



**THE SIERRA LEONE CHAMBER FOR AGRIBUSINESS DEVELOPMENT
SLeCAD**

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SLeCAD Press Briefings

Access to Finance: The formal financial market in Sierra Leone products are not tailor-made to the needs of the agribusiness companies, cooperatives and smallholder farmers in Sierra Leone as the engine of economic growth e.g. cocoa, cashew and oil palm value chain would face a great challenge with the nature of Commercial Banks product cycle. Commercial banks give short term loans at an interest rate of 25 – 30 percent per annum. Commercial banks are also highly risk averse and do not have the skills and knowledge to lend to agribusiness SMEs and farmers. Worst of all the Financial Institutions (FIs) do not have grace period for loans given to farmers and agribusiness companies. As such, accessing affordable finance is a major impediment to the growth of the private sector companies. For agribusinesses and smallholder farmers, accessing affordable finance is even more challenging. There is a dire lack of financial products tailored to the agriculture sector which takes into consideration the different crop production cycles. For example, agribusinesses and smallholder farmers in the. Such lack of access to affordable finance cripples value chain actors' ability to grow their businesses.

New Leones & Cash Withdrawal Limits: To make matters worse, the Central Bank has come up with unproductive and unfruitful Cash Withdrawal Limits that do not only work for Sierra Leone but actually out of context for this country. The Bank Governor should note that Sierra Leone economy is a cash economy and not a cashless e-economy where private businesses do their transactions on line. Here everything businesses, SMEs companies and ordinary people purchase do so by cash-cash. The current action of the central bank to introduce cash limits is not only bad but tantamount to slowing down businesses and resulting killing businesses. The current policy could also serve as hindrance to investment and has the potential to scare away and deters meaningful investment in and out of Sierra Leone. Currently, the membership of the Chamber is seriously affected and suffering due to this bad monetary policy. People go to bank and they are denied to get cash and mostly delayed by requesting people to divide cheques to number of withdrawals. The Chamber has been making efforts to advocate to increase not only access to affordable financing but seeking the support of FIs and government to create financing institution to support production, industrialization and export market that will create jobs and wealth and ensure overall economic and inclusive growth.



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The consequences off current situation:

- 1) This policy is making SMEs fear to put moneys at the bank (crippling the banking sector)
- 2) SMEs lacking confidence and trust in the Banking systems of Sierra Leone
- 3) SMEs that account for 60% of economic growth will close up businesses
- 4) Unemployment will increase
- 5) Government tax based will dwindled
- 6) Negative GDP and BoP
- 7) Increase in informal economic from the current 92% to 99%
- 8) Sierra Leone will be more import dependent
- 9) Poor industrialization and poor economic growth
- 10) High brain drains of S/Leoneans seeking for greener pasture
- 11) Poor health and malnutrition
- 12) Hunger and poverty will be endemic since most of the agribusinesses will be closed and dysfunctional.

Resolutions

We have resolved as follows:

Firstly: We are therefore calling on the Central Bank and the Government to review this situation in a shortest possible (preferably 4-weeks) time by engaging the Private Sector Chambers, Agribusiness Companies, SMEs, Farmers and Cooperatives to reach an amicable conclusion that will enhance business and economic growth and prosperity in Sierra Leone.

Secondly, we request that that both government and development partners work to develop financial systems in Sierra Leone that are able to meet the financial demands of a growing agriculture sector, industrialization, and entrepreneurs in order for the sector to reach its full potential, create jobs, reduce poverty, and ensure economic and inclusive growth for all.