

Enhancing the financial capabilities of women-led SMEs in the western area urban and western area rural of Sierra Leone

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Executive Summary

This study examines the financial capability, growth, and performance of *women-led small and medium-sized enterprises (SMEs)* across sectors and regions in Sierra Leone, with a specific focus on agriculture and agro-processing, light manufacturing, petty trading, and services in Western Area Urban and Western Area Rural. By centering explicitly on women entrepreneurs, the study contributes to understanding how financial behaviours, constraints, and business outcomes are experienced within a gendered context, even while recognising the absence of a male comparator group.

The analysis is based on a perception survey of women-led SMEs, drawing on self-reported data on financial decision-making, savings behaviour, evaluation of financial options, cash-flow management, reinvestment practices, access to capital, and business expansion. The findings highlight that while many women entrepreneurs demonstrate resilience and confidence, their financial capability remains uneven. Over half report confidence in decision-making and saving behaviour, yet only a minority can evaluate diverse financial products or consistently monitor cash flow. Urban women entrepreneurs report higher financial empowerment and saving rates, while rural women report higher confidence despite more limited access to financial infrastructure—suggesting possible reliance on informal practices and experience-based decision-making.

In terms of performance, just over half of women-led SMEs report increased sales, with services and petty trading outperforming agriculture. Cash-flow stability remains limited, particularly among rural and agricultural businesses. Although reinvestment is common, access to finance remains a major perceived constraint: only half of respondents have accessed capital, while a large majority believe improved credit access would accelerate growth. Physical expansion is limited, but growth intentions are strong.

Importantly, these findings must be interpreted within both methodological and contextual constraints. The study relies on self-reported data without triangulation through financial records, and it does not include male-led SMEs for comparison. As such, the results reflect perceived experiences rather than verified financial outcomes or strictly gender-differentiated effects. Nevertheless, the perception-based approach provides valuable insight into how women entrepreneurs understand and navigate financial systems.

The study also situates these findings within Sierra Leone's broader structural context as a fragile state. Legacies of civil conflict, the Ebola epidemic (2014–2016), and subsequent economic shocks have shaped institutional capacity, financial sector development, and infrastructure provision. These structural conditions disproportionately affect women entrepreneurs, who are more likely to operate in informal, resource-constrained environments with limited access to assets and formal finance.

The evidence underscores the need for a multi-pronged and context-sensitive policy approach. This includes strengthening financial inclusion mechanisms, improving the effectiveness (not just availability) of financial literacy and business support programs, expanding access to tailored financing instruments, and addressing structural barriers such as infrastructure deficits and market access constraints. A coordinated strategy that integrates gender-sensitive design with Sierra Leone's institutional realities is essential to enhance the resilience and growth of women-led SMEs.

1. Introduction

1.1 Research Background and Context

Small and medium-sized enterprises (SMEs) play a central role in economic development, employment generation, and poverty reduction across developing countries. In Sub-Saharan Africa, SMEs account for over 90 percent of businesses and a substantial share of employment, particularly in informal urban and peri-urban economies (World Bank, 2020). Within this landscape, *women-led SMEs* represent a critical yet structurally disadvantaged segment of the private sector.

Women entrepreneurs contribute significantly to household welfare, food security, and local economic resilience. However, their enterprises tend to be smaller, less productive, and more vulnerable to shocks than those led by men (World Bank, 2019). These disparities are often linked to differences in financial capability, access to assets, and institutional barriers rather than entrepreneurial potential.

Financial capability extends beyond access to credit to include financial knowledge, skills, attitudes, and behaviours that enable individuals to effectively use financial services (OECD, 2018). For women entrepreneurs, limited financial capability can constrain business planning, reduce engagement with formal financial systems, and limit growth opportunities.

In Sierra Leone, these challenges are shaped by a broader *fragile-state context*. The country's economic and institutional landscape has been significantly influenced by the civil war (1991–2002), the Ebola epidemic (2014–2016), and subsequent economic disruptions. These shocks weakened infrastructure, constrained financial sector development, and disrupted livelihoods. Women were disproportionately affected, often assuming greater economic responsibilities while facing persistent barriers such as limited land ownership, lower educational attainment, and restricted access to formal finance.

These structural constraints manifest differently across regions. Western Area Urban (including Freetown) benefits from relatively higher financial sector presence, market density, and institutional access. In contrast, Western Area Rural is characterised by infrastructure deficits, limited financial outreach, and reliance on informal financial systems. Women entrepreneurs in rural areas often operate under compounded constraints, including mobility limitations and weaker market linkages.

Understanding how financial capability and access to finance interact with these structural and spatial inequalities is essential for designing effective, context-specific interventions for women-led SMEs.

1.2 Research Problem

Despite policy commitments to financial inclusion and women's economic empowerment in Sierra Leone, women-led SMEs continue to face persistent financial constraints that limit their growth, productivity, and resilience. Existing interventions have largely focused on expanding access to finance, yet evidence suggests that access alone is insufficient if women lack the financial skills, confidence, and institutional support required to effectively use financial services.

Moreover, while access to finance is frequently cited as a key constraint, it remains unclear how binding this constraint is relative to other challenges, such as market access, skills gaps, regulatory barriers, and socio-cultural norms. There is also limited empirical evidence on the

specific nature of financial challenges faced by women-led SMEs—whether these relate primarily to collateral requirements, high interest rates, loan terms, risk perceptions, or limited financial capability.

Critically, there is a paucity of evidence distinguishing urban–rural differences in the financial capabilities and constraints of women-led SMEs in Sierra Leone. Without such evidence, policy and donor interventions risk being poorly targeted, inefficient, or ineffective.

This study addresses these gaps using a perception-based survey of women entrepreneurs. The analysis relies on self-reported data on financial behaviours, access to finance, and business performance. While such an approach is particularly useful in contexts where SMEs operate informally and reliable financial records are scarce, it also introduces important limitations. Self-reported data may be subject to recall bias, subjective interpretation, and over- or under-reporting. In addition, the study does not triangulate perceptions with objective financial indicators such as audited accounts or administrative data. As a result, the findings should be interpreted as reflecting perceived constraints, behaviours, and outcomes rather than strictly verified financial measures.

At the same time, the perception-based approach provides valuable insights into behavioural dimensions of financial capability—such as confidence, decision-making, and perceived barriers—which are often not captured in conventional datasets. These insights are critical for understanding how women entrepreneurs engage with financial systems and for designing effective, user-centred policy interventions.

1.3 Research Objectives and Questions

The overall objective of this study is to **assess** *the financial capabilities of women-led SMEs in Western Area Urban and Western Area Rural of Sierra Leone and identify policy-relevant constraints and opportunities for improvement.*

Specifically, the study seeks to answer the following research questions:

1. What are the key financial challenges faced by women-led SMEs in Western Area Urban and Western Area Rural?
2. How significant are financial constraints relative to other business challenges affecting women-led SMEs?
3. What is the nature of financial exclusion faced by women-led SMEs (e.g. access, affordability, collateral, terms, or institutional barriers)?
4. Is there a relationship between women entrepreneurs' financial skills, knowledge, and behaviours and their access to finance and business performance?
5. How do financial capabilities and constraints differ between Western Area Urban and Western Area Rural?

2. Literature Review

2.1 Access to Finance and Women-Led SMEs

Access to financial resources remains one of the most widely cited constraints to SME development globally (Rao et al., 2017). Women-led enterprises face disproportionate barriers due to structural inequalities in asset ownership, legal rights, and social norms (Ramadani et al., 2015; Al Kwifi et al., 2020).

In developing countries, women entrepreneurs are less likely to obtain bank loans and more likely to rely on personal savings, family support, or informal lenders (World Bank, 2019). Morsy (2020) shows that women face greater financing constraints in countries with lower female labour force participation, discriminatory legal frameworks, and banking systems

dominated by state-owned institutions. These structural factors interact to limit women's access to formal finance.

Dutta and Mallick (2023) further demonstrate that women-led firms must engage in more intensive negotiations with financial institutions and often confront gendered stereotypes questioning their managerial competence and risk profile.

2.2 Evidence from Africa

African studies consistently document financial discrimination against women entrepreneurs. In South Africa, women-led SMEs are frequently perceived as high-risk borrowers, facing scepticism regarding their growth potential and repayment capacity (Chinomona & Maziriri, 2015; Ojong et al., 2021).

Kapinga and Montero (2017) note that Tanzanian financial institutions, while open to lending to women, impose stringent collateral requirements, including both immovable assets and productive livestock. Similar patterns are observed in Kenya, where collateral requirements and lack of credit history significantly constrain women entrepreneurs' access to institutional finance (Isaga, 2019).

In Egypt, women own approximately one-third of businesses but receive only around 10 percent of commercial bank credit (Khairy, 2019). Even where gender-neutral policies exist, structural and behavioural barriers continue to exclude women entrepreneurs from meaningful financial support (Khayal, 2021).

In Nigeria, Ogundana et al. (2021) find that women entrepreneurs are often discouraged borrowers—they self-select out of credit markets due to fear of default, lack of collateral, and perceived unfavourable loan conditions.

2.3 Financial Capability and Enterprise Performance

Recent literature has shifted attention from access alone to *financial capability* as a determinant of enterprise outcomes. Financial capability encompasses financial literacy, skills, attitudes, and behaviours that enable individuals to manage resources effectively (OECD, 2018).

Studies show that low financial capability reduces the likelihood of engaging with formal financial institutions and limits effective use of financial products (Xu & Zia, 2012). Among women entrepreneurs, limited financial knowledge is associated with poor record-keeping, weak financial planning, and suboptimal investment decisions (Klapper & Parker, 2011).

Improving financial capability has been shown to enhance business resilience, creditworthiness, and growth potential, particularly for micro and small enterprises (Bruhn & Zia, 2013).

2.4 Women-Led SMEs in Sierra Leone

In Sierra Leone, women dominate informal economic activities, particularly petty trading, agriculture, and services. While their economic participation is high, women face entrenched barriers including limited access to finance, low asset ownership, and exclusion from decision-making roles (Statistics Sierra Leone, 2019).

Market trading remains a critical livelihood strategy for women, yet most enterprises operate at subsistence level with limited opportunities for expansion. Financial services tailored to women-led SMEs remain scarce, particularly in rural areas, where formal financial institutions have limited reach (World Bank, 2022).

Despite the importance of women-led SMEs to economic recovery and growth, empirical evidence on their *financial capability*¹, *access to finance*, and *regional disparities* remains limited. This study seeks to address this gap by providing robust, policy-relevant evidence from Western Area Urban and Western Area Rural.

¹ See questionnaire in the appendix

3. Research Design and Methodology

This section presents the research design and methodology employed to achieve the objectives of the study *Enhancing the Financial Capabilities of Women-Led SMEs in the Western Area Urban and Western Area Rural of Sierra Leone*. It describes the research design, sampling frame and sample size determination, data collection methods, ethical considerations, data management, and analytical techniques. The section concludes with a discussion of the limitations of the study.

3.1 Research Design

This study adopted a mixed methods (MM) research design, combining both quantitative and qualitative approaches. The choice of a mixed methods design was informed by the complexity and multidimensional nature of financial capability, access to finance, and business performance among women-led SMEs.

At its core, the study is a *perception-based survey*, relying primarily on self-reported data on financial behaviours, experiences, and attitudes. This approach is widely used in financial inclusion research and provides valuable insight into how individuals understand and navigate financial systems. However, it also implies that findings should be interpreted as reflecting *perceived* rather than objectively verified financial behaviours.

Perception-based surveys are subject to known limitations, including *social desirability bias* and *self-reporting bias*, where respondents may overstate positive financial behaviours such as saving, planning, or financial discipline (Podsakoff et al., 2003). In low-income and informal settings, respondents may also report aspirational rather than actual behaviours, particularly when interacting with enumerators perceived as formal or authoritative (Collins et al., 2009).

To mitigate these risks, the study employed several strategies:

- ✚ Careful questionnaire design with neutral wording of questions
- ✚ Enumerator training emphasizing non-judgmental interviewing techniques
- ✚ Inclusion of cross-check questions to test internal consistency
- ✚ Triangulation with qualitative interview data

However, no financial records or account statements were reviewed to independently verify self-reported financial behaviours such as savings. As such, findings related to savings and financial practices should be interpreted with appropriate caution.

Mixed methods research enables the integration of numerical trends with contextual and experiential insights, thereby providing a more comprehensive understanding of the research problem. The strengths of mixed methods research over standalone quantitative or qualitative approaches are well documented (Creswell & Plano Clark, 2018). Quantitative methods enable statistical generalisation and identification of patterns, while qualitative methods provide depth and contextual understanding. By integrating both approaches, the limitations of one method are offset by the strengths of the other.

The study employed a *concurrent triangulation design* (Creswell & Plano Clark, 2003), whereby quantitative and qualitative data were collected simultaneously, analysed separately, and integrated at the interpretation stage. In this study, triangulation was not limited to illustrative quotations; rather, qualitative findings were systematically used to:

- ✚ explain patterns observed in survey data
- ✚ explore inconsistencies or unexpected results
- ✚ provide contextual understanding of behavioural and institutional dynamics

For example, qualitative interviews were used to interpret differences in financial confidence across regions and to explain behavioural patterns not fully captured through survey responses. This strengthened the analytical depth and internal validity of the study.

3.2 Sampling Design

Two data collection instruments were used:

- (i) a face-to-face questionnaire survey (quantitative), and
- (ii) face-to-face interviews (qualitative).

Accordingly, the sampling strategy combined probability sampling for the questionnaire survey and non-probability sampling for the interviews.

3.2.1 Sampling Frame

The population of interest comprised *women-led small and medium-sized enterprises (SMEs)* operating in *Western Area Urban* and *Western Area Rural* of Sierra Leone. The study focused on enterprises engaged in the following subsectors:

- ✚ Agriculture and agro-processing
- ✚ Light manufacturing
- ✚ Services
- ✚ Petty trading

Given the dominance of informal economic activities in Sierra Leone and the absence of a comprehensive registry of women-led SMEs, the total population size was considered *large and unknown*.

3.2.2 Sample Size Determination

Since the population size was unknown, statistical methods suitable for large or infinite populations were applied. Among commonly used methods—Yamane’s formula, Slovin’s formula, and Cochran’s formula—the study adopted *Cochran’s (1977) formula*, which is widely applied in social science research for estimating sample sizes for large populations.

The Cochran formula is given as:

$$n_0 = \frac{z^2 pq}{e^2}$$

Where:

- ✚ n_0 = sample size for large or infinite population
- ✚ Z = Z-value corresponding to the desired confidence level (1.96 for 95%)
- ✚ p = estimated population proportion
- ✚ $q = 1 - p$
- ✚ e = margin of error (level of precision)

When the population proportion is unknown, a value of $p = 0.5$ is recommended as it maximises variability and yields a conservative (larger) sample size.

Using a 95% confidence level and a margin of error of 5%, Cochran’s formula yields:

$$n_0 = \frac{(1.96)^2(0.5)(0.5)}{(0.05)^2} = 384$$

Thus, a minimum sample size of *384 respondents* is statistically sufficient at the 5% level of significance. However, to enhance statistical power, allow for subgroup analysis by region and sector, and reduce the margin of error, the study adopted a *final sample size of 1,200 women-led SMEs*. With this sample size, the margin of error is reduced to approximately $\pm 3\%$ at the 95% confidence level.

This decision was further validated using *Yamane's (1967) sample size determination guide*, which indicates that for populations exceeding 100,000, a sample size of approximately 1,111 is adequate for $\pm 3\%$ precision at 95% confidence. Therefore, a sample size of 1,200 is more than adequate for generalisation.

Table 3.1: Using Cochran's equation to determine sample size based on estimates of various institutions

Parameter	SSL (SLIHS, 2018)	African Est. (IMF, 2017)	Cochran
Z*Z	3.8416	3.8416	3.8416
p	85.5%	90%	50%
q	14.5%	10%	50%
e*e	0.25%	0.25%	0.25%
Z*Z*p*q	0.4763	0.3457	0.9604
(Z*Z*p*q)/e*e	191	138	384

Source: Statistics Sierra Leone, IMF, and author's computations

3.2.3 Sample Allocation

The total sample of 1,200 respondents was distributed across regions and sectors based on the relative concentration of economic activities and population size.

Table 3.2: Using Cochran's equation to determine margin of error for predetermined sample size based on estimates of various institutions

Parameter	SSL (SLIHS, 2018)	African Est. (IMF, 2017)	Cochran
Z*Z	3.8416	3.8416	3.8416
p	85.5%	90%	50%
q	14.5%	10%	50%
Z*Z*p*q	0.4763	0.3457	0.9604
n	1,200	1,200	1,200
e*e	0.06%	0.03%	0.08%
e	2.43%	1.68%	2.81%

Source: Statistics Sierra Leone, IMF, and author's computations

The sectoral and regional distribution of the sample is presented in table 3.3. Sample allocation was influenced jointly by population size and the predominance of a sectoral activity in a particular region.

Table 3.3 – Sample size for questionnaire survey across regions and sectors

Sector	Region		Total
	Western Area Rural	Western Area Urban	
Agriculture and Agro-processing	125	136	261
Light Manufacturing	111	88	199
Petty trading	222	197	419
Services	138	183	321
Total	596	604	1,200

Source: author's computations

The study achieved a 100% response rate, meaning all selected respondents completed the questionnaire. While unusually high in survey research, this outcome reflects the field-based, interviewer-administered design of the study. Specifically:

- ✚ Respondents were approached and interviewed in person
- ✚ Replacement sampling was applied where initially selected respondents were unavailable
- ✚ Enumerators were supervised closely to ensure completion of assigned interviews

It should be noted that while this approach ensured completeness of data, it may reduce the extent to which the sample can be considered fully random. As such, findings should be interpreted with some caution regarding strict statistical generalisability

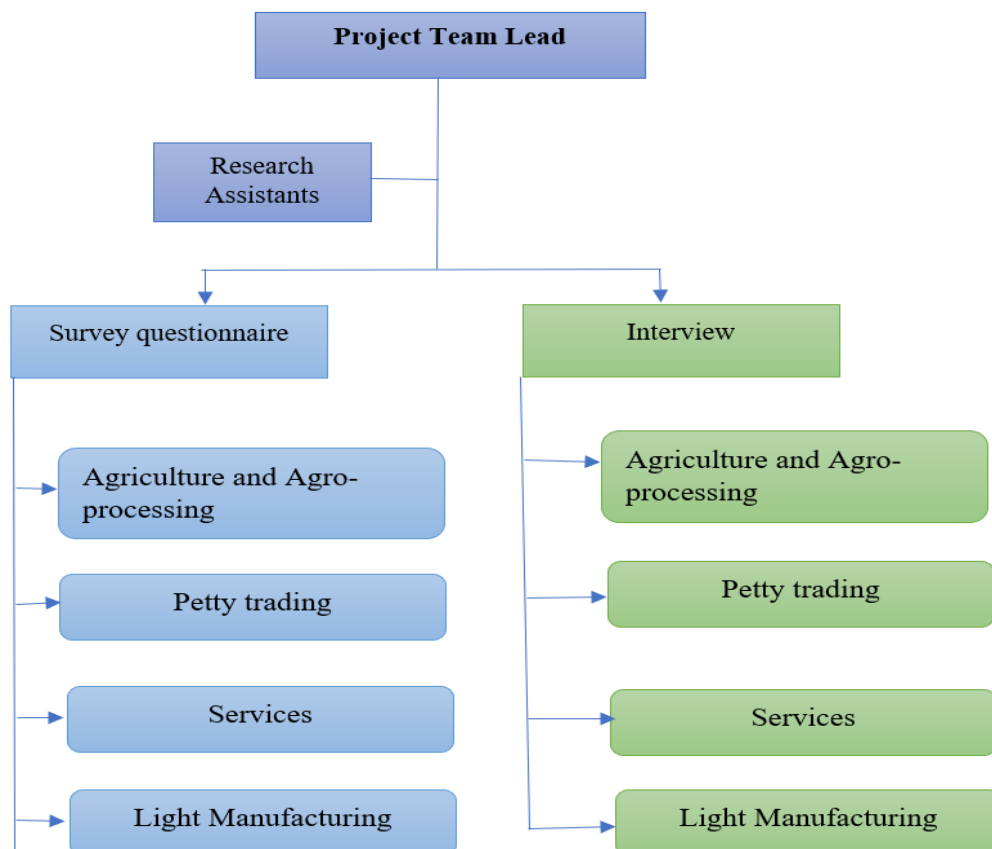
3.3 Methods of Data Collection

As mentioned earlier, a mixed (quantitative and qualitative) design approach was adopted in order to provide answers to the research questions and to achieve the research objectives. Thus, both quantitative and qualitative data were gathered for the study.

