



**Your Excellency, the Honourable Vice President;
Honourable Ministers of Government;
Honorable Members of Parliament;
Women’s Country Director, United Nations
Mission to Sierra Leone;
Members of the Diplomatic and Consular Corps;
Development Partners;
Members of The Women’s Forum Sierra Leone;
Representatives of Ministries, Departments and
Agencies;
Distinguished Ladies and Gentlemen:**

Good evening. I am delighted to be here tonight, at this Most Prestigious Awards and Fund-Raising Dinner. More importantly, I am grateful for the opportunity I have been given to make these brief remarks. In your invitation to me to speak at this event, you asked me to speak about redenomination. However, much as I think that redenomination is important, I ask your indulgence to speak about what

we are doing at the Bank of Sierra Leone to impact the lives of women—namely inflation and financial inclusion.

Honourable Vice President, distinguished ladies and gentlemen, it is not by accident that the management of the home is referred to as home economics. It is because women typically are entrusted with managing the household economy. Because of this very important role, women are the first to recognize inflation, since they go to the market almost everyday and see price movements. And in a country such as ours, where the vast majority of the population spend most of their incomes on food and other essential commodities, inflation is one of the most important economic maladies that concern women.

Distinguished ladies and gentlemen, when I became Governor, I was most concerned about the social impact of the high inflation of around 18 percent on the poor, among whom women predominate. Hence, I became singularly fixated on bringing inflation down to single digits within two years. We achieved this in March 2021, when the inflation rate fell to 8.95 percent. However, that was short lived, as the Third Wave of COVID-19 and the emergence of new variants of the virus disrupted supply chains, in the

midst of pent-up demand from mostly consumers in the wealthy countries who had racked up tremendous savings during the months of lockdown that they wished to spend. The net result of increased demand and reduced supply of goods and services has been a resurgence of worldwide inflation.

We must remember, distinguished ladies and gentlemen, that Sierra Leone is a small country in international markets. Hence, our preferences have no impact on the world price of the goods that we purchase. In essence, we are price takers, just like any individual consumer in an economy. Therefore, as supply-chain disruptions and increased pent-up demand created global inflation, Sierra Leone also imported that inflation.

The Bank of Sierra Leone responded to this inflationary spike by introducing a 50-million-dollar Special Credit Facility to subsidize the importation of essential commodities in the country. This program was hugely successful in the sense that it saved the country from the scarcity of essential commodities and kept their prices, though rising, lower in Sierra Leone than in neighbouring countries. An unintended consequence of this regional price differential has

been the export of those essential commodities to our neighbours.

The bottom line is that until COVID-19 is defeated, inflation will continue to be a global challenge. The Bank of Sierra Leone, however, remains committed to doing all in its power to cushion its impact on the people of this country. It is in this regard, that the Bank recently approved another 50-million-dollar Special Credit Facility for the importation of essential commodities.

Distinguished Ladies and Gentlemen, I will now highlight what the Bank of Sierra Leone has been doing over the last three years to address the issue of gender-based unequal access to finance in this country. Firstly, in comparison to other developing countries, there is no gainsaying the fact that the rate of access by Sierra Leoneans to formal financial services is abysmally low—at 18 percent for the nation and 15 percent for women. Although this is not an exclusively Sierra Leonean phenomenon, given the fact that women make up a hugely disproportionate share of the global unbanked population, the situation here is much direr than elsewhere on the continent.

Moreover, discrimination against women is not limited to only access to financial services. On the contrary, women face systematic discrimination in accessing all productive assets, including land and education—and even nutrition, as men tend to get a disproportionate share of protein available to the family.

Honourable Vice President, distinguished ladies and gentlemen, there is ample empirical evidence in the economic development literature to the effect that discrimination against women is the antithesis of sustained economic development. We also know that sustained improvements in living standards are not determined by natural resources, but by improvements in labour productivity, which is largely determined by technical progress and human capital accumulation (meaning, education, nutrition, and health). However, technical progress is itself highly dependent on human capital accumulation, which means that the latter is the key variable in guaranteeing long-run improvements in the standard of living of societies.

Additionally, the available evidence also shows a strong, positive correlation between a mother's educational level and her children's educational and

health outcomes. However, no statistically significant relationship exists between a father's educational attainment and those variables. The fact that mothers spend more time than men with their children in their early childhood years, when cognitive development is most rapid, is the key reason for this phenomenon.

Moreover, regardless of income level, women spend a greater share of their incomes on the family than men. Therefore, when women's incomes rise, more of that income is spent on financing the education, nutrition, and health of their families. This eventually leads to increased human capital accumulation and sustainable long-term economic growth.

Thus, discrimination against women is injurious to long-run improvements in living standards because it retards human capital accumulation. It is in this regard that ending gender discrimination in accessing productive resources speaks to the heart of economic progress in this country.

One of the most important causes of women's unequal access to finance is the financial institutions' insistence on immovable assets (such as real estate) as the key collateral for bank loans. However, for historical reasons that have much to do with gender-

based discrimination, the distribution of immovable assets is disproportionately skewed against women. Hence, they qualify less frequently for bank loans than men, regardless of the importance or profit potential of their activities. As such, they must rely on the informal sector to finance their economic activities, often at astronomically usurious rates.

