



# ssnup

Smallholder Safety Net  
Upscaling Programme

## STRENGTHENING THE CREDIT RISK FRAMEWORK OF AN MFI IN SIERRA LEONE



Africa



Latin America



Asia



Financial services



Non-financial services



Market building



Internal management

### CONTEXT

Sierra Leone is a country whose agricultural sector plays a critical role in its economy, representing over 60% of the country's GDP and employing over half the labour force, according to the World Bank. The country has significant potential to develop this sector with a very favorable agricultural environment comprising arable land, abundant rainfall, a temperate climate, and several rivers. Nevertheless, most of the population is still engaged in subsistence agriculture (IFAD 2020).

### CURRENT STATUS OF THE INVESTEE

LAPO SL Microfinance Company Limited is the second largest deposit taking MFI that has been operating in Sierra Leone since 2008. LAPO stands for "Lift Above Poverty Organization". LAPO SL is a subsidiary of the Nigerian MFI, LAPO which was founded as an NGO in 1987, and has grown to the largest MFI in Nigeria.

LAPO SL is committed to the social and economic empowerment of low-income households, which is aligned with Alterfin's vision to promote economic activities that contribute to sustainable development. LAPO SL focuses its efforts on providing services women, who represent 93% of its clientele. This gender outreach is significant, considering that women are the most vulnerable group in Sierra Leone and are faced with a huge gender inequality gap.

### OBJECTIVE OF THE PROJECT

The project aims to strengthen the institutional framework and management capabilities by updating the credit policy and procedures, improving the reporting and managerial tools used by all staff including the risk department, ensuring staff are adequately trained with specific and replicable training material, and lastly by implementing a well-designed incentive scheme.

The main expected outcomes are:

- Improved credit risk management and loan repayment capacity analysis
- Reduced over-indebtedness
- Improved financial performance of the MFI

### IMPACT INVESTOR



Investing in  
sustainable development

### AGGREGATOR / INVESTEE

LAPO SL (MFI) – Sierra Leone, serving a total of 17,177 rural clients

### AGRICULTURAL VALUE CHAIN

Key commodities include rice, corn, livestock, chili, eggplant, leafy greens, legumes and pulses such as peas and groundnuts.

### STARTING DATE

September 2022

### DURATION

15 months

### TOTAL TA BUDGET

€ 65,000  
Including € 45,500 (70%)  
contribution from SSNUP



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