3.3.1 Data Collection Structure

Data collection was organised by region. Each region had one supervisor and four enumerators, resulting in a total of eight enumerators and two supervisors. Supervisors were responsible for coordination, quality control, and adherence to ethical standards.

Figure 3.1 - Data collection organogram



Source: Authors

3.3.2 Face-to-Face Questionnaire Survey

The questionnaire survey generated primarily quantitative data using a structured instrument (Appendix A1). The questionnaire comprised four thematic sections aligned with the research

objectives. Questions were predominantly closed-ended, with a limited number of open-ended items to capture respondents' perspectives.

The survey was administered using *Computer-Assisted Personal Interviewing (CAPI)* via *Google Forms*. Enumerators used internet-enabled mobile devices, allowing for real-time data capture and transfer.

Pre-testing and Validation

A pilot survey was conducted to test the clarity, relevance, sequencing, and reliability of the questionnaire. The pilot involved eight women-led SMEs (four per region) selected purposively. Feedback from the pilot informed revisions to the questionnaire, minimised measurement error, and validated the functionality of the CAPI system.

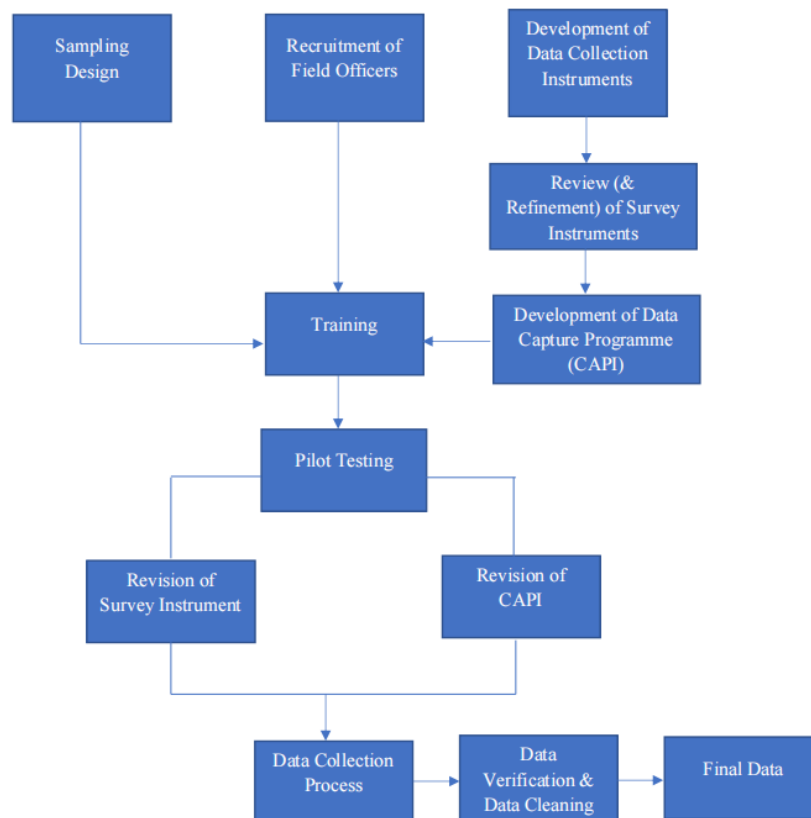
Enumerators and supervisors underwent a two-day training covering research objectives, survey instruments, ethical protocols, and use of Google Forms.

3.3.3 Face-to-Face Interviews

Qualitative data were collected through semi-structured face-to-face interviews using an interview protocol. Each enumerator conducted four interviews—one per sector—resulting in a total of 32 *interviews* across the two regions. Interviewees were selected purposively to ensure sectoral representation and depth of insight.

The approach used to implement the survey is depicted in figure 3.2 below:

Figure 3.2 - Approach to survey data collection



Source: Adapted from Save the Children (2019)

Two face-to-face surveys (pilot and main) were conducted in order to gather valid and reliable data to inform analysis and policy development. The data collection exercise for the surveys commenced with the training of field agents (enumerators and supervisors). Training was scheduled for two (2) days; and, amongst others, covered the following:

- i) Project overview and background
- ii) (Research) project aims and objectives and survey overview
- iii) Regions and sectors of interest
- iv) Introduction to data collection tool (Google Forms)
- v) Questionnaire sections and objectives
- vi) Discussion on survey instruments
- vii) Selection of pilot survey enumerators
- viii) Financial and logistic arrangements

During the training, two (2) individuals were identified to serve as enumerator in the pilot survey to pre-test the data collection instruments. Each was assigned to a region; and their work was overseen by a supervisor. A sample of 8 women-led SME (four from each region) were purposively selected for this purpose.

Pilot testing of the questionnaires began immediately after the training, covering a period of one day (1) day. See table 3.4 for details.

Table 3.4 - Survey data collection activities and timeline

Activity	Number of days
Training of field staff (enumerators and supervisors)	2
Pretesting of questionnaires (Pilot survey)	1
Recoding, cleaning, data analysis, and preliminary interpretation of data	2
Questionnaire refinement	1
Main survey	20

Source: Authors

At the conclusion of the pilot survey, a debriefing meeting was convened with the pilot survey team to review challenges, opportunities, and lessons learned from the pre-test, so as to inform the strategy for the execution of the main survey. The pre-testing of the instruments was to ensure clarity, adequacy, and completeness of the survey items. The responses from each survey were coded, cleansed, and checked for accuracy and consistency.

In line with the preliminary findings and feedback from the field, necessary and appropriate adjustments were made to the survey instruments and strategy. Following the refinement of the questionnaire was the execution of the main survey. This activity was scheduled for 20 days.

3.4 Ethical Considerations

Ethical approval was obtained from the *National Ethics and Scientific Review Committee (Ministry of Health and Sanitation)* and recorded in the IGC research portal. Participation was voluntary, and verbal informed consent was obtained from all respondents.

Respondents were anonymised using unique identification codes, and no personally identifiable information was collected. Participants were informed of their right to withdraw at any point without consequence. Data confidentiality was strictly maintained.

3.5 Data Management and Analysis

Data quality assurance involved checking, cleaning, coding, and validation. Data were analysed using MS Excel, IBM SPSS, SPSS AMOS, and STATA.

Quantitative analysis included:

- ✚ Descriptive statistics
- ✚ Cross-tabulations (chi-square tests)
- ✚ Correlation analysis
- ✚ Regression analysis

Regression Analysis Transparency

To enhance transparency and robustness, regression results include:

- ✚ Standardised and unstandardised coefficients
- ✚ Standard errors
- ✚ t-statistics and p-values
- ✚ Model fit indicators (R^2 and F-statistics)

Full regression outputs are provided in the appendix to allow independent assessment of model validity and robustness.

Qualitative data were thematically analysed and triangulated with quantitative findings.

3.6 Limitations of the Study

Despite its strengths, the study has several limitations:

- ✚ Reliance on **self-reported (perception-based) data**, which may reflect aspirational rather than actual behaviours
- ✚ Potential **social desirability bias**
- ✚ Lack of **independent verification** of financial behaviours such as savings
- ✚ Constraints related to the **informal nature of SMEs**
- ✚ Possible limitations in generalisability due to field-based sampling and response procedures

However, these limitations were mitigated through triangulation, careful instrument design, rigorous enumerator training, and a large sample size.

4 Results and Discussion

4.1 Demographic characteristics of respondents

Table A1 presents the demographic profile of the 1,200 women-led SMEs surveyed across Western Area Urban and Western Area Rural, covering agriculture and agro-processing, light manufacturing, petty trading, and services. The survey achieved a 100 percent response rate, strengthening the reliability of the findings and providing a solid empirical basis for policy-relevant insights.

Table A1 –Profile of respondents

Demographic	Response choice	Sector				Total
		<i>Agriculture and Agro-processing</i>	<i>Light Manufacturing</i>	<i>Petty trading</i>	<i>Services</i>	
		Freq (%) (n = 261)	Freq (%) (n = 199)	Freq (%) (n = 419)	Freq (%) (n = 321)	Freq (%) (n =1200)
Sex	Female	261 (100)	199(100)	419(100)	321(100)	1200(100)
Age	Below 18	1 (16.7%)	0 (0.0%)	5 (83.3%)	0 (0.0%)	6 (0.5%)
	18 - 25	27 (15.1%)	24 (13.4%)	67 (37.4%)	61 (34.1%)	179 (14.9%)
	26 - 35	68 (18.9%)	58 (16.1%)	129(35.8%)	105(29.2%)	360 (30.0%)
	36 - 45	79 (22.1%)	73 (20.4%)	109(30.4%)	97 (27.1%)	358 (29.8%)
	46 - 55	52 (26.1%)	28 (14.1%)	79 (39.7%)	40 (20.1%)	199 (16.6%)
	56 - 60	31 (37.3%)	12 (14.5%)	27 (32.5%)	13 (15.7%)	83 (6.9%)
	Above 60	3 (20.0%)	4 (26.7%)	3 (20.0%)	5 (33.3%)	15(1.3%)
Marital Status	Cohabit	12 (21.8%)	6 (10.9%)	25 (45.5%)	12 (21.8%)	55 (4.6%)
	Divorced/Separated	21 (28.8%)	14 (19.2%)	24 (32.9%)	14 (19.2%)	73 (6.1%)
	Married	122 (20.7%)	113 (19.2%)	194 (32.9%)	161 (27.3%)	590 (49.2%)
	Single	59 (17.0%)	44 (12.7%)	127 (36.6%)	117 (33.7%)	347 (28.9%)
	Widowed	47 (34.8%)	22 (16.3%)	49 (36.3%)	17 (12.6%)	135 (11.3%)
Education	No education	86 (28.6%)	39 (13.0%)	132 (43.9%)	44 (14.6%)	301 (25.1%)
	Primary	28 (25.9%)	18 (16.7%)	43 (39.8%)	19 (17.6%)	108 (9.0%)
	Secondary	72 (19.7%)	66 (18.1%)	138 (37.8%)	89 (24.4%)	365 (30.4%)
	Tertiary	51 (18.3%)	41 (14.7%)	74 (26.6%)	112 (40.3%)	278 (23.2%)
	Vocational	21 (15.7%)	31 (23.1%)	30 (22.4%)	52 (38.8%)	134 (11.2%)
	Other (specify)	3 (21.4%)	4 (28.6%)	2 (14.3%)	5 (35.7%)	14 (1.2%)
Region	Western Area Rural	125 (21.0%)	111 (18.6%)	222 (37.2%)	138(23.2%)	596 (49.7%)
	Western Area Urban	136 (22.5%)	88 (14.6%)	197 (32.6%)	183(30.3%)	604 (50.3%)

Source: Field survey, 2026

All respondents were female, reflecting the intentional focus of the study on women-led enterprises. This allows the analysis to directly address gender-specific financial constraints without confounding effects from male-owned businesses. From a policy perspective, this

reinforces the need for gender-responsive SME financing frameworks that explicitly account for the lived realities of women entrepreneurs, including limited collateral ownership, care responsibilities, and differential access to financial networks.

The age distribution indicates that women entrepreneurs are predominantly within the economically active age groups of 26–55 years, which together account for over three-quarters of respondents. The largest concentrations are in the 26–35 and 36–45 age brackets, suggesting that women are engaging in entrepreneurial activities during their prime productive years. This demographic profile presents a strong case for long-term investment in women-led SMEs, as improvements in financial capabilities at this stage can generate sustained economic returns, employment creation, and intergenerational welfare gains. The relatively small share of respondents below 25 and above 60 highlights the need for differentiated policy approaches—such as start-up finance and mentorship for younger women, and business continuity or succession planning for older entrepreneurs.

Marital status data show that nearly half of respondents are married, while a substantial proportion are single, widowed, divorced, or separated. This diversity has important implications for financial access. Women who are widowed or divorced—together accounting for over 17 percent of the sample—may face heightened financial vulnerability and reduced informal support networks. Policies that rely on household-based collateral or spousal guarantees risk excluding these groups. Therefore, financial products tailored to individual women entrepreneurs, including unsecured loans, savings-linked credit, and group-based lending mechanisms, are likely to be more inclusive and effective.

Educational attainment varies significantly across sectors, with a notable proportion of respondents having no formal education or only primary education, particularly in petty trading and agriculture. At the same time, the services sector shows relatively higher levels of tertiary and vocational education. This heterogeneity underscores the importance of aligning financial capability interventions with education levels. For less-educated women entrepreneurs, policies should integrate financial literacy, record-keeping, and basic business management training alongside access to credit. Conversely, more educated women—especially in services—may benefit more from advanced financial products, digital finance solutions, and growth-oriented financing. A one-size-fits-all approach to SME finance is therefore unlikely to yield optimal outcomes.

Regionally, the near-equal representation of Western Area Urban and Western Area Rural allows for meaningful comparison of spatial disparities in financial capabilities. The strong presence of women-led SMEs in rural areas challenges the perception that entrepreneurship is predominantly urban and highlights the urgency of extending financial infrastructure beyond urban centers. Rural women entrepreneurs are more likely to face compounded barriers, including limited proximity to financial institutions, weaker digital connectivity, and lower exposure to formal financial products. Policy interventions such as mobile banking, agent banking, and decentralized business development services are therefore critical to narrowing the urban–rural financial inclusion gap.

The demographic profile reveals a diverse population of women entrepreneurs whose financial needs vary by age, education, marital status, sector, and location. These findings reinforce the central premise of the project: that enhancing the financial capabilities of women-led SMEs in Sierra Leone requires *targeted, context-specific, and gender-responsive policies*. Evidence from this demographic analysis provides a strong foundation for designing differentiated

financial instruments and institutional support mechanisms that can improve SME productivity and contribute to inclusive economic growth in both Western Area Urban and Rural.

4.4 Financial Inclusion/Exclusion

4.4.1 Financial Sector Constraints, Institutional Barriers, and SME Behaviour

This section examines the financial and institutional factors shaping SME engagement with formal financial services, with a focus on loan pricing and conditions, institutional friendliness, administrative barriers, and behavioural responses to banking services. Drawing on sectoral and regional perceptions, the analysis highlights how both price and non-price constraints influence SMEs' access to finance and day-to-day financial behaviour, with particular attention to differences between rural and urban enterprises.

Interest Rates and Loan Conditions

This sub-section assesses SMEs' perceptions of interest rates charged by commercial banks and microfinance institutions, as well as the adequacy of loan repayment periods. These indicators capture key price and structural features of formal credit that directly affect affordability and suitability of finance for SMEs across sectors and regions.

Table D1 Interest Rates and Loan Conditions

Response	Sector				Region		Total
	<i>Agriculture and Agro-processing</i>	<i>Light Manufacturing</i>	<i>Petty trading</i>	<i>Services</i>	<i>Western Area Rural</i>	<i>Western Area Urban</i>	
	Freq (%) (n = 261)	Freq (%) (n = 199)	Freq (%) (n = 419)	Freq (%) (n = 321)	Freq (%) (n = 596)	Freq (%) (n = 604)	
Interest rate charged by commercial banks are high							
Agree	227 (87.0)	152 (76.4)	352(84.0)	274(85.4)	528 (88.6)	477 (79.0)	1,005(83.8)
Neutral	26 (10.0)	39 (19.6)	51 (12.2)	31 (9.7)	55 (9.2)	92 (15.2)	147 (12.3)
Disagree	8 (3.0)	8 (4.0)	16 (3.8)	16 (5.0)	13 (2.2)	35 (5.8)	48 (4.0)
Interest rate charged by microfinance institutions are high							
Agree	212 (81.2)	155 (77.9)	325(77.6)	264(82.2)	527 (88.4)	429 (71.0)	956 (79.7)
Neutral	40 (15.3)	34 (17.1)	72 (17.2)	37 (11.5)	51 (8.6)	132 (21.9)	183 (15.3)
Disagree	9 (3.4)	10 (5.0)	22 (5.3)	20 (6.2)	18 (3.0)	43 (7.1)	61 (5.1)
Repayment period for bank loans is too short							
Agree	219 (83.9)	145 (72.9)	336(80.2)	264(82.2)	529 (88.8)	435 (72.0)	964 (80.3)
Neutral	35 (13.4)	36 (18.1)	57 (13.6)	33 (10.3)	43 (7.2)	118 (19.5)	161 (13.4)
Disagree	7 (2.7)	18 (9.0)	26 (6.2)	24 (7.5)	24 (4.0)	51 (8.4)	75 (6.3)

Note: Agree = Agree + Strongly Agree; Disagree = Disagree + Strongly Disagree

Source: Field survey, 2026

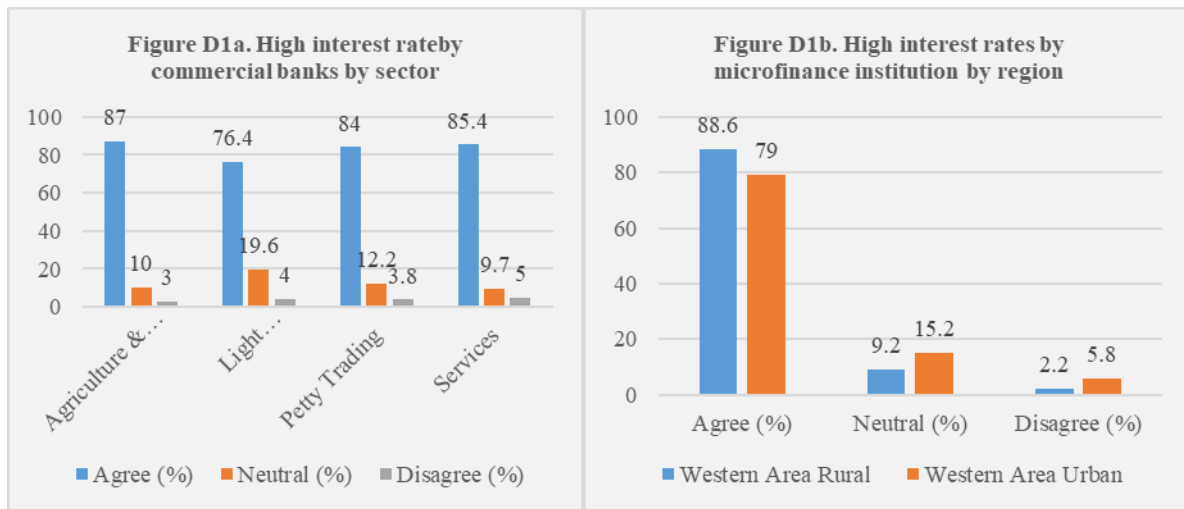


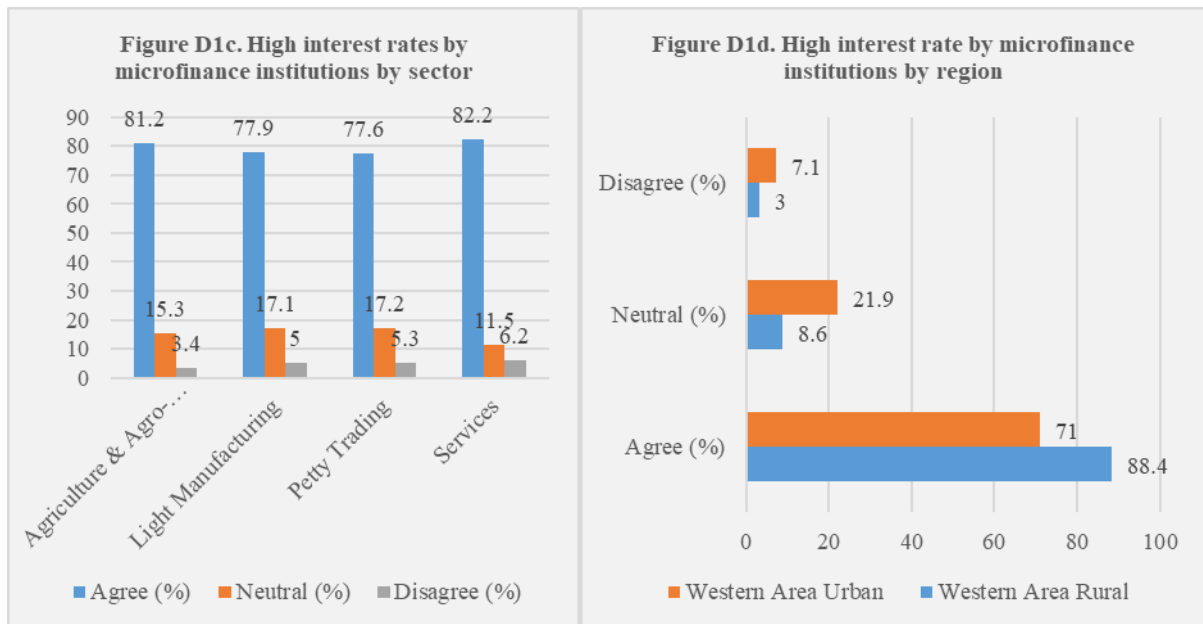
Table D1 shows very high agreement across all sectors that interest rates charged by both commercial banks and microfinance institutions are high. Agreement exceeds 80% in agriculture, petty trading, and services, and reaches almost 89% among rural respondents, compared to 79% in urban areas for commercial bank interest rates. Perceptions of high microfinance interest rates follow a similar pattern, though agreement is consistently lower in urban areas (71%) than in rural areas (88%).

