

BANK OF SIERRA LEONE



RULES OF ADMINISTERING THE BANK OF SIERRA LEONE YOUTH ENTREPRENEURSHIP FUND (YEF)

WHEREAS the Bank of Sierra Leone (hereafter referred to as “BSL”) decided to launch a Youth Entrepreneurship Fund of NLe22.8 million to support and encourage youth entrepreneurs and micro, small and medium enterprises (MSMEs), the BSL hereby issues the following rules and procedures for administering said Fund:

1.0 The BSL Youth Entrepreneurship Fund (hereafter referred to as YEF or Fund)

- 1.1 The Fund of NLe 22.8 million is hereby created as part of a set of interventions to support and encourage youth employment, youth entrepreneurship, MSME and the growth of digital finance or financial technology (Fintech).
- 1.2 The Fund shall remain in force until it is terminated by the BSL, subject to the provisions that the BSL shall notify the public about its termination three months prior to it being terminated.
- 1.3 The duration of the loan shall not exceed 2 years with a grace period of 3 months from the date of issuance.

2.0 Eligibility Criteria for Participation

- 2.1 Beneficiaries for the Fund are youth entrepreneurs, with an emphasis on female youth, and youth-owned/led or youth-managed MSMEs.
- 2.2 All applicants must be youth, aged 18-35 years, with a Sierra Leonean nationality.
- 2.3 Applicants must either have an idea, proof-of-concept, and/or an existing business as part of their application.
- 2.4 Applicants can be in the form of a sole proprietor, partnership or registered company. All promoters of the application must be youth and of Sierra Leonean nationality.
- 2.5 Applicants should have relevant entrepreneurship skills training through a formal skills development program (e.g., World Bank training program,



accelerator/incubator program, NGO skills development program, etc.) and of experience in relevant field.

2.6 Applicants must be registered with the relevant authorities (e.g., Corporate Affairs Commission, City Councils), and have a formal account at a BSL regulated and licensed financial institution.

2.7 Politically exposed persons or entities shall not participate in this Fund.

3.0 Responsibilities of YEF Technical Programme Committee

3.1 In reference to the Fund's governance structure, a Technical Programme Committee will be established.

3.2 The Technical Programme Committee will oversee the submission of applications and the overall application process.

3.3 All applications will be evaluated and assessed by the Programme Committee based on selection criteria and viability of business proposal(s).

3.4 Applicants that have successfully passed the initial assessment will be eligible for funding through a participating financial service provider.

3.5 The Programme Committee will review and shortlist candidates eligible for the Fund and provide them to the participating financial service providers.

3.6 All loan Application Forms should be collected from designated participating financial service providers.

4.0 Responsibilities of Participating Financial Service Providers (FSPs)

4.1 Participating financial service providers (FSPs) shall use their existing underwriting and due diligence procedures to process loan applications under this Fund.

4.2 All applications for funding under this Fund shall be reviewed and approved by the Credit Committees of the financial service providers.

4.3 Participating FSPs shall provide the YEF Programme Committee with details on the loan tenor, disbursement, and repayment schedule prior to disbursement of funds.

4.4 Participating FSPs shall ensure that loans granted under the YEF are backed by the relevant and appropriate collateral, if required, which shall be registered at the Collateral Registry at the BSL.

4.5 Participating FSPs shall submit to the relevant supervision department at the BSL all supporting documents used in the evaluation of approved loans under this Fund.

4.6 All relevant information on the credit history of approved applicants for loans under this Fund shall be submitted by the participating FSPs to the Credit Reference Bureau at the BSL for credit information purposes.

5.0 Prohibited Activities

5.1 Funds access under the YEF shall not be used for any purpose other than what is stated in the loan application.

5.2 More specifically, funds disbursed under the YEF shall not be used to:

- (a) Repay any existing loans or loans contracted under any other facility
- (b) Invest in any asset, including but not limited to money market instruments, especially government securities
- (c) Finance any dangerous or harmful activities, in accordance with the Anti-Money Laundering/Combating of Financing of Terrorism Act, 2019

6.0 Penalties for Engaging in Prohibited Activities

6.1 The penal interest rate that existed at the time the loan was approved plus a five (5) percent penalty shall constitute the lending rate for borrowers under this Fund who engage in any of the prohibited activities listed in Section 5 above.

7.0 Credit Risk

7.1 Participating financial service providers shall bear 100 percent of the credit risk under this Fund.

8.0 Financing Terms

8.1 An interest rate of 10 percent per annum shall be charged for all funds disbursed under the YEF, which shall be communicated to loan applicants at the outset of the loan application process.

8.2 No processing fees and other charges shall be levied by participating FSPs for funds disbursed under this program.

8.3 Collateral for loans can also be in the form of guarantees by notable Community Guarantors and Degree/Certificates.

9.0 Disbursement of YEF Funds

9.1 Funds under the YEF shall be disbursed into the participating FSP's bank account.

9.2 All funds made available under the YEF shall be paid by the participating FSP to the loan applicant (borrower) within two business days.





10.0 Loan Service

- 10.1 Accrual of interest on funds under the YEF shall commence on the day (after 3 months grace period) that the funds have been received by the loan applicant / borrower.
- 10.2 Participating FSPs shall collect all payments (principal and interest) from the borrowers in conformity with the agreed loan amortization schedule, as per the loan contract. Loan amortization schedules may differ on a case-by-case basis.
- 10.3 On a case-by-case basis, the BSL may review the default payments, and provide guidance on the appropriate penalty.

Reporting Requirements

- 10.4 All participating FSPs shall submit the following to the BSL monthly:
 - (a) Returns of schedules for all loans granted to customers under the YEF
 - (b) Terms of such loans
 - (c) Amounts disbursed and disbursements outstanding
 - (d) Principal and interest amortization on each loan
 - (e) Reconciliation statements of the Fund
 - (f) Other such documents may be required by the BSL

11.0 Review and Amendment

- 11.1 At the discretion of the BSL, these rules may be reviewed and/or amended.

12.0 Effective Date

- 12.1 The Fund shall become effective on the 15 day of May, 2024.