To stem this problem, the Bank of Sierra Leone has proposed an amendment to the Borrowers and Lenders Act 2014 to allow movable assets to also qualify as collateral for bank loans. It is our hope and aspiration that when enacted, the new law will enhance the ability of women to access loans from the formal financial sector because they tend to have mostly movable assets.

However, this law will only achieve the objective of increasing women's access to credit if they are not discriminated against in the loan decision-making of financial institutions. To ensure that gender discrimination in loan decision-making by financial institutions is minimized, I issued a directive in August 2021 prohibiting financial institutions from discriminating against women in their loan decisions. The Bank is rigourously monitoring the implementation of this directive by commercial

banks, and will impose stiff penalties on those found wanting.

Additionally, distinguished ladies and gentlemen, following the advent of COVID-19 into the country, in March 2020, the Government of Sierra Leone implemented strict restrictions on the movement of persons and goods in order to reduce the infection rate of the virus. The resultant curfews and inter-district lockdowns adversely impacted the flow of goods in the country. Many women who had taken out loans from microcredit institutions in order to conduct their commercial activities soon became unable to service their loans. To ensure that they were not harassed by debt collectors, and to also maintain their credit ratings, the Bank implemented an eighty-five billion leones Special Credit Facility to service the debts of customers of microcredit institutions for the duration of the lockdowns. This provided a breathing space for many women operators of small-scale enterprises, thereby protecting their credit ratings, which preserved their ability to qualify for loans in the future.

Distinguished guests, the Bank is also quite advanced in the procurement and implementation of the National Payment Switch System, which will

enable commercial banks and other financial institutions to electronically talk to each other. When fully implemented, the National Switch will allow customers of one financial institution to seamlessly use the Automatic Teller Machines (ATMs) of other financial institutions, and to use Point of Sale Machines to make all sorts of payments in this country. These innovations will reduce the quantity of cash people would lug around, which should lower the transaction cost of economic activity (including even petty trading, in which women are very heavily involved), thereby positively impacting their incomes.

Along with the National Switch project, the Bank is also pushing the implementation of financial technology that would enable the people of this country to make payments using their mobile phones. Our goal is to enable the market women on Sani Abacha Street, Krootown Road or Dove Cut to no longer need to receive cash as payment, unless in exceptional circumstances. Similarly, the farmer in my village, Baoma Koya, will be able to access financial services without having to go to Kenema. This should provide women greater access to

financial services regardless of where they live—something that is already happening in East Africa.

Furthermore, to bring financial services closer to the rural population especially, the Bank is encouraging commercial banks and other financial institutions to accelerate the pace of agency banking in this country. By using agents to conduct financial transactions in hard-to-reach places, financial institutions will be able to extend financial services to the rural poor, the vast majority of whom are women.

Obviously, to get maximum benefit from these innovations, mobile phone penetration must increase in this country. As such, the Bank will work with the government, our development partners, and mobile phone companies to extend mobile telephony across the length and breadth of this country. In this regard, the Bank is of the informed opinion that improving the mobile telephony infrastructure should be a major linchpin in the current World Bank project for digitization.

Distinguished guests, empirical evidence suggests that low-income people are generally very risk averse. And in societies such as ours, where corruption has eroded the public's trust in formal

institutions, including banks, people (especially the poor, among whom women predominate), shy away from holding their hard-earned savings in financial institutions. Instead, they prefer to hold them in cash balances and other sterile assets, which can be wiped out overnight by fire accidents, burglary, and other mishaps.

To ameliorate this scourge, the Bank of Sierra Leone has tabled the Deposit Insurance Bill in Parliament. When it becomes law, small depositors in Sierra Leone will be protected to a certain threshold. This should enhance people's confidence in the financial system.

Mr. Vice President, distinguished ladies and gentlemen, as the chief banker in this economy, I am shamed by the huge incidence of fraud in the banking system. Hence, the Bank of Sierra Leone has adopted a zero tolerance for financial sector fraud. Therefore, going forward, any employee of a financial institution who engages in fraudulent activities will be summarily blacklisted from working in the financial sector. This also should engender trust in the financial system and promote financial inclusion.

Distinguished ladies and gentlemen, we must recognize the propensity of Sierra Leoneans to not repay debts they owe to financial institutions, as evidenced by an unacceptably rate of high non-performing loans, as a contributing factor in the reluctance of financial institutions to provide credit facilities to the private sector. Instead, they channel loanable funds to the public sector, thus crowding out the private sector. This raises the interest rates private sector actors must pay for bank loans. And although the incidence of NPLs is lower among women than men, women similarly suffer this fate when banks channel loanable funds away from the private sector as a group.

To reduce the rate of non-performing loans, the Bank is cooperating with the National Civic Registration Authority to develop and implement a Bank Unique Identification Number system in the country so that each customer can be uniquely biometrically identified. This should reduce the incidence of people being denied financial services, or being charged high interest rates, just because they share the same name with a defaulter.

To crown the Bank's resolve to promote gender empowerment in this country, I wish to inform you

that the new twenty-leones note being introduced as part of the Bank's currency redenomination programme will have the head of Mrs. Constance Agatha Cummings-John, a woman who pioneered education, gender equity, and political activism in this country. On the flip side of the note will be a picture of schoolgirls in a classroom setting, with "Education for Gender Empowerment" as its caption.

I hope that I have demonstrated here this evening the Bank of Sierra Leone's resolve to, and full support for, the empowerment of women. I want to assure this audience that this commitment is resolute and irreversible.

On that note, I thank you all for your kind attention.