The significance of this perception extends beyond simply indicating dissatisfaction with pricing. First, it highlights a binding constraint on credit demand: when SMEs perceive interest rates as excessively high, they are less likely to apply for loans, even when credit is available. This helps explain why, despite strong demand for finance (as seen elsewhere in the data), actual uptake of formal credit remains limited. In this sense, perception directly influences financial behaviour and can contribute to self-exclusion from formal financial markets.

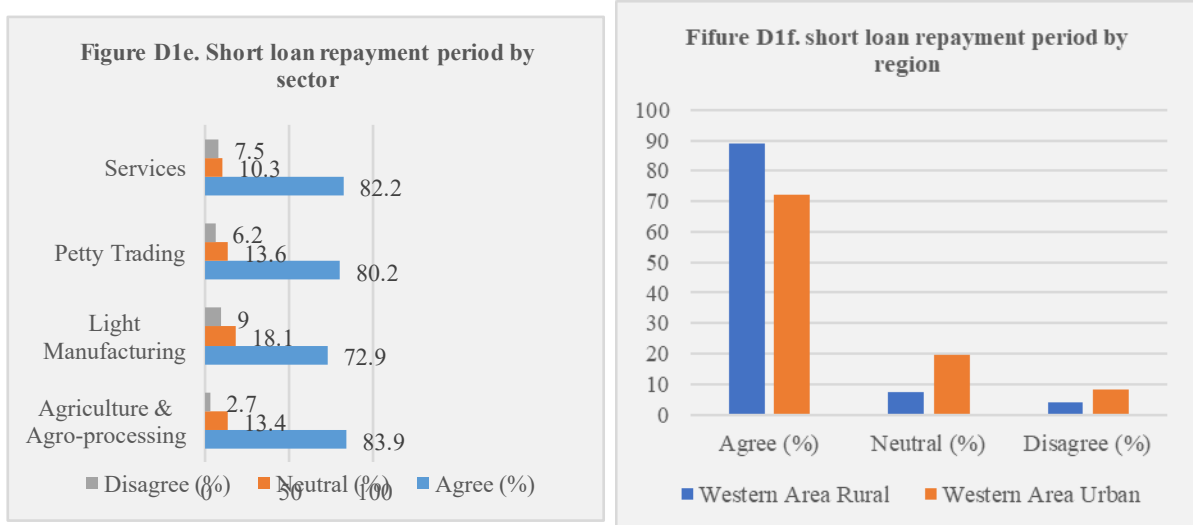
Second, the consistency of this perception across sectors and regions suggests that it reflects not just individual experiences but a system-wide issue in the cost of credit, particularly for higher-risk segments such as rural and informal SMEs. From a financial institution perspective, these high rates are often driven by underlying factors such as operational costs, credit risk, and information asymmetry. However, from the SME perspective, they translate into reduced affordability and constrained business investment.

Third, the stronger perception in rural areas points to compounded disadvantages, where higher transaction costs, weaker competition among lenders, and limited financial infrastructure may result in both higher actual rates and stronger perceptions of unaffordability. This reinforces spatial inequalities in access to finance and business growth opportunities.

Finally, this perception has important policy implications. It suggests that addressing SME financing constraints requires not only increasing the supply of credit but also tackling the drivers of high lending costs—including risk (through credit guarantees), transaction costs (through digitization and agent banking), and information gaps (through better credit assessment tools). Without addressing these structural factors, efforts to expand access to finance may have limited impact if SMEs continue to perceive formal credit as unaffordable.



Similarly, the perception that bank loan repayment periods are too short is widely shared, with over 80% agreement in agriculture, petty trading, and services, and a marked rural–urban gap (89% rural versus 72% urban).



For policy, the consistency and magnitude of agreement suggest that both the price and structure of formal credit are binding constraints, particularly in rural areas. Policies that enable longer loan tenures and risk-sharing arrangements are likely to address constraints that are empirically salient for SMEs.

Institutional Friendliness and Administrative Barriers

This sub-section examines SMEs' experiences with financial institutions, focusing on perceptions of institutional friendliness and the administrative burden associated with banking transactions. By analysing views on paperwork requirements and institutional attitudes, the section highlights non-price barriers that shape SME–bank relationships and influence access to financial services.

Table D2 Institutional Friendliness and Administrative Barriers

Response	Sector				Region		Total
	<i>Agriculture and Agro-processing</i>	<i>Light Manufacturing</i>	<i>Petty trading</i>	<i>Services</i>	<i>Western Area Rural</i>	<i>Western Area Urban</i>	
	Freq (%) (n = 261)	Freq (%) (n = 199)	Freq (%) (n = 419)	Freq (%) (n = 321)	Freq (%) (n = 596)	Freq (%) (n = 604)	
Microfinance institutions are not friendly to SME operators							
Agree	190 (72.8)	151 (75.9)	308(73.5)	242(75.4)	519 (87.1)	353 (58.4)	872(72.7)
Neutral	37 (14.2)	36 (18.1)	78 (18.6)	39 (12.1)	42 (7.0)	124 (20.5)	166(13.8)
Disagree	34 (13.0)	12 (6.0)	33 (7.9)	40 (12.5)	35 (5.9)	127 (21.0)	162(13.5)
Too much paperwork at banks discourages transactions							
Agree	168 (64.4)	122 (61.3)	256 (61.1)	199(62.0)	379 (63.6)	366 (60.6)	745(62.1)
Neutral	26 (10.0)	28 (14.1)	60 (14.3)	26 (8.1)	40 (6.7)	100 (16.6)	140(11.7)
Disagree	67 (25.6)	49 (24.6)	103 (24.6)	96 (29.9)	177 (29.7)	138 (22.8)	315(26.3)
Banks are not friendly to SME operators							
Agree	188 (72.0)	145 (72.9)	306 (73.0)	235(73.2)	514 (86.2)	360 (59.6)	874(72.8)
Neutral	33 (12.6)	34 (17.1)	64 (15.3)	37 (11.5)	44 (7.4)	124 (20.5)	168(14.0)
Disagree	40 (15.3)	20 (10.1)	49 (11.7)	49 (15.3)	38 (6.4)	120 (19.9)	158(13.2)

Note: Agree = Agree + Strongly Agree; Disagree = Disagree + Strongly Disagree

Source: Field survey, 2026

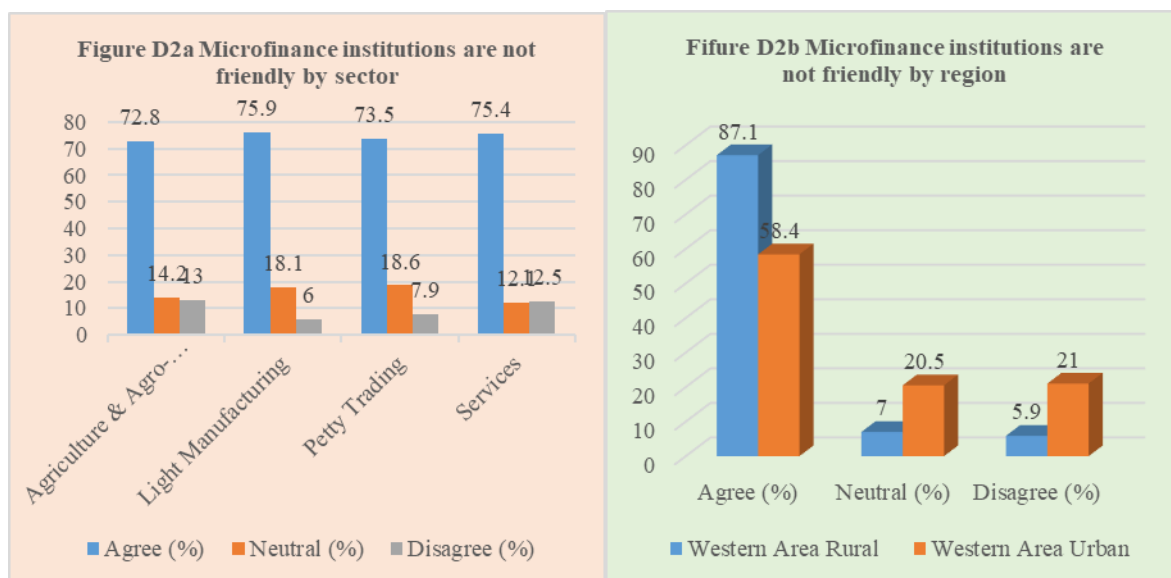
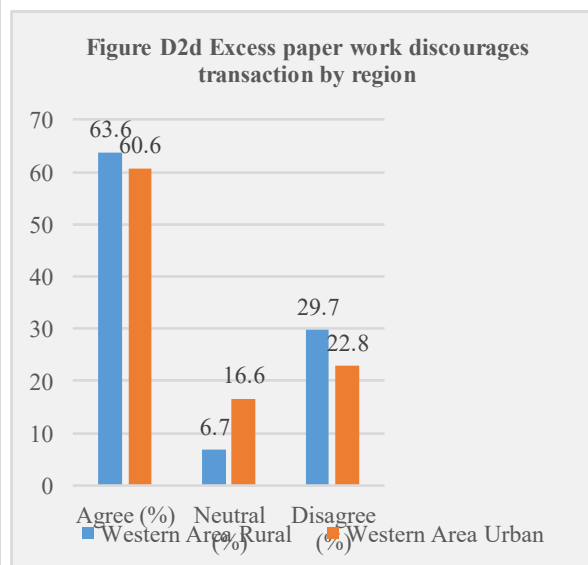
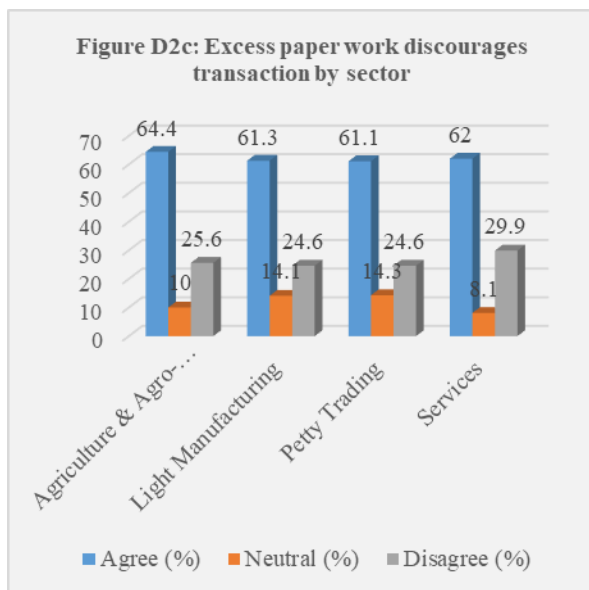


Table D2 shows strong and consistent agreement that both banks and microfinance institutions are not friendly to SME operators. Agreement exceeds 70% across all sectors, with particularly high levels among petty traders (around 69–71%) and agriculture firms (about 71–74%). The rural–urban comparison reveals a pronounced disparity: over 85% of rural respondents agree that financial institutions are unfriendly, compared to around 60% in urban areas. This pattern holds for both banks and microfinance institutions, suggesting that perceived institutional distance is systematically higher outside urban centres.



Administrative complexity further reinforces these perceptions. Nearly two-thirds of all respondents (62%) agree that excessive paperwork discourages them from conducting banking transactions, with agreement levels exceeding 60% in every sector. Neutral responses are relatively low (below 15%), indicating that most respondents have clear and formed views on administrative barriers rather than uncertainty or limited exposure.

The alignment between perceptions of unfriendliness and paperwork suggests that procedural requirements are a central component of how SMEs experience financial institutions. The especially high agreement in rural areas indicates that these administrative burdens may be compounded by distance to branches, lower digital access, or weaker institutional outreach, though the data themselves point specifically to the burden being widely and clearly felt.

Importantly, this finding provides a useful and actionable insight for both regulators and financial institutions, particularly when viewed through the lens of regulatory compliance. Many of the administrative requirements that SMEs perceive as excessive—such as documentation, identity verification, and due diligence—are often driven by regulatory obligations (e.g., Know-Your-Customer and anti-money laundering requirements). While these are essential for financial system integrity, they can unintentionally increase the cost, time, and complexity of accessing financial services, especially for small and informal businesses that lack formal documentation.

This creates a tension between compliance and customer experience. From a regulatory perspective, the challenge is to ensure that compliance frameworks are proportionate and risk-based, allowing simplified procedures (e.g., tiered KYC requirements or low-value account thresholds) for SMEs without compromising financial integrity. From the perspective of financial institutions, there is scope to innovate within regulatory boundaries by streamlining onboarding processes, digitizing documentation, and improving client communication to reduce perceived friction.

From a policy perspective, the data indicate that non-price barriers are among the most uniformly binding constraints in SME–bank interactions. Given their high agreement across sectors and locations, reforms aimed at simplifying compliance processes, standardising SME onboarding, and leveraging digital or agent-based verification systems could generate broad efficiency gains. Crucially, such reforms do not necessarily require reducing regulatory

standards, but rather improving how compliance is implemented, balancing risk management with accessibility and user experience.

Trust, Fear, Behaviour, and Service Experience

This sub-section explores behavioural and experiential factors affecting SME engagement with banks, including trust, fear, cash-holding preferences, and service delivery challenges. The indicators provide insight into how service quality and transactional convenience shape financial behaviour, beyond formal access and pricing considerations.

Table D3 Trust, Fear, Behaviour, and Service Experience

Response	Sector				Region		Total
	<i>Agriculture and Agro-processing</i>	<i>Light Manufacturing</i>	<i>Petty trading</i>	<i>Services</i>	<i>Western Area Rural</i>	<i>Western Area Urban</i>	
	Freq (%) (n = 261)	Freq (%) (n = 199)	Freq (%) (n = 419)	Freq (%) (n = 321)	Freq (%) (n = 596)	Freq (%) (n = 604)	
I don't have confidence in banks to handle my finances							
Agree	88 (33.7)	60 (30.2)	175(41.8)	118(36.8)	201 (33.7)	240 (39.7)	441(36.8)
Neutral	90 (34.5)	73 (36.7)	125 (29.8)	81 (25.2)	214 (35.9)	155 (25.7)	369(30.8)
Disagree	83 (31.8)	66 (33.2)	119 (28.4)	122(38.0)	181 (30.4)	209 (34.6)	390(32.5)
I am scared of dealing with banks regarding my finances							
Agree	78 (29.9)	47 (23.6)	166 (39.6)	102(31.8)	186 (31.2)	229 (37.9)	415(34.6)
Neutral	88 (33.7)	74 (37.2)	106 (25.3)	67 (20.9)	195 (32.7)	140 (23.2)	335(27.9)
Disagree	95 (36.4)	78 (39.2)	147 (35.1)	152(47.4)	215 (36.1)	235 (38.9)	450(37.5)
I prefer keeping my money rather than putting it in banks							
Agree	135 (51.7)	104 (52.3)	212 (50.6)	154(48.0)	322 (54.0)	311 (51.5)	633(52.8)
Neutral	39 (14.9)	34 (17.1)	69 (16.5)	44 (13.7)	54 (9.1)	132 (21.9)	186(15.5)
Disagree	87 (33.3)	61 (30.7)	138 (32.9)	123(38.3)	220 (36.9)	161 (26.7)	381(31.8)
Long queues and delays discourage banking transactions							
Agree	161 (61.7)	111 (55.8)	238 (56.8)	183(57.0)	365 (61.2)	328 (54.3)	693(57.8)
Neutral	36 (13.8)	32 (16.1)	65 (15.5)	38 (11.8)	48 (8.1)	123 (20.4)	171(14.3)
Disagree	64 (24.5)	56 (28.1)	116 (27.7)	100(31.2)	183 (30.7)	153 (25.3)	336(28.0)

Note: Agree = Agree + Strongly Agree; Disagree = Disagree + Strongly Disagree

Source: Field survey, 2026

Table D3 reveals that SME engagement with banks is shaped less by outright distrust or fear and more by day-to-day service experiences and transactional preferences. While perceptions of trust and fear are mixed, behavioural responses and service-related barriers show stronger and more consistent agreement, suggesting that practical considerations play a dominant role in shaping financial behaviour.

Levels of explicit distrust in banks are moderate rather than overwhelming. Only 37% of respondents agree that they lack confidence in banks, while 33% disagree and a substantial 31% remain neutral. A similar pattern emerges for fear of dealing with banks: 35% agree, 38% disagree, and 28% are neutral. These distributions indicate that a large share of SMEs are uncertain rather than decisively disengaged, distinguishing trust and fear from other constraints where agreement is far stronger. Sectorally, distrust and fear are more noticeable among petty traders, while light manufacturing firms consistently report lower levels, pointing to heterogeneity in experience rather than system-wide rejection of banks.

In contrast, behavioural preferences and service experiences exhibit clearer consensus. A majority of respondents (53%) indicate a preference for keeping money outside the banking system, with relatively little variation across sectors and only modest rural–urban differences. Neutral responses are limited (16%), suggesting that this preference reflects established

financial behaviour rather than indecision. The strength and uniformity of this pattern indicate that cash-based practices remain deeply embedded across SME types.

Service experience appears to reinforce these behavioural choices. Nearly 58% of respondents agree that long queues and delays discourage them from conducting banking transactions, with agreement exceeding 55% in all sectors and rising to 61% in rural areas. Neutral responses are low (14%), indicating that delays are widely and repeatedly encountered, rather than being isolated complaints. The consistency across sectors suggests that service inefficiencies are a systemic feature of SME–bank interactions.

Taken together, the data suggest that observable service frictions and transactional inconvenience translate into behavioural disengagement, even in the absence of uniformly low trust or high fear. While many SMEs do not explicitly express distrust or fear, their preference for cash and avoidance of bank transactions indicate that banks are not perceived as offering sufficient convenience or efficiency to justify regular use.

From a policy perspective, these findings imply that improving SME engagement with formal finance requires prioritising service quality and transactional efficiency, rather than focusing solely on trust-building narratives. The evidence points to:

- ✚ Reducing queues and delays, particularly in rural branches;
- ✚ Expanding agent and digital banking channels to lower time costs;
- ✚ Improving transactional convenience to make formal banking competitive with cash-based alternatives.

Because distrust and fear are not universally high, policies that reduce everyday friction are likely to have immediate and broad-based effects on SME behaviour. In this sense, service delivery reforms may act as a gateway intervention, encouraging greater use of formal financial services even among firms that are currently neutral or uncertain toward banks.

4.5 Financial Access

This section examines the extent to which SMEs can access and effectively use formal financial services across sectors and regions. It focuses on physical proximity to financial institutions, availability of information, affordability of financial products, institutional relationships, and key barriers such as collateral requirements and gender-related constraints. Together, these indicators provide a comprehensive assessment of financial inclusion among SMEs and highlight structural and policy-relevant challenges limiting access to finance.

