Global Ecosystem Specialist	6,750
					IBSA	61300	Staff costs - Communication specialist	3,083
					UNCDF	61200	Staff Costs - Sierra Leone Technical Specialist	56,709
	2.2. Provide direct policy technical support/technical assistance and recommendations for operationalization of FinTech regulatory framework for SL (on site assistance, working group, technical advice)	46,717.75	57,099.47	UNCDF	IBSA	71200	Consultants	25,000
					IBSA	75700	Workshops	5,000
					IBSA	71600	Travel	2,500
					IBSA	72600	Grants	-
					IBSA	74500	Miscellaneous	-
					IBSA	61300	Staff costs - Programme Manager	2,158
					IBSA	61300	Staff costs - Operations Manager	2,617
					IBSA	61300	Staff costs - Global Ecosystem Specialist	6,750
					IBSA	61300	Staff costs - Communication specialist	3,083
	UNCDF	61200	Staff Costs - Sierra Leone Technical Specialist	56,709				
	2.3. Promote FinTechs among market actors, and government in SL through dialogue, events and other dissemination approaches.	38,280.25	46,786.97	UNCDF	IBSA	71200	Consultants	5,000
					IBSA	75700	Workshops	-
					IBSA	71600	Travel	-
IBSA					72600	Grants	-	

	(e.g. a forum to show – tell innovations)				IBSA	74500	Miscellaneous (communication, events)	5,000	
					IBSA	61300	Staff costs - Programme Manager	2,158	
					IBSA	61300	Staff costs - Operations Manager	2,617	
					IBSA	61300	Staff costs - Global Ecosystem Specialist	6,750	
					IBSA	61300	Staff costs - Communication specialist	3,083	
					UNCDF	61200	Staff Costs - Sierra Leone Technical Specialist	56,709	
					MONITORING				IBSA
Sub-Total for Output 2								386,702	
Output 3. Lessons and best practices about implementing FinTechs innovations in Sierra Leone (FCAS) have been documented and disseminated by the end of the project.	3.1. Document innovations from start to end by commissioning research (e.g. innovation process documentation).	36,473.50	44,578.72	UNCDF	IBSA	71200	Consultants	15,000	
					IBSA	75700	Workshops	-	
					IBSA	71600	Travel	3,500	
					IBSA	72600	Grants	-	
					IBSA	74500	Miscellaneous	-	
					IBSA	61300	Staff costs - Programme Manager	863	
					IBSA	61300	Staff costs - Operations Manager	1,047	
					IBSA	61300	Staff costs - Global Ecosystem Specialist	2,700	
					IBSA	61300	Staff costs - Communication specialist	1,233	
					UNCDF	61200	Staff Costs - Sierra Leone Technical Specialist	56,709	
	3.2. Write one to two brief case studies (and publish) on innovation implementation in fragile states (audiences: practitioners, donors, regulators).	39,173.50	47,878.72	UNCDF	IBSA	71200	Consultants	15,000	
					IBSA	75700	Workshops	5,000	
					IBSA	71600	Travel	4,500	
					IBSA	72600	Grants	-	
					IBSA	74500	Miscellaneous	-	
					IBSA	61300	Staff costs - Programme Manager	863	
					IBSA	61300	Staff costs - Operations Manager	1,047	
					IBSA	61300	Staff costs - Global Ecosystem Specialist	2,700	
					IBSA	61300	Staff costs - Communication specialist	1,233	
					UNCDF	61200	Staff Costs - Sierra Leone Technical Specialist	23,291	
	3.3. Organize regular partner meetings, on line events to share best practices, learnings, identify problems and find solutions.	32,547.03	39,779.70	UNCDF	IBSA	71200	Consultants	-	
					IBSA	75700	Workshops	4,515	
					IBSA	71600	Travel	2,460	

					IBSA	72600	Grants	-
					IBSA	74500	Miscellaneous (communications)	1,300
					IBSA	61300	Staff costs - Programme Manager	863
					IBSA	61300	Staff costs - Operations Manager	1,047
					IBSA	61300	Staff costs - Global Ecosystem Specialist	2,700
					IBSA	61300	Staff costs - Communication specialist	1,233
					IBSA	61200	Staff Costs - Sierra Leone Technical Specialist	56,709
	MONITORING	610,179.53	745,774.98	1,355,954.50	IBSA	61300	Staff costs - Results Measurement	1,500
	Sub-Total for Output 3							240,431
Evaluation (as relevant)					UNCDF			80,000
General Management Support					IBSA	75100	5%	74,046
TOTAL								1,510,000