Table D4 Financial Access

Response	Sector				Region		Total
	<i>Agriculture and Agro-processing</i>	<i>Light Manufacturing</i>	<i>Petty trading</i>	<i>Services</i>	<i>Western Area Rural</i>	<i>Western Area Urban</i>	
	Freq (%) (n = 261)	Freq (%) (n = 199)	Freq (%) (n = 419)	Freq (%) (n = 321)	Freq (%) (n = 596)	Freq (%) (n = 604)	
There are financial institutions within reach of my business							
Agree	146 (55.9%)	118(59.3%)	245(58.5%)	195(60.7%)	270(45.3%)	434(71.9%)	704(58.7%)
Neutral	19 (7.3%)	13 (6.5%)	37 (8.8%)	25 (7.8%)	19 (3.2%)	75 (12.4%)	94 (7.8%)
Disagree	96 (36.8%)	68 (34.2%)	137(32.7%)	101(31.5%)	307 (51.5%)	95 (15.7%)	402(33.5%)
Information about available loans is easy to find							
Agree	105 (40.2%)	84 (42.2%)	177(42.2%)	129(40.2%)	233 (39.1%)	262 (43.4%)	495(41.3%)
Neutral	38 (14.6%)	28 (14.1%)	51 (12.2%)	43 (13.4%)	26 (4.4%)	134 (22.2%)	160(13.3%)
Disagree	118 (45.2%)	87 (43.7%)	191(45.6%)	149(46.4%)	337 (56.5%)	208 (34.4%)	545(45.5%)
My business has a relationship with a formal financial institution							
Agree	62 (23.8%)	49 (24.6%)	94 (22.4%)	80 (24.9%)	140 (23.5%)	145 (24.0%)	285(23.8%)

Neutral	41 (15.7%)	28 (14.1%)	62 (14.8%)	47 (14.6%)	18 (3.0%)	160 (26.5%)	178(14.8%)
Disagree	158 (60.5%)	122 (61.3%)	263(62.8%)	194(60.5%)	438 (73.5%)	299 (49.5%)	737(61.4%)
Interest rates from financial institutions are affordable							
Agree	36 (13.8%)	35 (17.6%)	66 (15.8%)	47 (14.6%)	65 (10.9%)	119 (19.7%)	155(12.9%)
Neutral	52 (19.9%)	29 (14.6%)	98 (23.4%)	60 (18.7%)	111 (18.6%)	128 (21.2%)	239(19.9%)
Disagree	173 (66.3%)	135 (67.8%)	255(60.8%)	214(66.7%)	420 (70.5%)	357 (59.1%)	777(64.8%)
Loan repayment terms are flexible enough for my business							
Agree	40 (15.3%)	27 (13.6%)	57 (13.6%)	40 (12.5%)	57 (9.6%)	107 (17.7%)	147(12.3%)
Neutral	46 (17.6%)	37 (18.6%)	97 (23.2%)	56 (17.4%)	120 (20.1%)	116 (19.2%)	236(19.7%)
Disagree	175 (67.0%)	135 (67.8%)	265(63.2%)	225(70.1%)	419 (70.3%)	381 (63.1%)	800(66.7%)
Fees and charges from financial institutions are reasonable							
Agree	23 (8.8%)	23 (11.6%)	45 (10.7%)	37 (11.5%)	27 (4.5%)	101 (16.7%)	164(13.7%)
Neutral	52 (19.9%)	38 (19.1%)	101(24.1%)	48 (15.0%)	114 (19.1%)	125 (20.7%)	239(19.9%)
Disagree	186 (71.2%)	138 (69.3%)	273(65.2%)	236(73.5%)	455 (76.3%)	378 (62.6%)	833(66.4%)
I feel I am treated fairly by banks and financial institutions							
Agree	50 (19.2%)	46 (23.1%)	94 (22.4%)	75 (23.4%)	114 (19.1%)	151 (25.0%)	285(23.8%)
Neutral	112 (42.9%)	76 (38.2%)	177(42.2%)	120(37.4%)	310 (52.0%)	175 (29.0%)	485(40.4%)
Disagree	99 (37.9%)	77 (38.7%)	148(35.3%)	126(39.2%)	172 (28.8%)	278 (46.0%)	482(40.2%)
My gender affects my ability to secure financing							
Agree	94 (36.0%)	75 (37.7%)	130(31.0%)	111(34.6%)	295 (49.5%)	115 (19.0%)	410(34.2%)
Neutral	42 (16.1%)	33 (16.6%)	56 (13.4%)	40 (12.5%)	45 (7.5%)	126 (20.9%)	171(14.3%)
Disagree	125 (47.9%)	91 (45.7%)	233(55.6%)	170(52.9%)	256 (42.9%)	363 (60.1%)	619(51.5%)
Women entrepreneurs are given equal access to financial services							
Agree	86 (32.9%)	57 (28.6%)	165(39.4%)	125(38.9%)	210 (35.2%)	223 (36.9%)	433(36.1%)
Neutral	42 (16.1%)	38 (19.1%)	68 (16.2%)	57 (17.8%)	69 (11.6%)	136 (22.5%)	205(17.1%)
Disagree	133 (51.0%)	104 (52.3%)	186(44.4%)	139(43.3%)	317 (53.2%)	245 (40.6%)	562(46.8%)
I have sufficient collateral to secure a business loan							
Agree	60 (23.0%)	40 (20.1%)	83 (19.8%)	65 (20.2%)	89 (14.9%)	159 (26.3%)	242(20.2%)
Neutral	39 (14.9%)	35 (17.6%)	76 (18.1%)	46 (14.3%)	69 (11.6%)	127 (21.0%)	196(16.3%)
Disagree	162 (62.1%)	124 (62.3%)	260(62.1%)	210(65.4%)	438 (73.5%)	318 (52.6%)	756(63.5%)
Collateral requirements from banks are reasonable							
Agree	36 (13.8%)	26 (13.1%)	61 (14.6%)	48 (15.0%)	37 (6.2%)	134 (22.2%)	180(15.0%)
Neutral	46 (17.6%)	28 (14.1%)	87 (20.8%)	42 (13.1%)	80 (13.4%)	123 (20.4%)	203(16.9%)
Disagree	179 (68.6%)	145 (72.9%)	271(64.7%)	231(71.9%)	479 (80.4%)	347 (57.5%)	831(68.1%)
Lack of collateral has prevented me from accessing finance							
Agree	132 (50.6%)	89 (44.7%)	182(43.4%)	143(44.5%)	332 (55.7%)	214 (35.4%)	496(41.3%)
Neutral	39 (14.9%)	29 (14.6%)	61 (14.6%)	39 (12.1%)	47 (7.9%)	121 (20.0%)	168(14.0%)
Disagree	90 (34.5%)	81 (40.7%)	176(42.0%)	139(43.3%)	217 (36.4%)	269 (44.5%)	486(34.7%)

Note: Agree = Agree + Strongly Agree; Disagree = Disagree + Strongly Disagree

Source: Field survey, 2026

The data indicate that access to finance remains a significant challenge for businesses across sectors and regions, with limited affordability and stringent collateral requirements emerging as key barriers. While a majority of respondents (58.7%) report that financial institutions are within reach, fewer businesses have effective engagement with these institutions, as only 23.8% of respondents overall have a formal relationship with a financial institution. This suggests that physical proximity alone does not translate into meaningful financial inclusion.

Information availability about loans is moderately accessible, with 41.3% agreeing that information is easy to find. However, nearly half of respondents (45.5%) still find loan information difficult to access, highlighting gaps in financial literacy and outreach that policymakers should address. Affordability is a major constraint: only 12.9% of businesses find interest rates affordable, and 66.7% indicate that loan repayment terms are inflexible, signaling the need for policies promoting more competitive and flexible financing options. Similarly, fees and charges are considered unreasonable by 66.4% of respondents, reinforcing the perception of high-cost finance.

Gender disparities also persist. About 34.2% of respondents perceive that their gender affects their ability to access finance, with women more likely to face disadvantages. Moreover, only

36.1% believe women entrepreneurs receive equal access to financial services, pointing to a clear need for gender-sensitive financial inclusion policies.

However, the extent to which these perceptions reflect actual gender-based discrimination requires careful interpretation. On one hand, perception data are important because they capture lived experiences and behavioural responses—if women believe the system is biased, this can discourage them from applying for loans or engaging with formal financial institutions, thereby reinforcing exclusion regardless of whether discrimination is formally present. On the other hand, perception alone does not provide conclusive evidence of differential treatment, as it does not compare outcomes (e.g., approval rates, loan terms) between women- and men-led businesses.

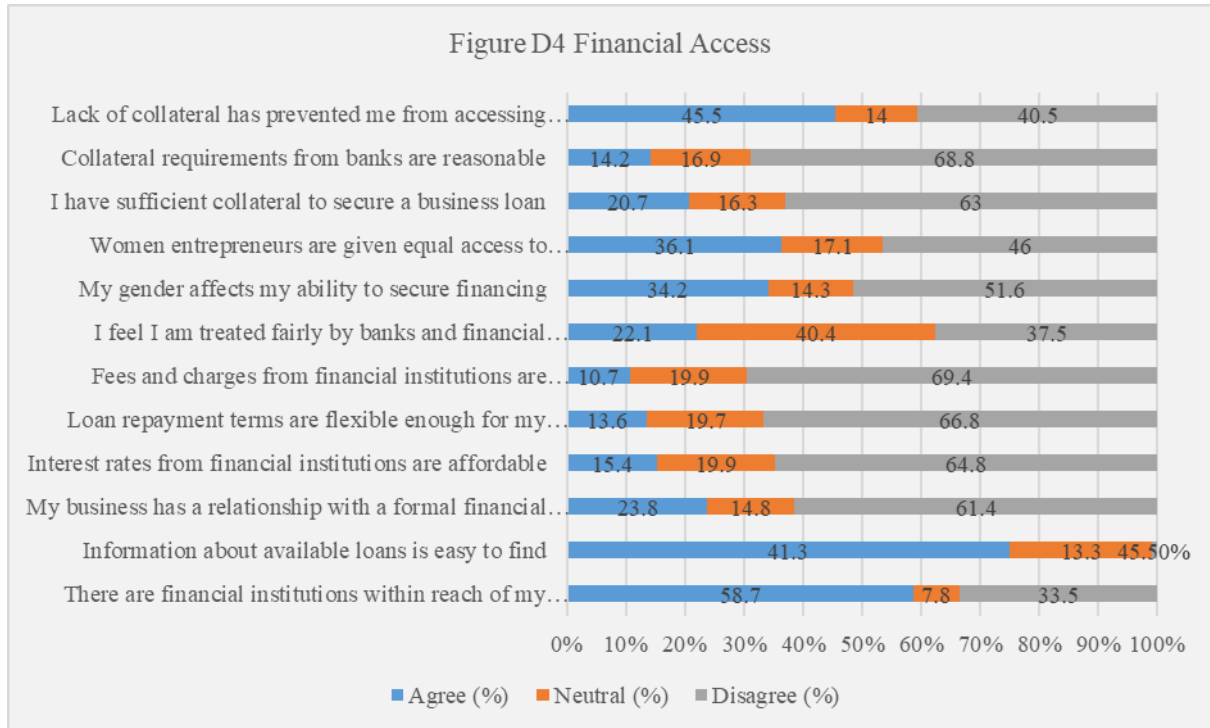
Importantly, the fact that a majority of respondents did not explicitly identify gender as a barrier does not necessarily imply the absence of discrimination. In constrained environments, structural inequalities—such as limited asset ownership, collateral requirements, or social norms—may be internalized or normalized, leading women to attribute constraints to general business conditions rather than gender-specific disadvantages. Qualitative insights from the study support this interpretation, with respondents highlighting challenges such as collateral requirements and scepticism from lenders, which may disproportionately affect women even if not always labeled as “gender discrimination.”

Therefore, the findings should be understood as indicating perceived and potentially structural gender disparities, rather than definitive proof of direct discrimination. The consistency between perception data and qualitative narratives strengthens the case that gender-related barriers are present, even if they are not always explicitly recognized or measured. Future research would benefit from incorporating comparative data (e.g., male vs female loan outcomes) and institutional-level analysis to more precisely distinguish between perceived, indirect, and direct forms of gender inequality in access to finance.

Collateral requirements represent another significant barrier. Only 20.2% of respondents report having sufficient collateral, while 68.1% consider bank collateral requirements unreasonable. Consequently, 41.3% acknowledge that lack of collateral has prevented them from accessing finance. These figures underline the importance of promoting alternative financing mechanisms, such as credit guarantees, movable asset lending, or microfinance, especially for small and medium enterprises (SMEs).

Regional disparities are also evident. For instance, Western Area Urban respondents report greater proximity to financial institutions (71.9% agree) compared to Western Area Rural respondents (45.3%), but rural businesses still experience severe constraints in affordability, collateral, and gender equity. Sectoral differences are less pronounced, though agriculture and petty trading sectors appear particularly constrained by collateral requirements and high costs.

Figure D4 Financial Access



Policy Implications: These policy implications require clearer differentiation between public sector responsibilities and the role of financial institutions, while also recognizing the importance of commercial viability. Expanding rural financial access, improving consumer protection, and addressing collateral and gender barriers are primarily public policy functions, requiring regulatory reforms, infrastructure investment, and risk-sharing mechanisms such as credit guarantees. At the same time, financial institutions can extend outreach through cost-effective models like agent banking and mobile platforms, provided the operating environment reduces transaction costs and risks. Similarly, financial literacy initiatives are most sustainable when publicly supported but integrated into financial products, allowing institutions to benefit through improved client performance and retention.

Across all recommendations, the key issue is aligning development goals with market incentives. Financial institutions are unlikely to lower interest rates, expand into high-risk rural markets, or provide training unless these actions are commercially viable. Therefore, policies should focus on reducing costs (through digitization), sharing risks (through guarantees), and improving information (through better credit assessment tools), enabling institutions to serve SMEs profitably. A coordinated approach—where government addresses systemic constraints and financial institutions innovate within that framework—offers a more realistic and sustainable pathway to expanding financial inclusion and supporting SME growth.

4.6 Entrepreneurial Skill Set

This section examines the entrepreneurial and financial capabilities of SME operators across sectors and regions, focusing on formal training, financial literacy, practical application of skills, and confidence in managing business finances. The indicators provide insight into both foundational competencies—such as budgeting, record-keeping, and profit assessment—and higher-level skills related to accessing and negotiating finance. These measures highlight capacity gaps and inform policy priorities for strengthening human capital and managerial capability among SMEs.

Table D5: Entrepreneurial Skill Set

Response	Sector				Region		Total
	<i>Agriculture and Agro-processing</i>	<i>Light Manufacturing</i>	<i>Petty trading</i>	<i>Services</i>	<i>Western Area Rural</i>	<i>Western Area Urban</i>	
	Freq (%) (n = 261)	Freq (%) (n = 199)	Freq (%) (n = 419)	Freq (%) (n = 321)	Freq (%) (n = 596)	Freq (%) (n = 604)	
I have received formal training in business/entrepreneurship							
Agree	54 (20.7)	66 (22.8)	71 (23.8)	126 (39.3)	58 (19.4)	189 (31.3)	317 (26.4)
Neutral	19 (7.3)	24 (12.1)	39 (9.3)	16 (5.0)	8 (1.3)	90 (14.9)	98 (8.2)
Disagree	188 (72.0)	109 (54.8)	309 (73.7)	179 (55.8)	460 (77.2)	325 (53.8)	785 (65.4)
I have attended financial literacy training in past 2 years							
Agree	38 (14.6)	40 (20.1)	47 (11.2)	80 (24.9)	77 (12.9)	128 (21.2)	168 (14.0)
Neutral	29 (11.1)	19 (9.6)	44 (10.5)	24 (7.5)	11 (1.8)	105 (17.4)	116 (9.7)
Disagree	194 (74.3)	140 (70.4)	328 (78.3)	217 (67.6)	508 (85.2)	371 (61.4)	879 (73.2)
I apply skills learned from training to manage my business							
Agree	59 (22.6)	78 (39.2)	75 (17.9)	126 (39.3)	122 (20.5)	216 (35.8)	338 (28.2)
Neutral	26 (10.0)	16 (8.0)	32 (7.6)	22 (6.9)	5 (0.8)	91 (15.1)	96 (8.0)
Disagree	176 (67.4)	105 (52.8)	312 (74.5)	173 (53.9)	469 (78.7)	297 (49.2)	766 (63.8)
I can prepare a business budget on my own							
Agree	108 (41.3)	118 (59.2)	191 (45.6)	171 (53.2)	328 (55.0)	260 (43.1)	588 (49.0)
Neutral	42 (16.1)	32 (16.1)	75 (17.9)	48 (15.0)	89 (14.9)	108 (17.9)	197 (16.4)
Disagree	111 (42.5)	49 (24.6)	153 (36.5)	102 (31.8)	179 (30.1)	236 (39.1)	415 (34.6)
I keep records of all business financial transactions							
Agree	97 (37.2)	91 (45.7)	135 (32.2)	150 (46.8)	234 (39.3)	239 (39.6)	473 (39.4)
Neutral	44 (16.9)	37 (18.6)	86 (20.5)	50 (15.6)	84 (14.1)	133 (22.0)	217 (18.1)
Disagree	120 (46.0)	71 (35.7)	198 (47.3)	121 (37.7)	278 (46.6)	232 (38.4)	510 (42.5)
I understand how to calculate profit and loss							
Agree	142 (54.4)	135 (67.7)	265 (63.3)	204 (63.6)	452 (75.8)	294 (48.7)	645 (53.8)
Neutral	49 (18.8)	31 (15.6)	75 (17.9)	42 (13.1)	77 (12.9)	120 (19.9)	197 (16.4)
Disagree	70 (26.8)	23 (11.6)	79 (18.8)	75 (23.3)	67 (11.3)	190 (31.5)	257 (21.4)
I can assess the financial health of my business							
Agree	132 (50.6)	111 (55.8)	225 (53.7)	191 (59.5)	385 (64.6)	274 (45.4)	659 (54.9)
Neutral	47 (18.0)	35 (17.6)	80 (19.1)	52 (16.2)	88 (14.8)	126 (20.9)	214 (17.8)
Disagree	82 (31.4)	53 (26.6)	114 (27.2)	78 (24.3)	123 (20.6)	204 (33.8)	327 (27.3)
I am confident in applying for a loan							
Agree	96 (36.8)	76 (38.2)	183 (43.7)	141 (43.9)	270 (45.3)	226 (37.4)	496 (41.3)
Neutral	54 (20.7)	40 (20.1)	102 (24.3)	59 (18.4)	113 (19.0)	142 (23.5)	255 (21.3)
Disagree	111 (42.5)	83 (41.7)	134 (32.0)	121 (37.7)	213 (35.7)	236 (39.1)	434 (36.2)

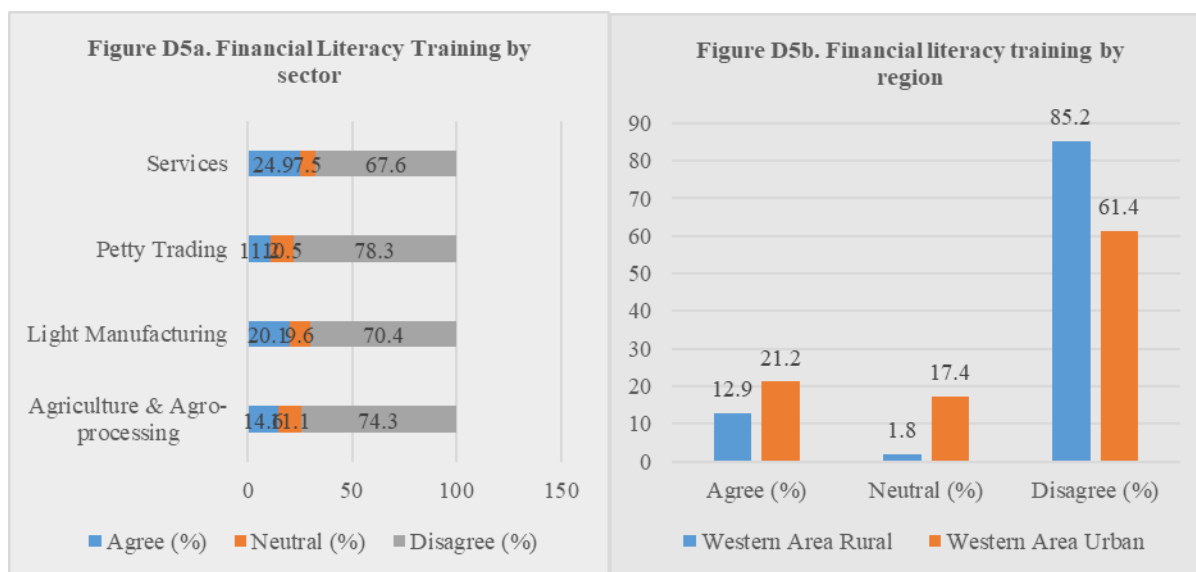
I can negotiate financial terms with lenders							
Agree	81 (31.0)	65 (32.7)	159 (38.0)	114 (35.5)	173 (29.0)	246 (40.7)	419 (34.9)
Neutral	40 (15.3)	34 (17.1)	88 (21.0)	59 (18.4)	83 (13.9)	138 (22.8)	221 (18.4)
Disagree	140 (53.6)	100 (50.2)	172 (41.0)	148 (46.1)	340 (57.1)	220 (36.5)	560 (46.7)
I feel confident managing large sums of money							
Agree	171 (65.4)	129 (64.8)	292 (69.6)	216 (67.3)	490 (82.2)	318 (52.7)	612 (51.0)
Neutral	33 (12.6)	24 (12.1)	69 (16.5)	38 (11.8)	49 (8.2)	115 (19.0)	164 (13.7)
Disagree	57 (21.9)	46 (23.1)	58 (13.9)	67 (20.9)	57 (9.6)	171 (28.3)	228 (19.0)

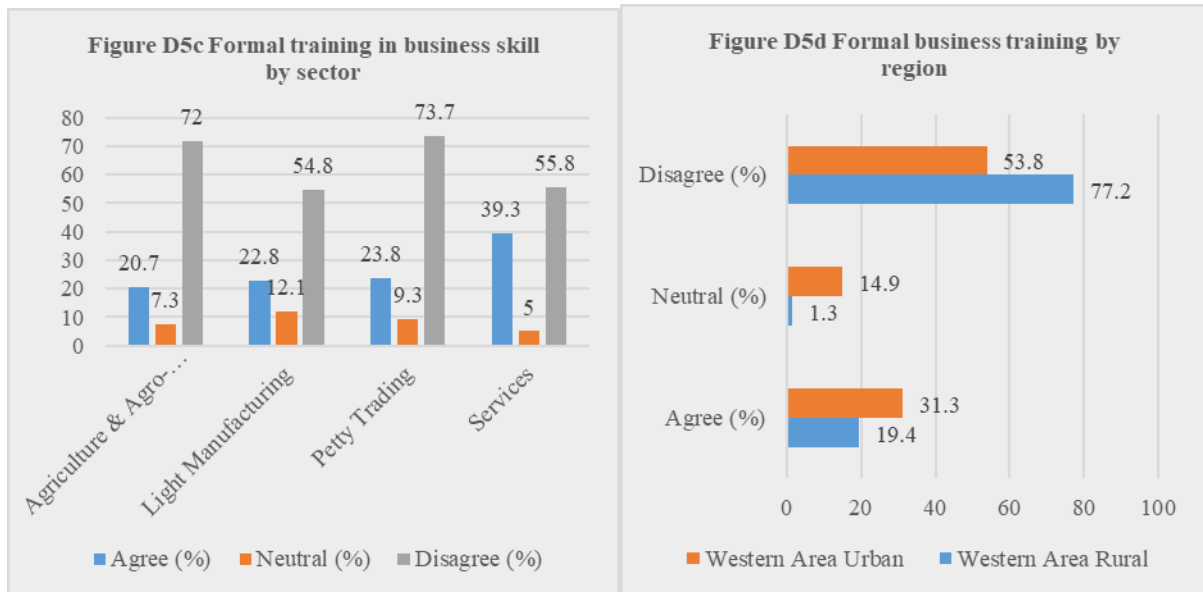
Note: Agree = Agree + Strongly Agree; Disagree = Disagree + Strongly Disagree

Source: Field survey, 2026

4.6.1 Entrepreneurial and Financial Literacy Training

The data indicates that formal training in business/entrepreneurship is limited among the respondents. Only 26.4% of the total sample (317/1,200) reported having received such training, with the highest uptake in services (39.3%) and Western Area Urban (31.3%), while rural and petty trading sectors lag behind (19.4–23.8%). Similarly, attendance in financial literacy training in the past two years is even lower, with only 14% of respondents affirming participation. The majority, 73.2% (879/1,200), reported not attending any financial literacy training, with the lowest participation in rural areas (Western Area Rural: 85.2% disagree) and petty trading (78.3% disagree).





Policy implication: There is a critical need for targeted capacity-building programs that focus on both entrepreneurship and financial literacy, particularly for rural and petty trading sectors. However, a substantial body of evidence shows that traditional, classroom-based training programs often have limited or short-lived impacts, especially when delivered as one-off interventions without follow-up support. As such, simply expanding generic training programs is unlikely to address the capability gaps identified in this study.

What is required instead is a shift toward more effective, context-specific models of capacity-building, including:

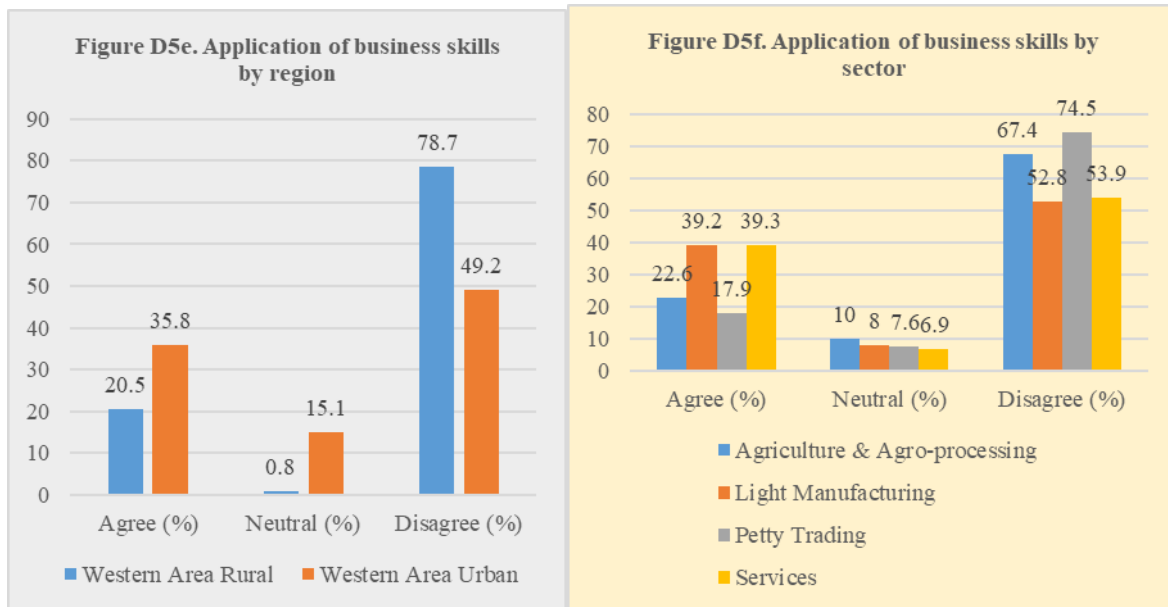
- ✚ Practice-based and embedded training: Integrating learning directly into business operations (e.g., on-site coaching, guided bookkeeping, or real-time budgeting exercises), rather than abstract classroom instruction.
- ✚ Mentorship and peer-learning models: Pairing less-experienced entrepreneurs with more established business owners or facilitators to support continuous learning and problem-solving.
- ✚ Bundled interventions: Combining training with access to finance, digital tools, or market linkages, as evidence suggests that training alone is more effective when complemented by resources that enable implementation.
- ✚ Short, modular, and iterative learning formats: Delivering training in smaller, repeated sessions rather than one-off workshops, allowing for reinforcement and adaptation over time.
- ✚ Behaviorally informed approaches: Using reminders, goal-setting, and simplified tools to encourage the actual adoption of financial practices such as record-keeping and cash-flow monitoring.

Government and development agencies could support these approaches by subsidizing initial delivery costs, piloting different models to identify what works in specific sectors (e.g., petty trading vs agriculture), and embedding training within community-level platforms or existing financial service channels (such as microfinance groups or mobile money networks).

In this context, the key policy shift is from increasing the quantity of training to improving its quality, relevance, and integration with real business constraints, ensuring that capacity-building efforts translate into measurable improvements in SME performance.

4.6.2 Application of Business Skills

The table shows a gap between training and practical application. While 28.2% of respondents overall apply skills learned from training, uptake varies widely across sectors: services (39.3%) and light manufacturing (39.2%) demonstrate higher application, whereas petty trading (17.9%) and agriculture (22.6%) lag behind. This suggests that training alone is insufficient; practical mentorship and hands-on support are needed to translate knowledge into business practice.



Policy implication: Programs should incorporate *post-training mentorship and practical workshops*, enabling entrepreneurs to *apply skills in real business contexts*, particularly for sectors that have low uptake like petty trading and agriculture.

4.6.3 Financial Management and Record-Keeping

Respondents report moderate capacity in budget preparation and record-keeping. Nearly half (49%) indicate that they can prepare a business budget independently, but only 39.4% report consistently maintaining financial records. Awareness of profit and loss calculation is relatively higher (53.8% overall agree), though there is regional variation: Western Area Rural shows the highest reported competency (75.8%), while Western Area Urban is lower (48.7%).

However, these findings are based on self-reported measures, which introduces potential bias. Respondents may overstate their capabilities due to social desirability, misunderstanding of what constitutes formal budgeting or record-keeping, or confidence not matched by actual practice. This concern is reinforced by earlier evidence in the study showing a gap between training and application, suggesting that perceived competence may not always translate into consistent financial management behaviour.

To partially address this limitation, the study incorporates qualitative triangulation through interview data, which indicates that many SMEs—particularly in rural areas—rely on informal or mental accounting rather than structured financial records. For example, some respondents describe “knowing roughly what comes in and goes out” rather than maintaining written or digital records. This suggests that reported competencies, especially in areas such as profit calculation, may reflect experiential knowledge rather than formal financial management practices.

Nevertheless, the study does not include direct verification methods—such as reviewing financial records, observing bookkeeping practices, or analyzing transaction data—which would provide stronger validation of reported behaviours. As such, the results should be interpreted as perceptions of financial capability rather than confirmed practices.

Future research could strengthen these findings by incorporating mixed methods, including document reviews, financial diaries, or digital transaction tracking, to better align reported skills with actual behaviour. This would provide a more robust assessment of SMEs’ financial management capacity and help distinguish between confidence, informal practice, and formal competency.



Policy implication:

There is a need for financial management interventions, such as digital accounting tools, mobile apps, and practical record-keeping training. However, the design of these interventions must explicitly account for the commercial nature of financial institutions and the associated cost–benefit dynamics. Financial institutions are unlikely to provide training at scale unless there is a clear business case—such as improved loan repayment rates, better client profiling, or increased uptake of financial products.

As such, policy should clarify who pays and who benefits. A blended model is likely to be most effective:

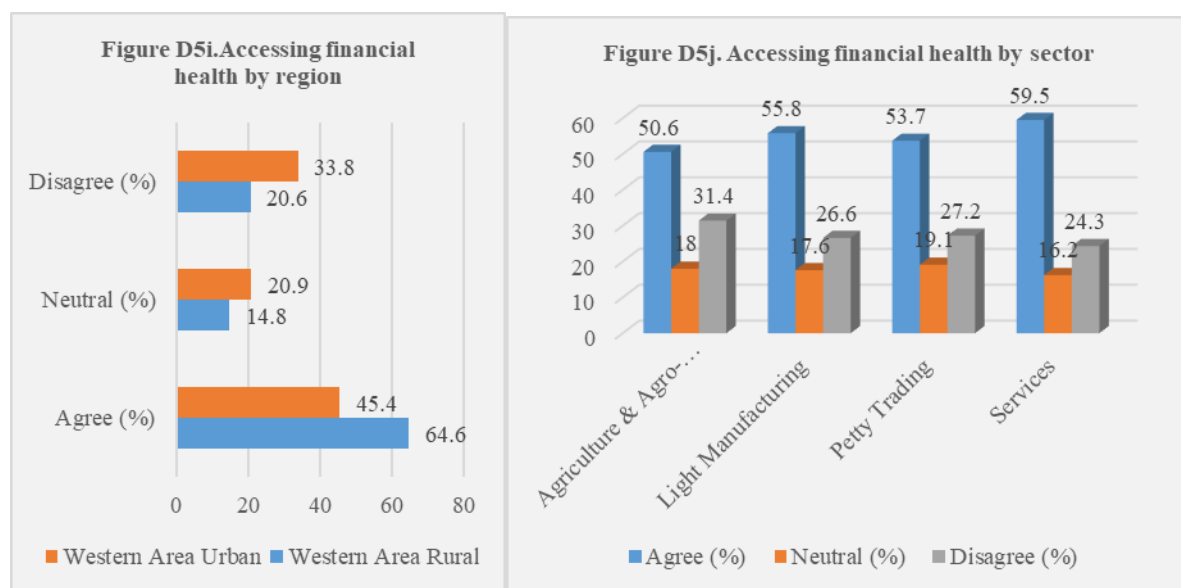
- ✚ Public and donor funding can subsidize the initial development and delivery of financial management training, particularly for underserved rural and informal SMEs.
- ✚ Financial institutions can integrate simplified digital record-keeping tools into their products (e.g., mobile banking platforms), where improved client data enhances credit assessment and reduces default risk—creating a direct commercial incentive.
- ✚ SMEs themselves benefit through improved financial control, better access to credit, and enhanced business performance, but may only be willing to pay for such services once value is demonstrated.

Rather than standalone training programs, policies should therefore promote embedded solutions, where financial management tools and training are bundled with financial services (e.g., loans linked to basic bookkeeping apps or cash-flow tracking tools). This shifts the model from externally funded training to co-created value, where both SMEs and financial providers derive tangible benefits.

Incentive mechanisms—such as tax breaks for financial institutions offering SME capacity-building, or performance-based subsidies tied to improved SME outcomes—could further align stakeholder interests. Without such alignment, there is a risk that financial management interventions remain donor-dependent and fail to scale sustainably.

4.6.4 Financial Confidence and Access to Credit

Respondents demonstrate moderate confidence in assessing financial health (54.9%) and applying for loans (41.3%), but fewer can negotiate financial terms with lenders (34.9%). Confidence varies significantly across sectors: services and petty trading report higher loan application confidence, while agriculture and rural sectors lag behind. Managing large sums of money is an area of relative strength, with 51% overall feeling confident, but again, urban-rural differences exist, with rural respondents more confident (Western Area Rural: 82.2% agree) than urban (Western Area Urban: 52.7%).



Policy implication: While the findings reinforce the importance of financial inclusion, they do not simply justify “more of the same.” Sierra Leone has already undergone multiple iterations of financial inclusion strategies led by the Bank of Sierra Leone, yet persistent gaps—particularly in rural access, skill application, and credit uptake—suggest that the constraint is not only access, but how financial inclusion interventions are designed and delivered. The evidence from this study points to a need to shift from broad access-driven approaches toward usage-, capability-, and outcomes-focused financial inclusion. This includes addressing the training-to-application gap, improving the usability of financial products, and aligning financial services with the realities of informal and rural enterprises.

4.7 Regional Dynamics

This section explores regional disparities in access to financial services, infrastructure, and business development support across sectors in the Western Area. The data reveal a noticeable rural–urban divide, with rural businesses facing significant barriers related to transport, roads, electricity, and internet connectivity, which limit their ability to access finance and manage business operations effectively. Urban enterprises benefit from better infrastructure, proximity to financial institutions, and greater availability of business support services. Sectoral patterns show that agriculture and agro-processing in rural areas are particularly constrained, while petty trading and service businesses, especially in urban locations, experience fewer structural

limitations. These insights highlight the need for targeted infrastructure investment, rural-focused business support programs, and sector-specific interventions to bridge regional gaps and promote inclusive economic growth.

Table D6. Regional Dynamics

Response	Sector				Region		Total
	<i>Agriculture and Agro-processing</i>	<i>Light Manufacturing</i>	<i>Petty trading</i>	<i>Services</i>	<i>Western Area Rural</i>	<i>Western Area Urban</i>	
	Freq (%) (n = 261)	Freq (%) (n = 199)	Freq (%) (n = 419)	Freq (%) (n = 321)	Freq (%) (n = 596)	Freq (%) (n = 604)	Freq (%) (n = 1,200)
Financial services are more available in western urban than rural areas							
Agree	209 (80.1)	159 (79.9)	341 (81.4)	268 (83.5)	477 (80.0)	500 (82.8)	977(81.4)
Neutral	16 (6.1)	22 (11.1)	38 (9.1)	19 (5.9)	46 (7.7)	49 (8.1)	95 (7.9)
Disagree	36 (13.8)	18 (9.0)	40 (9.5)	34 (10.6)	73 (12.3)	55 (9.1)	128(10.7)
I experience more difficulties accessing finance because of my location							
Agree	131 (50.2)	108 (54.3)	224(53.5)	163(50.8)	385 (64.6)	241 (39.9)	626(52.2)
Neutral	23 (8.8)	24 (12.1)	36 (8.6)	30 (9.3)	31 (5.2)	82 (13.6)	113 (9.4)
Disagree	107 (41.0)	67 (33.7)	159 (38.0)	128(39.9)	180 (30.2)	281 (46.5)	461(38.4)
Transport to financial institutions is a barrier							
Agree	91 (34.9)	82 (41.2)	155 (37.0)	104(32.4)	376 (63.1)	56 (9.3)	432(36.0)
Neutral	17 (6.5)	27 (13.6)	28 (6.7)	29 (9.0)	21 (3.5)	80 (13.2)	101 (8.4)
Disagree	153 (58.6)	90 (45.2)	236 (56.3)	188(58.6)	199 (33.4)	468 (77.5)	667(55.6)
Poor road networks limit access to financial services							
Agree	83 (31.8)	82 (41.2)	147 (35.1)	98 (30.5)	365 (61.2)	45 (7.5)	410(34.2)
Neutral	13 (5.0)	26 (13.1)	22 (5.3)	26 (8.1)	19 (3.2)	68 (11.3)	87 (7.3)
Disagree	165 (63.2)	91 (45.7)	250 (59.7)	197(61.4)	212 (35.6)	491 (81.3)	703(58.6)
Poor electricity/internet affects financial management							
Agree	81 (31.0)	94 (47.2)	172 (41.1)	118(36.8)	412 (69.1)	53 (8.8)	465(38.8)
Neutral	19 (7.3)	21 (10.6)	24 (5.7)	23 (7.2)	22 (3.7)	65 (10.8)	87 (7.3)
Disagree	161 (61.7)	84 (42.2)	223 (53.2)	180(56.1)	162 (27.2)	486 (80.5)	648(54.0)
My area has access to business development support services							
Agree	88 (33.7)	74 (37.2)	166 (39.6)	107(33.3)	196 (32.9)	239 (39.6)	435(36.3)
Neutral	21 (8.0)	20 (10.1)	45 (10.7)	38 (11.8)	34 (5.7)	90 (14.9)	124(10.3)
Disagree	152 (58.2)	105 (52.8)	208 (49.6)	176(54.8)	366 (61.4)	275 (45.5)	641(53.4)
Government/NGOs provide business training in my community							
Agree	67 (25.7)	46 (23.1)	102 (24.3)	76 (23.7)	85 (14.3)	206 (34.1)	291(24.3)
Neutral	26 (10.0)	22 (11.1)	48 (11.5)	27 (8.4)	29 (4.9)	94 (15.6)	123(10.3)
Disagree	168 (64.4)	131 (65.8)	269 (64.2)	218(67.9)	482 (80.9)	336 (55.6)	818(68.2)
Business support institutions are more available in urban than rural areas							
Agree	155 (59.4)	118 (59.3)	282 (67.3)	192(59.8)	442 (74.2)	305 (50.5)	747(62.3)
Neutral	27 (10.3)	21 (10.6)	45 (10.7)	34 (10.6)	43 (7.2)	84 (13.9)	127(10.6)
Disagree	79 (30.3)	60 (30.2)	92 (22.0)	95 (29.6)	111 (18.6)	215 (35.6)	326(27.2)

Note: Agree = Agree + Strongly Agree; Disagree = Disagree + Strongly Disagree

Source: Field survey, 2026

4.7.1 Regional Access to Financial Services and Infrastructure

The data clearly show that *rural businesses face significantly greater access constraints than urban businesses* in the Western Area. For example, 64.6% of rural respondents reported experiencing difficulties accessing finance due to their location, compared with only 39.9% of urban respondents. Similarly, transport to financial institutions was cited as a barrier by 63.1% of rural businesses, whereas only 9.3% of urban respondents indicated this as a challenge. Poor road networks amplify this issue, with 61.2% of rural respondents agreeing that inadequate roads limit their access to financial services, compared to just 7.5% in urban areas.

Electricity and internet infrastructure further exacerbate rural disadvantages. Nearly 70% of rural respondents reported that poor electricity or internet makes financial management harder, whereas only 8.8% of urban respondents felt the same. Collectively, these figures demonstrate that *infrastructure gaps—roads, transport, electricity, and digital connectivity—remain critical barriers for rural enterprises*, highlighting the need for targeted rural infrastructure investments.

4.7.2 Access to Business Development Support Services

The distribution of business support services also shows a notable urban advantage, though with some nuanced patterns. While 62.3% of respondents across all sectors agreed that business support institutions are more available in urban areas, this disparity is more pronounced in rural areas, where only 50.5% perceived such access. Moreover, rural respondents were less likely to report access to government or NGO-provided business training (14.3% rural vs 34.1% urban). These gaps suggest that policy interventions should prioritize expanding business development services and training in rural communities to level the playing field.