VII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

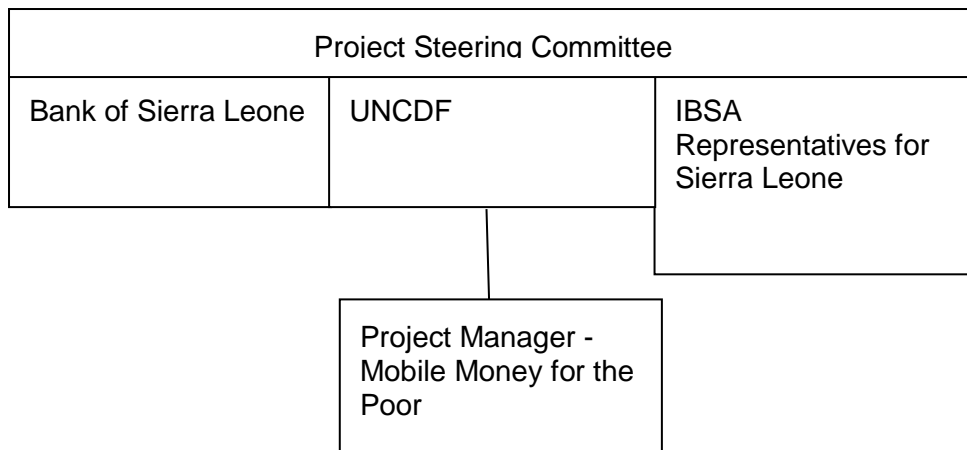
Management Arrangements

- “DFS project in Sierra Leone” will be managed directly by UNCDF MM4P following the Direct Implementation Modality (DIM) rules and procedures. As the implementing partner, UNCDF will be entrusted with the implemented of the “DFS project in Sierra Leone” specified in this project document and will assume full responsibility and accountability for the overall management of the Project, including monitoring and evaluation of interventions, achieving of the objectives and specified results, and the efficient and effective use of resources.
- The project will be financed through IBSA and UNCDF

Governance & Staffing

- “DFS project in Sierra Leone will have the following organizational structure as showcased in Figure 2 below.

Figure 9 DFS project organizational structure



- Project Steering Committee (PSC) will ensure oversight and quality assurance functions of the activities outlined in this document. The committee will guide, review and drive results as presented in this project document. The PSC will consist of members from the Ministry of Finance, Bank of Sierra Leone, Brazil (to be confirmed), India (to be confirmed) and UNCDF and will be chaired by the BSL.
- UNCDF will be responsible for day – to – day oversight of the project, ensuring that all operations are conducted in compliance with the UNCDF rules, procedures and other policies. This UNCDF project will draw upon UNCDF’s human resources, finance and administration units for its basic services.
- Project Assurance: The overall project assurance is with each PSC Member. Project Assurance role is further allocated primarily to UNCDF’s regional office to Operations Manager role at 0.10 Full Time Equivalent (FTE). This role will support the PSC in the project assurance functions by carrying out the objectives and independent project oversight and monitoring functions. This role ensures that appropriate project milestones are managed and completed in line with the decisions made by the PSC members.
- UNCDF regional office programme support: is responsible for the project assurance, approving budget revisions, payments, purchase orders, review and reporting to the board and other development partners, ensuring strategic fit with UNCDF strategic framework. Key functions

include: ensuring funds are made available to the Project in timely manner, ensuring that resources entrusted to UNCDF are utilized appropriately, ensuring that financial reports are submitted on time, and that combined delivery reports are prepared and submitted to the board, ensuring that the risks are properly managed and regularly updated and ensuring adequate monitoring of the project. The role of Operations Manager (0.105 FTE) and Results Management specialist (0.10 FTE) will be responsible for these functions. The latter role will also be responsible for ensuring that foreseen project results are met as well as regularly preparing reports. The overall strategic direction and oversight will be provided by the Programme Manager (0.05 FTE) who will be providing high level technical and strategic guidance to the project implementation, as well as bring international DFS technical know-how/best practices regarding DFS/Financial inclusion to Sierra Leone.

- Project Team Roles and Responsibilities: As referenced in the organizational structure Figure 2 above, the UNCDF Technical Specialist Sierra Leone (1 FTE) will be responsible for the implementation of the activities in Sierra Leone. This role will be supported by the Global DFS Ecosystem Specialist (0.15 FTE) sitting in headquarter in NY, as well as by the Communication Specialist (0.10 FTE) sitting in UNCDF's Brussels office. The Global DFS Ecosystem Specialist will support the project with technical advice and guidance related to FinTech regulatory matters, whereas the Communication Specialist will ensure visibility of the project, as well as that any good practices and success stories are widely disseminated among relevant stakeholders and are receiving substantial attention and visibility. Additionally, the DFS project will draw on expertise on need-to-basis of a long-standing pool of expert consultants and technical service providers with whom UNCDF has Long Term Agreements (LTAs).