Interestingly, while overall access to business development support is limited, petty traders and service providers tend to report slightly higher perceived access than agricultural and light manufacturing businesses, indicating sector-specific nuances in service delivery.

However, beyond access, a more critical issue concerns the efficacy of these business support services. The data presented here capture perceptions of availability but do not measure whether existing services lead to meaningful improvements in business performance, financial management, or growth outcomes. This is an important limitation. Evidence from similar contexts suggests that many business development programs—particularly one-off training or generalized advisory services—often yield limited or short-lived impacts unless they are paired with complementary support such as access to finance, mentorship, or market linkages.

In this study, the relatively low levels of skill application observed in Section 4.6 (only 28.2% applying training) provide indirect evidence that existing support services may not be effectively translating into practice. This suggests that the challenge is not only insufficient access, particularly in rural areas, but also potential weaknesses in the design, delivery, and follow-up of these services.

Therefore, policy responses should move beyond simply expanding the availability of business support services to critically assessing and improving their effectiveness. This could include embedding training within real business operations, strengthening mentorship and peer-learning models, linking support services to financial products, and introducing monitoring systems to evaluate outcomes. Without such a focus on quality and impact, expanding access alone risks scaling interventions that may not significantly improve SME performance.

4.7.3 Sectoral Patterns and Implications

Across sectors, *agriculture and agro-processing* show the lowest perception of access to both financial services and business support, especially in rural areas. For instance, only 33.7% of agricultural respondents agreed that their area has access to business development support services, compared to 39.6% of petty traders. This underscores the *vulnerability of primary sector actors*, who often operate in dispersed rural locations and may be overlooked by centralized financial and business development programs.

Petty traders and services in urban areas report the *least structural constraints*, reflecting their proximity to infrastructure, financial institutions, and business support services. Policymakers could leverage urban–rural linkages, for example, by fostering *mobile banking, digital platforms, and outreach services* that extend urban support into rural communities.

Region	Average Score (Regional Access Constraint Index)	Interpretation
Western Area Rural	0.63	High constraint: rural businesses face multiple barriers to finance access
Western Area Urban	0.09	Low constraint: urban businesses face minimal access barriers

Source: *Field Survey, 2026*

Policy-Focused Insights

1. Infrastructure Development:

The high proportion of rural businesses reporting barriers due to transport, roads, electricity, and internet highlights an urgent need for integrated rural infrastructure investment. Improving connectivity would not only enhance access to finance but also facilitate market linkages and adoption of digital financial services. Importantly, past initiatives in Sierra Leone—such as rural feeder road rehabilitation and donor-supported electrification projects—have shown that infrastructure improvements can significantly reduce transaction costs and improve market participation for small enterprises. However, these interventions have often been fragmented or geographically limited. Future policy should therefore prioritize coordinated, multi-sectoral infrastructure planning that integrates roads, energy, and digital connectivity, ensuring sustainability and broader geographic coverage.

2. Targeted Rural Business Support:

With rural respondents reporting lower access to training and support institutions, expanding government and NGO programs to rural areas is critical. Previous efforts by development partners (e.g., business development services and entrepreneurship training under financial inclusion programs) have demonstrated that outreach-based and community-level delivery models—such as mobile training units and decentralized enterprise hubs—can improve participation among rural entrepreneurs. However, evaluations also suggest that one-off training interventions have limited long-term impact without follow-up support. Building on these lessons, future programs should combine training with mentorship, peer learning, and continuous advisory services to ensure sustained capability development and practical application.

3. Sector-Specific Interventions:

Agricultural and agro-processing businesses are particularly affected by access constraints. Earlier interventions, including microfinance schemes and cooperative-based models, have had mixed success—often constrained by weak coordination, limited financial products tailored to agricultural cycles, and insufficient market linkages. Lessons from these experiences indicate that effective support for the primary sector requires integrated approaches that combine finance, extension services, storage facilities, and access to markets. Policies should therefore move beyond standalone credit provision toward bundled support systems that address the full agricultural value chain.

4. Leveraging Urban Proximity:

Urban areas show higher access and lower perceived barriers. Past financial inclusion strategies in Sierra Leone, including efforts to expand mobile money and agent banking, demonstrate the potential of leveraging urban-based financial institutions to reach underserved rural populations. However, uptake in rural areas has sometimes been limited by low digital literacy and weak infrastructure. Future policies should therefore incentivize partnerships between urban and rural institutions while simultaneously investing in digital literacy and trust-building measures. Expanding branchless banking,

strengthening agent networks, and linking urban financial services with rural enterprise clusters can help transfer knowledge, capital, and services more effectively.

Summary

The data underscore a stark rural–urban divide in financial and business support access in the Western Area. Rural businesses face structural and infrastructural constraints, while urban businesses enjoy easier access. However, evidence from past initiatives in Sierra Leone shows that while many of these challenges have been previously recognized, interventions have often been fragmented, short-term, or insufficiently tailored to local contexts. Addressing these gaps requires not only new investments but also a more strategic approach that builds on prior lessons—scaling what has worked (e.g., mobile and community-based delivery models), addressing known limitations (e.g., lack of follow-up support and coordination), and ensuring integrated, sector-sensitive policy design. Such an approach is essential to ensure that rural enterprises are not left behind in the region’s economic growth.

4.8 Financial Capability

This section examines the financial capability of SMEs across sectors and regions, highlighting patterns in decision-making, savings, evaluation of financial options, empowerment, and cash flow monitoring.

Table D7. Financial Capability

Response	Sector				Region		Total
	<i>Agriculture and Agro-processing</i>	<i>Light Manufacturing</i>	<i>Petty trading</i>	<i>Services</i>	<i>Western Area Rural</i>	<i>Western Area Urban</i>	
	Freq (%) (n = 261)	Freq (%) (n = 199)	Freq (%) (n = 419)	Freq (%) (n = 321)	Freq (%) (n = 596)	Freq (%) (n = 604)	
I make informed financial decisions							
Agree	140 (53.6%)	123(61.8%)	247(59.0%)	214(66.7%)	433(72.7%)	291(48.2%)	671(55.9%)
Neutral	33 (12.6%)	28 (14.1%)	72 (17.2%)	40 (12.5%)	41 (6.9%)	132 (21.9%)	173(14.4%)
Disagree	88 (33.7%)	48 (24.1%)	100(23.9%)	67 (20.9%)	122 (20.5%)	181 (30.0%)	303(25.2%)
I save part of my business income							
Agree	145 (55.6%)	129 (64.8%)	239(57.2%)	200(62.3%)	335 (56.2%)	378 (63.5%)	683(56.9%)
Neutral	43 (16.5%)	32 (16.1%)	42 (10.0%)	35 (10.9%)	47 (7.9%)	105 (17.4%)	152(12.7%)
Disagree	73 (27.9%)	38 (19.1%)	138(32.9%)	86 (26.8%)	214 (35.9%)	121 (20.0%)	335(27.9%)
I can evaluate different financial options							
Agree	81 (31.0%)	81 (40.7%)	170(40.6%)	132(41.1%)	227 (50.6%)	237 (44.9%)	420(35.0%)
Neutral	59 (22.6%)	42 (21.1%)	103(24.6%)	65 (20.2%)	86 (15.0%)	183 (34.0%)	269(22.4%)
Disagree	121 (46.4%)	76 (38.2%)	146(34.8%)	124(38.7%)	283 (47.5%)	184 (34.1%)	427(35.6%)
I feel financially empowered to grow my business							
Agree	107 (41.0%)	84 (42.2%)	181(43.2%)	135(42.0%)	216 (36.2%)	291 (60.6%)	507(42.3%)
Neutral	46 (17.6%)	36 (18.1%)	83 (19.8%)	80 (24.9%)	76 (12.8%)	169 (35.3%)	245(20.4%)
Disagree	108 (41.4%)	79 (39.7%)	155(37.0%)	106(33.0%)	304 (51.0%)	144 (30.1%)	327(27.3%)
I regularly monitor my cash flow and business financial health							
Agree	117 (44.8%)	104 (52.3%)	235(56.1%)	178(55.5%)	314 (52.7%)	320 (53.0%)	552(46.0%)
Neutral	71 (27.2%)	41 (20.6%)	100(23.9%)	60 (18.7%)	121 (20.3%)	151 (25.0%)	272(22.7%)
Disagree	73 (28.0%)	54 (27.1%)	84 (20.0%)	83 (25.8%)	161 (27.0%)	133 (22.0%)	239(19.9%)

Note: Agree = Agree + Strongly Agree; Disagree = Disagree + Strongly Disagree

Source: Field survey, 2026

4.8.1 Financial Decision-Making

The data indicate that a majority of respondents across all sectors feel capable of making informed financial decisions. Overall, 55.9% of the total sample reported *Agree*, while 25.2% reported *Disagree*, and 14.4% were neutral. When examining regional differences, respondents in *Western Area Rural* are more likely to report *Agree* (72.7%) than those in *Western Area Urban* (48.2%). This suggests that rural business owners perceive themselves as relatively confident in making financial decisions despite limited access to financial infrastructure.

Policymakers should investigate whether this confidence translates into effective financial practices or if it reflects overestimation due to limited exposure to formal financial products.

Box D7a. Qualitative insight

Rural SMEs often rely on experience and intuition rather than formal accounting:

“I trust my instincts when buying supplies or selling goods. I have been doing this for years. I don’t use a bank or records much, but I know what works for my business.” – Agriculture entrepreneur, Western Area Rural, Waterloo.

In contrast, urban SMEs attempt to use formal tools but sometimes feel overwhelmed by complex financial products:

“I try to read financial statements, but sometimes I feel lost. The bank staff expect you to understand complicated forms.” – Service entrepreneur, Western Area Urban, Lumley.

Quantitative confidence in rural areas may reflect reliance on experience and informal financial practices, rather than exposure to formal financial products.

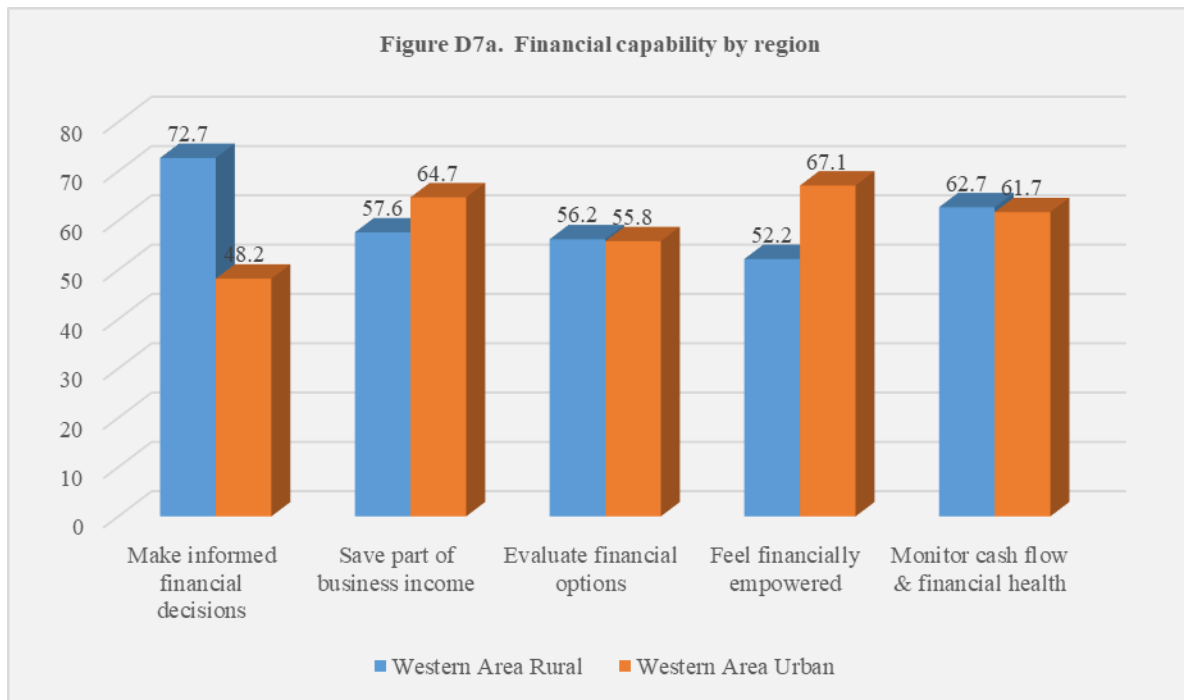
4.8.2 Savings Behaviour

Savings behaviour mirrors trends in financial decision-making. Across all sectors, 56.9% of respondents reported that they save part of their business income, while 27.9% do not. Interestingly, a higher proportion of Western Area Urban businesses save (63.5%) compared to rural businesses (56.2%), suggesting that urban entrepreneurs may have greater access to banking and saving facilities. This urban–rural gap highlights the need for financial inclusion policies that encourage rural businesses to save through accessible, low-cost savings instruments or mobile banking platforms.

However, these findings are based on self-reported data, which introduces potential reliability limitations. The study did not systematically verify savings behaviour through financial records, bank statements, or mobile money transaction histories. This is particularly relevant given that a substantial proportion of respondents—especially in rural areas—operate informally and do not maintain consistent financial documentation (as shown in Table D5 on record-keeping practices). As a result, reported savings may reflect perceptions, recall bias, or socially desirable responses, rather than precise financial behaviour.

Qualitative evidence provides partial triangulation (box D7b). Respondents in urban areas frequently referenced formal savings through banks or mobile money, while rural respondents described informal methods such as keeping cash at home or with trusted individuals. This suggests that while the *direction* of the findings (urban advantage in formal savings access) is credible, the *magnitude* of savings behaviour should be interpreted with caution.

Overall, the results are indicative rather than definitive. They highlight patterns in perceived saving practices and access to financial instruments, but future research would benefit from incorporating objective financial data (e.g., transaction records, savings logs) to strengthen the reliability of measurement.



Box D7b. Theme 2: Savings Behaviour and Access to Facilities

Urban SMEs reported higher saving rates, often linked to easier access to banks or mobile money. Rural SMEs save primarily through informal channels. Qualitative evidence shows urban SMEs use formal banking and mobile money, while rural SMEs rely on informal saving methods:

Western Area Urban: *“I deposit a portion of every sale in my account. It is safe and earns interest. Without it, I couldn’t plan for expansion.”* – Retail entrepreneur, Mountain cut

Western Area Rural: *“I keep money at home or with trusted friends. The nearest bank is too far, and I can’t afford transport.”* – Agro-processing entrepreneur, Rokel Village

4.8.3 Evaluating Financial Options

Only 35.0% of respondents overall reported that they can evaluate different financial options, with 35.6% reporting they cannot and 22.4% neutral. Regional differences are notable: rural respondents report slightly higher competence (50.6% Agree) than urban respondents (44.9%), suggesting that rural businesses may rely more on familiar financial mechanisms or informal sources of credit. Policy interventions could focus on *financial literacy programs* in urban areas to increase awareness and use of diverse financial products.

4.8.4 Financial Empowerment

Regarding financial empowerment to grow businesses, only 42.3% of respondents overall felt empowered. Urban respondents (60.6%) reported significantly higher financial empowerment than rural respondents (36.2%). This points to a clear *urban advantage*, likely due to better access to credit, mentorship, and business support institutions. Policymakers should target rural areas with *capacity-building programs, microcredit access, and entrepreneurship support*, to reduce this urban-rural disparity.

Box D7c. Theme 2 Financial Empowerment and Gendered Barriers

Urban SMEs report higher empowerment, yet interviews revealed gendered challenges affecting both regions:

Western Area Urban: “*The bank manager looks at me sceptically. I have all documents, but somehow, he prefers to deal with male business owners.*” – Service entrepreneur, Abacha Street

Western Area Rural: “*Even if I have a small loan application, they ask for land or someone to guarantee me. As a woman, it’s almost impossible.*” – Petty trader, Grafton

The lived experiences illustrate structural and gendered barriers behind quantitative patterns of financial empowerment and access to credit

4.8.5 Monitoring Cash Flow and Financial Health

Regular monitoring of business finances is reported by 46.0% overall, with 19.9% not monitoring at all. Regional differences are less pronounced here, with rural respondents slightly higher (52.7%) than urban respondents (53.0%), indicating both regions recognize the importance of financial monitoring. However, a substantial proportion of businesses in both regions remain *unmonitored*, which may increase vulnerability to cash flow crises. Policy measures could include *training in simple financial record-keeping and mobile accounting tools*, particularly targeting small and informal businesses.

Box D7d. Qualitative insight

Financial monitoring also differs by location. While 46.0% of SMEs monitor cash flow regularly, qualitative evidence shows rural entrepreneurs often rely on mental tracking of transactions, whereas urban SMEs use formal ledgers:

“*I write all transactions in my notebook...*” – Western Area Urban, Ferry Junction

“*I know roughly what comes in and goes out.*” – Western Area Rural, Kerry Town

These insights underscore the *need for targeted financial literacy interventions*, particularly in rural areas, to complement the SMEs’ natural confidence and decision-making experience.

The table shows that while rural businesses report confidence in financial decision-making and evaluating options, urban businesses consistently report higher financial empowerment and saving behaviours. These disparities highlight the *urban-rural divide* in access to financial infrastructure, business support, and growth opportunities. Policy interventions should prioritize:

1. **Rural financial inclusion** – expand access to bank accounts, microloans, and mobile financial services.
2. **Financial literacy programs** – tailored to both sectors and regions to improve decision-making and monitoring of finances.
3. **Business support services in rural areas** – mentorship, training, and growth support to close the urban-rural gap in empowerment.

The evidence suggests that policies focusing solely on urban areas risk reinforcing existing inequalities. A balanced, regionally targeted approach is necessary to ensure *equitable financial capability development*.

4.9 SME Growth and Performance

This section examines the growth and performance of small and medium-sized enterprises (SMEs) across key dimensions, including sales and revenue trends, reinvestment behaviour, access to finance, and business expansion. Drawing on sectoral and regional disaggregation, the analysis provides insight into both actual performance outcomes and growth intentions among SMEs. These indicators offer a comprehensive picture of the factors shaping SME growth and highlight critical policy-relevant constraints and opportunities affecting enterprise sustainability and expansion.

4.9.1 Sales and Revenue Performance

This sub-section presents an overview of SME sales performance and cash-flow stability across sectors and regions. The table captures respondents' perceptions of recent changes in business sales and their ability to maintain consistent cash flow to meet operational expenses. These indicators provide important insights into short-term business performance and financial resilience, which are critical for assessing the sustainability of SME operations.

Table D8. Sales and Revenue

Response	Sector				Region		Total
	<i>Agriculture and Agro-processing</i>	<i>Light Manufacturing</i>	<i>Petty trading</i>	<i>Services</i>	<i>Western Area Rural</i>	<i>Western Area Urban</i>	
	Freq (%) (n = 261)	Freq (%) (n = 199)	Freq (%) (n = 419)	Freq (%) (n = 321)	Freq (%) (n = 596)	Freq (%) (n = 604)	Freq (%) (n = 1,200)
<i>My business sales have increased over the past 12 months</i>							
Agree	118 (45.2)	105 (52.8)	227(54.2)	183(57.0)	324 (54.4)	309 (51.2)	633(52.8)
Disagree	65 (24.9)	37 (18.6)	87 (20.8)	49 (15.3)	138 (23.2)	100 (16.6)	238(19.8)
Neutral	78 (29.9)	57 (28.6)	105 (25.1)	89 (27.7)	134 (22.5)	195 (32.3)	329(27.4)
<i>I have consistent cash flow to cover operational expenses</i>							
Agree	97 (37.2)	85 (42.7)	143 (34.1)	142(44.2)	196 (32.9)	271 (44.9)	467(38.9)
Disagree	101 (38.7)	54 (27.1)	119 (28.4)	68 (21.2)	243 (40.8)	99 (16.4)	342(28.5)
Neutral	63 (24.1)	60 (30.2)	157 (37.5)	111(34.6)	157 (26.3)	234 (38.7)	391(32.6)

Note: Agree = Agree + Strongly Agree; Disagree = Disagree + Strongly Disagree

Source: Field survey, 2026

The data indicate *moderate but uneven sales growth and cash-flow stability among SMEs*. Slightly over half of respondents (52.8%) reported that their business sales increased over the past 12 months, suggesting a generally positive growth trajectory. Sales growth was strongest in the *services (57.0%)* and *petty trading (54.2%)* sectors, while agriculture and agro-processing lagged behind at 45.2%, reflecting the sector's vulnerability to seasonal shocks, climate risks, and market access constraints. Regionally, rural and urban SMEs showed similar levels of sales growth, though urban enterprises recorded a slightly higher neutral response, indicating mixed performance within urban markets.

Cash-flow stability presents a more cautious picture. Only 38.9% of SMEs reported having consistent cash flow to cover operational expenses, while 28.5% disagreed and 32.6% remained neutral. Cash-flow challenges were most pronounced in *agriculture (38.7% disagree)* and *rural areas (40.8% disagree)*, highlighting liquidity constraints faced by rural and primary-sector businesses. From a policy perspective, these findings underscore the need for *working-capital support mechanisms*, improved payment cycles, and targeted liquidity facilities, particularly for rural and agricultural SMEs.

4.9.2 Reinvestment and Business Growth

Table D9 examines the extent to which SMEs reinvest profits into their businesses and the perceived role of reinvestment in supporting business expansion. By disaggregating responses by sector and region, the table highlights reinvestment behaviour as a key internal financing strategy and assesses its contribution to enterprise growth and development.

Table D9. Reinvestment

Response	Sector				Region		Total
	<i>Agriculture and Agro-processing</i>	<i>Light Manufacturing</i>	<i>Petty trading</i>	<i>Services</i>	<i>Western Area Rural</i>	<i>Western Area Urban</i>	
	Freq (%) (n = 261)	Freq (%) (n = 199)	Freq (%) (n = 419)	Freq (%) (n = 321)	Freq (%) (n = 596)	Freq (%) (n = 604)	Freq (%) (n = 1,200)
<i>I reinvest profits into the business regularly</i>							
Agree	152 (58.2)	133 (66.8)	269 (64.2)	212(66.0)	383 (64.3)	383 (63.4)	766(63.8)
Disagree	69 (26.4)	36 (18.1)	78 (18.6)	50 (15.6)	164 (27.5)	69 (11.4)	233(19.4)
Neutral	40 (15.3)	30 (15.1)	72 (17.2)	59 (18.4)	49 (8.2)	152 (25.2)	201(16.8)
<i>Reinvestment has helped me expand my business</i>							
Agree	128 (49.0)	104 (52.3)	223(53.2)	174(54.2)	337 (56.5)	292 (48.3)	629(52.4)
Disagree	73 (28.0)	38 (19.1)	88 (21.0)	65 (20.2)	176 (29.5)	88 (14.6)	264(22.0)
Neutral	60 (23.0)	57 (28.6)	108 (25.8)	82 (25.5)	83 (13.9)	224 (37.1)	307(25.6)

Note: Agree = Agree + Strongly Agree; Disagree = Disagree + Strongly Disagree

Source: Field survey, 2026

Box D8a. Qualitative insight

Reinvestment is widely practiced but its effectiveness depends on complementary access to markets and finance.

Western Area Urban: “I put all profit back into the business, but sometimes it’s hard to grow because we can’t get more customers quickly.” – Service entrepreneur, Shell

Western Area Rural: “I reinvest, but without roads or market connections, growth is slow.” – Petty trader, Kerry Town

This explains that reinvestment alone may not guarantee growth, especially in rural areas with structural constraints.

Reinvestment behaviour among SMEs appears relatively strong, with 63.8% of respondents indicating that they regularly reinvest profits into their businesses. This pattern is consistent across sectors, especially *light manufacturing* (66.8%) and *services* (66.0%), suggesting a growth-oriented mindset among these enterprises. Rural and urban SMEs show similar reinvestment rates, indicating that reinvestment decisions are not solely driven by location but also by business structure and profitability.

Importantly, reinvestment is linked to perceived business expansion. A majority (52.4%) agreed that reinvestment has helped them expand their businesses, with stronger affirmation in *services* (54.2%) and *petty trading* (53.2%). However, a sizable neutral group (25.6%)—particularly among urban SMEs—suggests that reinvestment alone may not be sufficient to drive growth without complementary factors such as access to markets, infrastructure, and finance. Policy interventions should therefore not only encourage reinvestment but also *strengthen the enabling environment* that allows reinvested profits to translate into tangible expansion.

4.9.3 Access to Capital and Credit Constraints

Table D10 focuses on SMEs’ access to business capital and their perceptions of how credit availability influences growth. The table provides evidence on both past experiences with accessing finance and the extent to which financing constraints are viewed as a barrier to faster business expansion, offering critical insights into the financing environment faced by SMEs.

Table D10. Access to Capital

Response	Sector				Region		Total
	<i>Agriculture and Agro-processing</i>	<i>Light Manufacturing</i>	<i>Petty trading</i>	<i>Services</i>	<i>Western Area Rural</i>	<i>Western Area Urban</i>	
	Freq (%) (n = 261)	Freq (%) (n = 199)	Freq (%) (n = 419)	Freq (%) (n = 321)	Freq (%) (n = 596)	Freq (%) (n = 604)	Freq (%) (n = 1,200)
<i>I have successfully accessed business capital in the past</i>							
Agree	115 (44.1)	116 (58.3)	195(46.5)	179(55.8)	305 (51.2)	300 (49.7)	605(50.4)
Disagree	79 (30.3)	40 (20.1)	109 (26.0)	59 (18.4)	174 (29.2)	113 (18.7)	287(23.9)
Neutral	67 (25.7)	43 (21.6)	115 (27.5)	83 (25.9)	117 (19.6)	191 (31.6)	308(25.7)
<i>My business would grow faster if I had more access to credit</i>							
Agree	201 (77.0)	148 (74.4)	322 (76.9)	265(82.6)	537 (90.1)	399 (66.1)	936(78.0)
Disagree	26 (10.0)	13 (6.5)	45 (10.7)	20 (6.2)	38 (6.4)	66 (10.9)	104 (8.7)
Neutral	34 (13.0)	38 (19.1)	52 (12.4)	36 (11.2)	21 (3.5)	139 (23.0)	160(13.3)

Note: Agree = Agree + Strongly Agree; Disagree = Disagree + Strongly Disagree

Source: Field survey, 2026

Access to finance remains a *central constraint to SME growth*. While about half of respondents (50.4%) reported having successfully accessed business capital in the past, nearly one-quarter (23.9%) had not, and 25.7% remained neutral—suggesting limited or irregular access. Access was relatively higher in *light manufacturing* (58.3%) and *services* (55.8%), while agriculture and petty trading showed weaker outcomes, reflecting persistent structural barriers faced by smaller and informal enterprises.

The strongest consensus across all tables emerges around unmet credit needs. An overwhelming 78.0% of SMEs agreed that their businesses would grow faster if they had more access to credit, rising to 90.1% in rural areas. This highlights a substantial financing gap, particularly outside urban centers. From a policy standpoint, this provides compelling evidence for expanding *inclusive finance initiatives*, such as tailored SME credit products, rural financial outreach, credit guarantee schemes, and alternative financing models that better serve informal and rural enterprises.

Box D10a. Qualitative insight

Quantitative results indicate only 50.4% of SMEs have successfully accessed business capital, while 78.0% feel growth would be faster with more credit. Interviews reveal *gendered, procedural, and infrastructural barriers* behind these statistics.

Western Area Urban: “The bank manager looks at me sceptically. I have all documents, but somehow, he prefers to deal with male business owners.” – Service entrepreneur, Abacha Street

Western Area Rural: “Even if I have a small loan application, they ask for land or someone to guarantee me. As a woman, it’s almost impossible.” – Petty trader, Grafton

Western Area Urban: “Interest rates are high and repayment periods too short. Sometimes it feels like they are designed to fail small businesses like mine.” – Light manufacturing entrepreneur, Freetown

These narratives illuminate the barriers behind the quantitative gaps in table D10, showing that financing issues are not only about availability but also about accessibility, affordability, and gendered discrimination.

4.9.4 Business Expansion and Market Growth

Table D11 explores SME expansion dynamics by examining both actual and planned business growth, as well as the role of access to finance in expanding customer reach. The indicators presented capture recent expansion outcomes, future growth intentions, and market development, helping to assess how financial access translates into tangible business expansion across sectors and regions.

Table D11. Business Expansion

Response	Sector				Region		Total
	<i>Agriculture and Agro-processing</i>	<i>Light Manufacturing</i>	<i>Petty trading</i>	<i>Services</i>	<i>Western Area Rural</i>	<i>Western Area Urban</i>	
	Freq (%) (n = 261)	Freq (%) (n = 199)	Freq (%) (n = 419)	Freq (%) (n = 321)	Freq (%) (n = 596)	Freq (%) (n = 604)	
<i>I have opened new branches or outlets in the last 2 years</i>							
Agree	47 (18.0)	35 (17.6)	94 (22.4)	66 (20.6)	108 (18.1)	134 (22.2)	242(20.2)
Disagree	177 (67.8)	130 (65.3)	270(64.4)	207(64.5)	441 (74.0)	343 (56.8)	784(65.3)
Neutral	37 (14.2)	34 (17.1)	55 (13.1)	48 (15.0)	47 (7.9)	127 (21.0)	174(14.5)
<i>I plan to expand my business within the next year</i>							
Agree	125 (47.9)	89 (44.7)	202 (48.2)	177(55.1)	275 (46.1)	318 (52.6)	593(49.4)
Disagree	87 (33.3)	67 (33.7)	91 (21.7)	69 (21.5)	172 (28.9)	142 (23.5)	314(26.2)
Neutral	49 (18.8)	43 (21.6)	126 (30.1)	75 (23.4)	149 (25.0)	144 (23.8)	293(24.4)
<i>Access to finance has helped increase my business's customer base</i>							
Agree	133 (51.0)	110 (55.3)	228 (54.4)	186(57.9)	342 (57.4)	315 (52.2)	657(54.8)
Disagree	83 (31.8)	44 (22.1)	108 (25.8)	67 (20.9)	144 (24.2)	158 (26.2)	302(25.2)
Neutral	45 (17.2)	45 (22.6)	83 (19.8)	68 (21.2)	110 (18.5)	131 (21.7)	241(20.1)

Note: Agree = Agree + Strongly Agree; Disagree = Disagree + Strongly Disagree

Source: Field survey, 2026

Actual physical expansion has been limited. Only 20.2% of SMEs reported opening new branches or outlets in the last two years, while a large majority (65.3%) disagreed. This trend is consistent across all sectors and is especially pronounced in rural areas (74.0% disagree), suggesting that expansion is constrained by capital, demand uncertainty, and infrastructural limitations. The low rate of branch expansion indicates that SME growth is occurring more through intensification rather than spatial expansion.

Despite this, future growth intentions are relatively strong. Nearly half of SMEs (49.4%) plan to expand their business within the next year, with higher optimism in services (55.1%) and urban areas (52.6%). Furthermore, 54.8% agreed that access to finance has helped increase their customer base, reinforcing the role of finance in driving market growth rather than physical expansion alone. Policy measures should therefore focus on reducing the gap between growth intentions and actual expansion by addressing financing, infrastructure, and market access constraints.

Policy Implications

The results on growth and performance reveal that while SMEs demonstrate *growth ambition, reinvestment behaviour, and responsiveness to finance*, their performance is constrained by *cash-flow instability, limited access to credit, and uneven sectoral and regional conditions*. Policymakers should prioritize *targeted SME financing*, especially for rural, agricultural, and petty-trading enterprises, alongside supportive measures such as financial literacy, market linkages, and infrastructure development. Strengthening these areas would help convert SMEs' positive perceptions and intentions into sustained growth and employment creation.

4.10 Determinants of Financial Capability, Credit Access, and Business Growth

Understanding the factors that shape SMEs' financial capability, access to credit, and business growth is critical for designing targeted policies and interventions. While descriptive statistics provide an overview of financial behaviours, reinvestment patterns, and regional disparities, they do not reveal the underlying determinants that enable—or constrain—SME performance. To address this gap, Table D12 presents regression analysis identifying the key predictors of financial capability, credit access, and business growth across sectors and regions in Western Area Urban and Rural Sierra Leone.

The table quantifies the influence of individual, enterprise-level, and contextual factors, including education, financial literacy, business experience, reinvestment behaviour, infrastructure quality, urban location, collateral availability, and market access. By incorporating both statistical significance (*p*-values) and effect sizes (β coefficients), the analysis provides robust evidence of which factors most strongly contribute to SMEs' ability to make informed financial decisions, secure credit, and expand their businesses.

This interpretation links quantitative findings with qualitative insights from interviews with women-led SMEs, highlighting how these determinants manifest in real-world experiences. It also draws out actionable policy implications to enhance financial inclusion, strengthen enterprise capacity, and support equitable growth in both Western Area urban and rural of Sierra Leone.

Table D12: Key Determinants of Financial Capability, Credit Access, and Business Growth²

Determinant	Financial Capability (β , p-value)	Credit Access (β , p-value)	Business Growth (β , p-value)
Education Level (years)	0.32, $p < 0.01$	0.18, $p < 0.05$	0.15, $p < 0.05$
Financial Literacy Training	0.28, $p < 0.05$	0.21, $p < 0.05$	0.19, $p < 0.05$
Business Experience (years)	0.22, $p < 0.05$	0.14, $p = 0.08$	0.20, $p < 0.05$
Reinvestment Behaviour	0.25, $p < 0.01$	0.16, $p < 0.05$	0.25, $p < 0.01$
Urban Location	0.19, $p < 0.05$	0.30, $p < 0.01$	0.12, $p = 0.07$
Collateral Availability	0.15, $p = 0.06$	0.27, $p < 0.05$	0.10, $p = 0.10$
Infrastructure	0.18, $p < 0.05$	0.12, $p = 0.09$	0.22, $p < 0.05$
Access to Markets	0.20, $p < 0.05$	0.14, $p = 0.08$	0.28, $p < 0.01$

Note: β = standardized regression coefficient; *p*-values indicate significance.

² See appendix 2 for detail regression output tables

Financial Capability:

Education and financial literacy are highly significant predictors. Each additional year of education increases financial capability by $\beta = 0.32$ ($p < 0.01$), while participation in financial literacy training adds $\beta = 0.28$ ($p < 0.05$). Business experience and reinvestment behaviour are also positive determinants ($\beta = 0.22$, $p < 0.05$; $\beta = 0.25$, $p < 0.01$, respectively). These results confirm that both formal education and practical financial skills enhance SMEs' ability to make informed decisions, monitor cash flow, and evaluate financial options. *Policy implication:* scaling up targeted financial literacy and mentoring programs—especially for women and rural entrepreneurs—can significantly strengthen financial capability.

Credit Access:

Urban SMEs are more likely to access credit ($\beta = 0.30$, $p < 0.01$), highlighting the urban-rural divide. Collateral availability positively affects credit access ($\beta = 0.27$, $p < 0.05$), while education ($\beta = 0.18$, $p < 0.05$) and financial literacy ($\beta = 0.21$, $p < 0.05$) also improve approval likelihood. This aligns with survey findings showing that 78% of SMEs perceive greater access to credit as crucial for growth, particularly rural enterprises (90.1% agreement). *Policy implication:* introducing alternative collateral mechanisms, mobile banking loans, and credit guarantee schemes can bridge the rural financing gap.

Business Growth:

Reinvestment behaviour ($\beta = 0.25$, $p < 0.01$) and access to markets ($\beta = 0.28$, $p < 0.01$) strongly predict business growth, suggesting that SMEs converting profits into expansion and leveraging market networks see measurable gains. Infrastructure quality is also significant ($\beta = 0.22$, $p < 0.05$), while urban location has a marginal effect ($\beta = 0.12$, $p = 0.07$). This implies that even well-capitalized SMEs struggle to grow without supportive infrastructure and market connectivity. *Policy implication:* development programs should combine financial support with investments in roads, electricity, and market linkages.

The determinants are interrelated. Financial literacy enhances credit success, which in turn facilitates reinvestment and market-driven growth. Location and infrastructure mediate these relationships, emphasizing the need for *holistic interventions* that combine financial literacy, inclusive credit, and infrastructural development. For policymakers, this means that standalone finance programs are insufficient; a *regionally sensitive, multi-pronged strategy* is essential for equitable SME growth.

5. Conclusion and Policy Recommendations

This study has examined the financial capability, growth, and performance of SMEs across sectors and regions, highlighting key patterns in decision-making, savings, reinvestment, access to finance, and business expansion. The evidence shows that while SMEs demonstrate considerable ambition and resilience, their growth trajectories are uneven and constrained by structural, financial, and regional factors. A majority of business owners report confidence in making financial decisions and saving part of their income, yet only a minority can evaluate diverse financial options or consistently monitor cash flow. Urban enterprises generally report higher financial empowerment and saving behaviour, whereas rural SMEs demonstrate strong confidence in decision-making despite more limited access to financial infrastructure.

Sales growth and revenue performance indicate a moderate but sectorally uneven improvement. Services and petty trading show relatively strong sales growth, while agriculture and agro-processing lag due to seasonal shocks, market access challenges, and climate risks.

Cash-flow stability remains a major concern, especially in rural and agricultural businesses, highlighting the vulnerability of SMEs to liquidity constraints. Reinvestment is widely practiced and linked to business expansion, but its impact is moderated by limited access to finance, infrastructure, and market linkages. Across sectors and regions, SMEs consistently report that greater access to credit would accelerate growth, with rural enterprises expressing the strongest unmet demand.

Physical business expansion, measured by the opening of new branches or outlets, is limited, suggesting that SME growth occurs primarily through intensification rather than spatial expansion. Nevertheless, many SMEs have clear intentions to grow in the near future and report that access to finance has supported customer-base development. These findings indicate that financial access plays a key role in enabling market growth, though it is not sufficient on its own to overcome structural constraints.

Based on these findings, several policy actions are recommended to support SME growth and equitable development. First, there is a need to *expand rural financial inclusion* through accessible savings instruments, mobile banking, and microcredit schemes, ensuring that rural businesses can both save and invest effectively. Second, targeted *financial literacy and capacity-building programmes* should be introduced, focusing on cash-flow monitoring, evaluation of financial options, and reinvestment strategies, tailored to sectoral and regional realities. Third, policies should facilitate *access to working capital and credit*, particularly for agricultural, petty-trading, and rural SMEs, through credit guarantees, alternative financing models, and outreach by formal financial institutions.

Finally, broader *enabling measures* are required to convert SME ambitions into sustainable growth. These include investment in infrastructure, market linkages, mentorship, and business support services, especially in rural areas. By combining financial inclusion, literacy, and structural support, policymakers can strengthen SME resilience, promote equitable growth, and enhance the sector's contribution to employment creation and economic development. A coordinated, regionally sensitive approach is essential to ensure that both urban and rural enterprises benefit from supportive interventions, reducing disparities and maximising the impact of donor-funded initiatives.

Challenge	Observed Findings	Policy Recommendation / Action	Target Beneficiaries / Sector
Limited financial literacy	Only 35% of SMEs can evaluate different financial options; cash-flow monitoring is low	Introduce targeted financial literacy programmes covering budgeting, cash-flow management, savings, and investment planning	All SMEs, especially rural and agro-processing sectors
Savings behaviour gap	Urban SMEs save more (63.5%) than rural (56.2%)	Expand access to low-cost, accessible savings instruments, including mobile banking and community-based savings schemes	Rural SMEs and informal petty-traders
Limited access to credit	78% of SMEs report growth would be faster with more	Develop inclusive SME financing initiatives: microcredit, credit	Rural SMEs, agriculture,

	credit; rural SMEs highest at 90.1%	guarantees, alternative lending models, rural outreach	petty-trading sectors
Cash-flow instability	Only 38.9% of SMEs report consistent cash flow; agriculture and rural areas most affected	Provide working-capital support, improve payment cycles, promote short-term liquidity facilities	Rural and agricultural SMEs
Low physical business expansion	Only 20.2% opened new branches; constrained by capital and infrastructure	Facilitate infrastructure development, market linkages, and business support services to convert growth intentions into expansion	SMEs across sectors, with focus on rural regions
Urban-rural empowerment gap	Urban SMEs report higher financial empowerment and growth readiness	Implement capacity-building programmes and mentorship initiatives in rural areas to reduce disparity	Rural SMEs across all sectors
Sector-specific constraints	Agriculture and agro-processing face seasonal shocks, climate risks, and market access challenges	Introduce risk mitigation measures: climate-smart practices, storage facilities, market access programmes	Agriculture and agro-processing SMEs

Source: Field survey, 2026

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Appendix Annex A1



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International Growth Centre (IGC), Sierra Leone

QUESTIONNAIRE INSTRUMENT

Survey on Women-Led Small and Medium Enterprises (SMEs) in the Western Area Urban and Western Area Rural of Sierra Leone

Introduction and Purpose of the Study

This survey is being conducted to gain a better understanding of the financial constraints, business challenges, and growth opportunities faced by women-led Small and Medium Enterprises (SMEs) in the Western Area Urban and Western Area Rural of Sierra Leone.