VIII. LEGAL CONTEXT

LEGAL CONTEXT STANDARD CLAUSES

Option a. Where the country has signed the [Standard Basic Assistance Agreement \(SBAA\)](#)

This programme document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of (country) and UNDP/UNCDF, signed on (date). All references in the SBAA to “Executing Agency” shall be deemed to refer to “Implementing Partner.”

RISK MANAGEMENT STANDARD CLAUSES

Option b. UNCDF (DIM)

1. UNCDF as the Implementing Partner shall comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. UNCDF agrees to undertake all reasonable efforts to ensure that none of the programme funds are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under this Programme Document.
3. Consistent with UNCDF’s Programme and Operations Policies and Procedures, social and environmental sustainability will be enhanced through application of the Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
4. The Implementing Partner shall: (a) conduct programme and programme-related activities in a manner consistent with the Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the programme or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNCDF will seek to ensure that communities and other programme stakeholders are informed of and have access to the Accountability Mechanism.
5. All signatories to the Programme Document shall cooperate in good faith with any exercise to evaluate any programme or programme-related commitments or compliance with the Social and Environmental Standards. This includes providing access to programme sites, relevant personnel, information, and documentation.

ANNEXES

Annex A: Risk Log

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	Planned interventions miss the set timeframe and/or do not result in the expected outcomes.	During project formulation 15/5/2018	Operational	Interventions are delayed impacting targeted outputs. Probability (P) = 2 (low) Enter impact on a scale from 1 (low) to 5 (high) I = 4 (high)	<i>i) Ensure the all stakeholders of the project understand the project intervention logic, targets and milestones; ii) Robust Monitoring and Evaluation Mechanisms will be used to capture results; iii) Monitoring consists of operational and technical monitoring and any issues that negatively impact the project are resolved immediately or brought to the attention of decision makers.</i>	UNCDF	UNCDF		
2	Gender concerns are not raised and addressed properly and cultural believes prevent women from participation in the project	During project formulation 15/5/2018	Strategic	Little interest and understanding of gender barriers to DFS and low interest among partners to address gender barriers P = 2 I = 5	<i>i) Ensure project's partners orientation on gender sensitivity; ii) Ensure all project documents, and work plans are reviewed from gender perspective; iii) Ensure follow-ups on integrating gender equity in partner's</i>	UNCDF	UNCDF		

					<i>Performance Based Agreements; iv) Improve qualitative and quantitative reporting on gender equity, including the use of sex-disaggregated data across all the project results; v) Sensitize community elders/chiefs and other opinion influencers.</i>				
3	FinTechs are not able to capture the demand or form partnerships required for success influencing their business performance and motivation	During project formulation 15/5/2018	Strategic	Slow implementation of innovations P = 1 I = 5	<i>i) Partners will receive sufficient technical assistance to enable them to form partnerships and implement innovations; ii) Partners will be supported to introduce DFS products that meet the end – user needs; d) Partners will learn about appropriate pricing structure to captivate the demand; e) The project will invest time in raising awareness about the DFS/FinTechs to help partners with attracting the women,</i>	UNCDF	UNCDF		

					<i>youth and MSMEs.</i>				
4	Political and security that delay or otherwise negatively impact the project	During project formulation 15/5/2018	Political	Delays with the implementation P = 3 I = 5	<i>i) the project will regularly monitor the situation, but this risk cannot be fully contained at the project level; ii) the Implementation Plans will consider political unrest and security instability to a degree possible and adjust implementation of activities to minimize disruptions to the action.</i>	UNCDF	UNCDF		
5	Resurgence of Ebola virus disease	During project formulation 15/5/2018	Environmental	Discontinuation/Temporary hold on project interventions. P = 3 I = 5	<i>The World Health Organization (WHO) latest available statement³⁷ suggests that, while the Ebola disease has not been eradicated, significant achievements have been made in management of the Ebola outbreak should one occur in Sierra Leone. The country has had enhanced surveillance to ensure rapid detection of any further cases of</i>	UNCDF	UNCDF		

³⁷ WHO (2016). WHO statement of end of Ebola flare-up in Sierra Leone. Available here: <http://www.who.int/en/news-room/detail/17-03-2016-who-statement-on-end-of-ebola-flare-up-in-sierra-leone>

					<i>Ebola. Other donors successfully operate in the country³⁸. The risk cannot be contained at the action level, but the action will keep abreast with latest updated on the Ebola.</i>				
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³⁸ European Commission (2017). Sierra Lone Project. Available at: https://ec.europa.eu/europeaid/countries/sierra-leone_en?qt-node_tabs_country_1#qt-node_tabs_country_1