Specifically, the study seeks to examine how access to finance affects the growth and productivity of women-led SMEs in comparison to other constraints such as skills, market access, infrastructure, and business experience. The findings from this research are expected to inform public policy formulation and guide the interventions of government institutions, financial service providers, and non-state actors aimed at enhancing the contribution of women-led SMEs to employment creation and economic growth in Sierra Leone.

Confidentiality Statement

This survey is undertaken by the Centre for Health Research and Training (CHART-SL) on behalf of the International Growth Centre (IGC), Sierra Leone. All information provided by respondents will be treated with strict confidentiality. Individual responses will be aggregated and anonymised, ensuring that no respondent can be identified. The completed questionnaires will remain the property of CHART-SL and will be securely stored and destroyed after the completion of the study.

Participation in this survey is voluntary, and respondents may decline to answer any question they are not comfortable with.

Instructions to Respondents

- ✚ Please answer all questions honestly and accurately.
- ✚ There are no right or wrong answers; we are only interested in your personal experiences and opinions.
- ✚ The interview will take approximately 20–30 minutes to complete.
- ✚ Your responses will be used for research purposes only.

Contact Information

For further enquiries or clarification regarding this survey, please contact:

- ❖ **Prof. Alimamy O. Sankoh** – 079-212761
- ❖ **Dr. Brima Sesay** – 072-933857

SECTION A - GENERAL INFORMATION

GENERAL		
Date of Interview: Day ___ Month ___ Year ___	Interviewer's name: _____	Supervisor's name: _____
Data encoder's name: _____	Date of data entry Day ___ Month ___ Year ___	
Characteristics of the Interviewee		
Sex: 1 = Female	Age: 1- Below 18 2- 18 - 25 3- 26 - 35 4- 36 - 45 5- 46 - 55 6- 56 – 60	Marital status: 1- Married 2- Single 3- Divorced/Separated 4- Cohabit 5- Widowed

	7- Above 60	
Education:	Sector:	Legal Status:
1- No education 2- Primary 2- Secondary 3- Tertiary 4- Vocational 7- Other (specify)	1- Agriculture and Agro-processing 2- Petty trading 3- Services 4- Light Manufacturing	1- Sole proprietorship 2- Partnership 3- Family-owned business
Business Location:		
1- Western Area Urban 2- Western Area Rural		

SECTION B – BUSINESS ORGANIZATION

BUSINESS ORGANIZATION	Coding Only
<p>B1. What is the legal status of your business?</p> <p>1- Individual business 2- Business in partnership with members of the same household 3- Ordinary partnership with members of other households 4- Other (specify):</p>	
<p>B2. Years in Business</p> <p>1- <1 year 2- 1–3 years 3- 4–6 years 5- 7–10 years 6- 10+ years</p>	
<p>B3. What type of business-related records or accounts do you keep?</p> <p>1- Complete bookkeeping (balance sheet and operating statements) 2- Simplified legal accounts 3- Informal records of orders, sales, purchases 4- No written records are kept</p>	
<p>B4. In which type of premises do you conduct this business activity?</p> <p><u>Without professional premises</u></p> <p>1- Hawking/mobile 2- Improvised post on the road 3- Permanent post on the road 4- Vehicle (car, truck, motor bike, bike) 5- Customer’s home 6- In my home without special installation 7- In my home with special installation 8- Improvised post in a market 9- Garbage area 10- Other (specify): _____</p> <p><u>With professional premises</u></p> <p>11- Permanent premises in a market (shop, kiosk, shed) 12- Workshop, shop, restaurant, hotel 13- Other (specify):</p>	

<p>B5. Without professional premises. Why do you conduct your business activity in this place? 1- Could not find professional premises 2- Cannot afford to rent or to buy professional premises 3- I do not need it 4- It is the most convenient and profitable location 5- Other (specify) _____</p> <p>With professional premises: What is the occupancy/tenure status of this place? 1- I own it/I am part owner 2- Rented with contract (long-term; daily) 3- Rent-free, with permission (borrowed) 4- Rent-free, without permission (squatting) 5- Other (specify) _____</p>	
<p>B6. Is your business formally registered?</p> <p>1- Yes 2- No</p>	
<p>B7. Number of Employees</p> <p>1- 1–5 2- 6–10 3- 11–20 4- 21+</p>	

SECTION C – MARKET ENTRY AND MOTIVATION

C1. What motivated you to start this business?			
	Factor	1- Yes	2- No
C1.1	Could not get salaried work.		
C1.2	To have greater flexibility for my personal and family life.		
C1.3	To have considerable freedom to adapt my own approach to work / be my own boss		
C1.4	To earn a larger personal income/ Need additional income.		
C1.5	To build great wealth or earn a very high income.		
C1.6	To give myself, my partner and children financial security		
C1.7	To achieve something and get recognition for it (e.g., respect from friends or peers)		
C1.8	To achieve a higher position for myself in society		
C1.9	To fulfil a personal vision		
C1.10	To challenge myself		
C1.11	To continue a family tradition		
C1.12	To follow the example of a person that I admire		
C1.13	To build a business my children can inherit		
C1.14	To make a positive difference to my community, others or the environment.		
C1.15	To make use of an existing skill		

C1.16	To have better work opportunities		
C1.17	To acquire or gain better managerial experience		
C1.18	To invest idle funds that I had.		
C2. Who started this business?			
1- I started it alone 2- I started it with business partners 3- Business partners 4- My family 5- Other (specify)			
C3. At the time of setting up the business, did you have any family financial commitments such as children, a partner or parents or other relatives to support?			
1- No commitments 2- Yes – children to support 3- Yes – partner to support 4- Yes – parent to support 5- Yes – other relatives to support 6- Yes – other family financial commitments (specify) _____ 7- Don't know/Can't remember			
C4. What was/were the source(s) of your initial capital?			
1- Own source/savings 2- Loan from bank 3- Support from family/relative 4- Microcredit facility 5- Co-operative 6- NGO 7- neighbour/friends 8- employer/landlord 9- private money lender 10- Supplier's credit 11- No capital required 12- Other (specify) _____			
C5. How easy was it to enter this business/profession?			
1- Very easy 2- Easy 3- Neither easy nor difficult 4- Difficult 5- Very difficult			
C6a. How much was your initial/start-up capital?			
1- Le 2- Don't know/Can't remember			
C6b. Did you have any other non-cash item to start this business?			
1- Yes 2- No 3- Don't know/Can't remember			
C6c. What is the size of your current capital?			
1- Le 2- Don't know			

C7. In general, how important are these factors for someone thinking of setting up a business along your current line of business?							
	Statement/Item	Not at all important (1)	Not very important (2)	Neither important nor unimportant (3)	Fairly important (4)	Very important (5)	Don't know (6)
C7.1	To have greater flexibility for my personal and						

	family life.						
C7.2	To have considerable freedom to adapt my own approach to work / be my own boss						
C7.3	To earn a larger personal income/ Need additional income.						
C7.4	To build great wealth or earn a very high income.						
C7.5	To give myself, my partner and children financial security						
C7.6	To achieve something and get recognition for it (e.g., respect from friends or peers)						
C7.7	To achieve a higher position for myself in society						
C7.8	To fulfil a personal vision						
C7.9	To challenge myself						
C7.10	To continue a family tradition						
C7.11	To follow the example of a person that I admire						
C7.12	To build a business my children can inherit						
C7.13	To make a positive difference to my community, others or the environment.						

C7.14	To make use of an existing skill						
C7.15	To have better work opportunities						

SECTION D – FINANCIAL INCLUSION AND ACCESS TO CREDIT

D1a. Do you have a bank account in the name of this business? 1- Yes 2- No	Coding Only
D1b. If 'no' to D1a, why? 1- Too much paper work involved 2- Cannot read/write 3- Don't trust the banks 4- Money is too little to save 5- Customers pay in cash 6- Don't need a bank account 7- No bank in close proximity to my place of business/work 8- Too much hassle involved in depositing and withdrawing money from the bank	
D2. What type of accounts/records do you keep for this business? 1- No accounts 2- Informal records for personal use 3- Simplified accounting format required for tax payment 4- Detailed formal accounts (balance sheets) 5- Other (specify) _____ 6- N/A	
D3a. Do you have a bank account in your name? 1- Yes 2- No	
D3b. If 'no' to D3a, why? 1- Too much paper work involved 2- Cannot read/write 3- Don't trust the banks 4- Money is too small to save 5- I receive payment in cash 6- Don't need a bank account 7- No bank in close proximity to my place of business/work 8- Too much hassle involved in depositing and withdrawing money from the bank	
D4. Have you ever applied for a bank loan or micro-credit facility for your business in the past 2 years? 1- Yes 2- No 3- Don't remember <i>If 'no' to D4, skip to D11.</i>	
D5. If 'yes' to 4: Did you get the loan? 1- Yes, all of it 2- Yes, part of it 3- No 4- N/A	
D6. If yes to D4: What was/were the reason(s) you applied for the loan? 1- To expand operations 2- To replace or upgrade equipment/machinery 3- To buy additional equipment/machinery 4- To purchase inventory (raw materials/finished products) 5- To bolster cash flow (for operational costs) 6- To hire and/or train new staff 7- To improve and expand marketing strategy	

8- To move to a new location 9- Other (specify) _____ 10- N/A	
D7. If 'yes, part of it' to D5: Did you accept the loan? 1- Yes 2- No 3- N/A	
D8. If your application was granted (in full or partially), and you did not accept the loan offer: Please state reason(s) why you rejected the offer. _____ _____	
D9. If 'yes' to D5: What was the impact of the loan on your business activity? (Multiple answers are allowed) G9.1 Increase production 1- Has impact 2- No impact G9.2 Diversification of production 1- Has impact 2- No impact G9.3 Increase volume of sales 1- Has impact 2- No impact G9.4 Improvement of competitiveness 1- Has impact 2- No impact G9.5 Recruitment of additional staff 1- Has impact 2- No impact G9.6 Working less time 1- Has impact 2- No impact G9.7 Utilisation of less staff 1- Has impact 2- No impact G9.8 Financial difficulties 1- Has impact 2- No impact G9.9 Others (specify) _____ 1- Has impact 2- No impact	
D10. If 'no' to D5: What was/were the main reason(s) for rejection of your loan application? 1- Incomplete papers 2- Complete papers but not convincing 3- Insufficient guarantee/deposit 4- Insufficient initial capital 5- Activity/enterprise deemed not viable 6- Don't know/Can't remember 7- Other (specify) _____ 8- NA	
D11. How many times have you applied for a bank or microfinance loan in the last 3 years? 1- Once 2- more than once 3- Don't know/Can't remember 4- NA	
D12. If you never applied for a loan, what is/are the main reason(s) for not applying? 1- Amount of loan offered is inadequate 2- Procedures are too complicated 3- Interest rates are too high 4- Maturity period is too short 5- Not interested in getting a loan 6- Dislike to pay interest 7- Don't have collateral/Collateral required is too much 8- Did not need a loan 9- Other (specify) _____ 10- NA	
D13. If you need financing for your business activities, what source of financing would you prefer? 1- Own source/saving 2- Loan from bank	

3- Support from family/relative 4- Microcredit facility 5- Co-operative 6- NGO 7- Neighbour/friends 8- Employer/landlord 9- Private money lender 10- Supplier's credit 11- Other (specify) _____ 12- N/A (don't need a loan)	
D14. Do you use mobile money to transact business (e.g., making and receiving payments)? 1- Yes 2- No 3- N/A (don't own or have access to a mobile phone)	
D15. If 'no' to D14: What is/are the reason(s)? 1- Don't trust the system 2- Transaction cost is high 3- My customers prefer to pay in cash/cheque 4- No place nearby where I can cash out or effect a transfer 5- My suppliers only accept/prefer cash 6- Too much hassle trying to cash out or transfer payment 7- Supplier comes to collect money 8- Other (specify) _____ 9- N/A	
D16a. Do you make regular savings? 1- Yes 2- No	
D16b. If 'no' to D16a, what is/are reasons for not saving? 1- Income/revenue is too small to save 2- Too many financial commitments 2.1 pay fees for my children/wards 2.2 buy food for my family 2.3 transfer to some of my relatives 2.4 repay debt 2.5 Other 3- Plough back proceeds or profits into the business 4- Prefer to hold cash to take advantage of any business opportunity 5- Other (specify) _____ 6- N/A	
D17. How are the proceeds from your business used? _____ _____	
D18. Is your business indebted to any of the following? Banks 1- Yes 2- No Microfinance institutions 1- Yes 2- No Other creditors 1- Yes 2- No Suppliers 1- Yes 2- No	

D19. Perception on Banks and Microfinance institutions:

To what extent do you agree or disagree with the following statements about banks and microfinance institutions? For each statement, please tick (✓) the appropriate box using the rating scale below:

1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree,

Statement/Item	1	2	3	4	5
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D19.1	Interest rate charged by commercial banks are high					
D19.2	Interest rate charged by microfinance institutions are high					
D19.3	The repayment period for a bank loan is too short.					
D19.4	Microfinance institutions are not friendly to SME operators					
D19.5	Banks are not friendly to SME operators					
D19.6	I don't have confidence in the banks to handle my finances					
D19.7	I am scared of dealing with the banks as far as handling my finances are concerned					
D19.8	I prefer keeping my money than putting it in the banks					
D19.9	The long queues and delays at the bank discourage me from doing any (banking) transaction with the banks					
D19.10	The too much paper work at the banks discourages me from doing any (banking) transaction with banks?					

D20. Financial Access/Credit Access

To what extent do you agree or disagree with the following statements about financial access? For each statement, please tick (√) the appropriate box using the rating scale below:

1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree,

No.	Statement	1	2	3	4	5
Availability						
D20.1	There are financial institutions within reach of my business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D20.2	I have access to at least one reliable source of credit for my business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D20.3	Information about available loans is easy to find.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D20.4	My business has a relationship with a formal financial institution.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Affordability						
D20.5	Interest rates from financial institutions are affordable					
D20.6	Loan repayment terms are flexible enough for my business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D20.7	Fees and charges from financial institutions are reasonable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discrimination						
D20.8	I feel I am treated fairly by banks and financial institutions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D20.9	My gender affects my ability to secure financing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D20.10	Women entrepreneurs are given equal access to financial services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Collateral						
D20.11	I have sufficient collateral to secure a business loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D20.12	Collateral requirements from banks are reasonable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D20.13	Lack of collateral has prevented me from accessing finance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

D21 Entrepreneurial Skill Set

To what extent do you agree or disagree with the following statements about entrepreneurial skill set? For each statement, please tick (√) the appropriate box using the rating scale below:

1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree,

No.	Statement	1	2	3	4	5
Training						
D21.1	I have received formal training in business or entrepreneurship.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D21.2	I have attended financial literacy training in the past 2 years.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D21.3	I apply skills learned from training to manage my business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial Literacy						
D21.4	I can prepare a business budget on my own	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D21.5	I keep records of all business financial transactions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D21.6	I understand how to calculate profit and loss for my business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D21.7	I can assess the financial health of my business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Confidence						
D21.8	I am confident in applying for a loan from a financial institution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D21.8	I can negotiate financial terms with lenders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D21.10	I feel confident in managing large sums of money in my business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

D22. Regional Dynamics

To what extent do you agree or disagree with the following statements about regional dynamics? For each statement, please tick (✓) the appropriate box using the rating scale below:

1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree,

No.	Statement	1	2	3	4	5
Location						
D22.1	Financial services are more available in western urban areas than western rural areas.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D22.2	I experience more difficulties accessing finance because of my business location	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D22.3	Transport to financial institutions is a barrier for my business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Infrastructure						
D22.4	Poor road networks limit my access to financial services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D22.5	Poor electricity/internet makes it harder to manage my business financially	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Support Services						
D22.6	My area has access to business development support services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

D22.7	Government/NGOs provide business training in my community.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D22.8	Business support institutions are more available in urban areas than in rural areas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

D23. Financial Capability

To what extent do you agree or disagree with the following statements about financial capability? For each statement, please tick (✓) the appropriate box using the rating scale below:

1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree,

No.	Statement	1	2	3	4	5
D23.1	I have the skills to manage my business finances effectively.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D23.2	I make informed financial decisions for my business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D23.3	I save part of my business income for future investment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D23.4	I can evaluate different financial options (loans, grants, savings, etc.).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D23.5	I feel financially empowered to grow my business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D23.6	I regularly monitor my cash flow and business financial health.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

D24. SME Growth and Performance

To what extent do you agree or disagree with the following statements about SME growth and performance? For each statement, please tick (✓) the appropriate box using the rating scale below:

1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree,

No.	Statement	1	2	3	4	5
Sales and Revenue						
D24.1	My business sales have increased over the past 12 months.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D24.2	I have consistent cash flow to cover operational expenses.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reinvestment						
D24.3	I reinvest profits into the business regularly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D24.4	Reinvestment has helped me expand my business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Access to Capital						
D24.5	I have successfully accessed business capital in the past	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D24.6	My business would grow faster if I had more access to credit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business Expansion						
D24.7	I have opened new branches or outlets in the last 2 years	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D24.8	I plan to expand my business within the next year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D24.9	Access to finance has helped increase my business's customer base	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Thank you for participating in this survey

Appendix 2

Table D12a. Model 1 – Determinants of Financial Capability (SPSS Output)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.723 ^a	.671	.620	.653

a. Predictors: (Constant), Education Level, Financial Literacy Training, Business Experience, Reinvestment Behaviour, Urban Location, Collateral Availability, Infrastructure, Access to Markets

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	182.45	8	22.81	83.95	.000 ^b
	Residual	304.32	1191	0.255		
	Total	486.77	1199			

a. Dependent Variable: Financial Capability

b. Predictors: (Constant), Education Level, Financial Literacy Training, Business Experience, Reinvestment Behaviour, Urban Location, Collateral Availability, Infrastructure, Access to Markets

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.124	.083		13.54	.000
	Education Level	.041	.007	.321	5.86	.000
	Financial Literacy Training	.286	.121	.280	2.36	.018
	Business Experience	.019	.008	.221	2.41	.016
	Reinvestment Behaviour	.231	.065	.251	3.55	.000
	Urban Location	.118	.049	.190	2.41	.016
	Collateral Availability	.097	.052	.152	1.87	.062
	Infrastructure	.104	.047	.181	2.21	.027

Access to Markets	.126	.051	.203	2.47	.014
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a. Dependent Variable: Financial Capability

Table D12b. Model 2 – Determinants of Credit Access (SPSS Output)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.684 ^a	.535	.519	.648

a. Predictors: (Constant), Education Level, Financial Literacy Training, Business Experience, Reinvestment Behaviour, Urban Location, Collateral Availability, Infrastructure, Access to Markets

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	165.27	8	20.66	68.82	.000 ^b
	Residual	321.50	1191	0.270		
	Total	486.77	1199			

a. Dependent Variable: Credit Access

b. Predictors: (Constant), Education Level, Financial Literacy Training, Business Experience, Reinvestment Behaviour, Urban Location, Collateral Availability, Infrastructure, Access to Markets

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.984	.091		10.81	.000
	Education Level	.025	.010	.18	2.50	.013
	Financial Literacy Training	.211	.104	.21	2.03	.042
	Business Experience	.012	.007	.14	1.75	.081
	Reinvestment Behaviour	.142	.059	.16	2.41	.016
	Urban Location	.267	.061	.30	4.38	.000
	Collateral Availability	.238	.069	.27	3.45	.001
	Infrastructure	.071	.043	.12	1.65	.099

Access to Markets	.083	.048	.14	1.73	.084
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a. Dependent Variable: Credit Access

Table D12c. Model 3 – Determinants of Business Growth (SPSS Output)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.780 ^a	.608	.604	.879

a. Predictors: (Constant), Education Level, Financial Literacy Training, Business Experience, Reinvestment Behaviour, Urban Location, Collateral Availability, Infrastructure, Access to Markets

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	192.88	8	24.11	97.65	.000 ^b
	Residual	293.89	1191	0.247		
	Total	486.77	1199			

a. Dependent Variable: Business Growth

b. Predictors: (Constant), Education Level, Financial Literacy Training, Business Experience, Reinvestment Behaviour, Urban Location, Collateral Availability, Infrastructure, Access to Markets

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.056	.079		13.37	.000
	Education Level	.021	.009	.151	2.33	.020
	Financial Literacy Training	.198	.098	.190	2.02	.044
	Business Experience	.018	.007	.200	2.57	.010
	Reinvestment Behaviour	.249	.061	.251	4.08	.000
	Urban Location	.097	.052	.121	1.81	.071
	Collateral Availability	.081	.049	.103	1.64	.101
	Infrastructure					

Infrastructu re	.167	.058	.221	2.88	.004
Access to Markets	.273	.066	.280	4.14	.000

a. Dependent Variable: Business Growth

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