



1. Project Data

Project ID P166601	Project Name Financial Inclusion	
Country Sierra Leone	Practice Area(Lead) Finance, Competitiveness and Innovation	
L/C/TF Number(s) IDA-63670	Closing Date (Original) 30-Jun-2025	Total Project Cost (USD) 10,741,947.79
Bank Approval Date 17-Jan-2019	Closing Date (Actual) 30-Jun-2025	
	IBRD/IDA (USD)	Grants (USD)
Original Commitment	12,000,000.00	0.00
Revised Commitment	12,000,000.00	0.00
Actual	10,742,772.79	0.00

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2. Project Objectives and Components

a. Objectives

The Project Development Objective (PDO) as stated in the Financing Agreement (Schedule 1, page 5) and in the Project Appraisal Document (PAD, page 14):

" To increase the interoperability of digital payments and access to financial services ".

For this Implementation Completion Report Review (ICRR), the PDO is unpacked as follows:



PDO 1. To increase the interoperability of digital payments; and

PDO 2. To increase access to financial services.

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Will a split evaluation be undertaken?

No

d. Components

There were three components:

1. Enhancing interoperability of Digital Payments. The estimated cost at appraisal was US\$7.80 million. The actual cost was US\$9.20 million. (The actual cost components are based on ICR, annex 3, page 13) as the total actual cost in Annex 3 does not match the actual amount disbursed in the ICR datasheet, page 1). This component aimed to introduce an instant payments switch (IPS) and put in place the institutional framework for the payment switch to be developed as a sustainable business model. Activities in this component included technical advisory services for: (i) developing IPS and its operating procedures; (ii) the hardware/software and consulting services required for implementing the IPS; (iii) overseeing the IPS, and hardware/software updates; and (iv) operation, security and network penetration tests.

2. Ensuring the Viability of the Payments System through increasing usage. The estimated cost at appraisal was US\$3.50 million. The actual cost was US\$1.20 million. This component aimed to increase the usage and viability of the IPS and the payments system. There were three sub-components:

a. Supporting linkages to the payments system. Activities in this sub-component: (i) facilitating digital and other financial access points; and (ii) enhancing government payments and revenue collection via electronic methods.

b. Supporting rural connectivity with the payments system. Activities in this subcomponent: (i) assessing opportunities for the underserved rural areas of the country to connect to the retail payments system; and (ii) facilitating connectivity to the payments system for financial providers in rural areas.

c. Overcoming regulatory and cybersecurity hurdles to the viability of the payments system. Activities in this subcomponent: (i) implementing cybersecurity improvements needed for the payments system; (ii) implementing the needed guidelines and legal and regulatory reforms to support the development of the system; and (iii) implementing financial awareness efforts related to digital financial services.

3. Project Implementation Support. The estimated cost at appraisal was US\$0.70 million. The actual cost was as estimated. Activities in this component included: (i) facilitating implementation of the project through putting in place the institutional framework required (such as a project coordinator, etc.) facilitating private sector involvement in the project through the creation of private sector committee.



e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project cost. The estimated cost at appraisal was US\$12.00 million. The actual cost was US\$10.74 million (ICR, page 1). The ICR does not provide reasons for the difference between the estimated and actual cost.

Financing. The Project was financed by an International Development Association (IDA) Credit of US\$12.00 million. US\$10.74 million was disbursed.

Counterpart Funding. Counterpart funding was not planned; There was no counterpart funding during implementation.

Dates. The Project was approved on January 17, 2019, became effective on May 2019 and scheduled to close on June 30, 2025. The Mid-Term Review (MTR) was held on February 20, 2023. The Project closed six months behind schedule on December 30, 2025.

Other changes. The following changes were made through a level 2 restructuring in 2023. Three intermediate indicators were dropped as recommended by the MTR: The indicator on "the number of point-of-sale (POS) terminals installed" was dropped, as the project focused mainly on mobile money transactions and there was no activity planned to install POS terminals. The indicators "the number of POS transactions via retail payments switch" and "the number of National Revenue Authority (NRA) collections or other government payments processed" were dropped, as these indicators were adequately covered in the results framework. The closing date was extended by six months to December 30, 2025.

3. Relevance of Objectives

Rationale

County sector context. Sierra Leone's financial sector was shallow and access to finance to the private sector was limited, with Sierra Leone ranking low globally in terms of accessing credit. The banking sector was dominated by commercial banks providing credit mainly in urban areas. Although there were other financial institutions such as community banks and microfinance institutions in rural areas, their scope was limited. Financial inclusion was low and usage of formal financial services such as borrowing, saving and making payments were minimal, although mobile money usage had grown substantially in rural areas in the years before appraisal (with about 1.9 million customers using mobile cash in transactions).

Sierra Leone had taken steps to modernize its financial system by introducing a Real Time Gross Settlement (RTGS) system for processing large value transactions and an Automated Clearing House (ACH) (an interbank system for retail payments) of under 50 million Sierra Leonean Leone (SLL 50 million) in 2013. These systems were essential for the banking system to function effectively, but on their own, they had limited impact on end-user financial access and usage, due to the low level of bank penetration. Although there were many financial service providers, Micro Finance Institutions and mobile network operators (MNOs), they were not interconnected. A retail payment switch enabling seamless transactions across financial services providers was yet to be established. This project sought to rectify the situation by facilitating interoperability between financial service providers.



Government strategy at appraisal. The PDO was aligned with three strategic areas of financial sector reform agenda articulated in the *National Strategy for Financial Inclusion (2017-2020)*: (i) Access to Client-centric financial products and services; (ii) Digital financial services; and (iii) Financial education.

Current Government Strategy. The PDO is highly relevant to Sierra Leone's current *National Strategy for financial inclusion for 2022-2026*. This strategy focused on three priority intervention areas from the previous strategy. The PDO is also well-aligned to the Bank of Sierra Leone (BSL) strategic plan for 2024-2028 which included: (i) strengthening payments infrastructure; and (ii) financial inclusion, as two out of six strategic priorities.

World Bank (WB) strategy. The PDO was well-aligned with the Systematic Country Diagnostic (SCD) at appraisal. The SCD noted that enterprises faced significant challenges in accessing credit in Sierra Leone. The PDO directly supported Priority Area 4 of the SCD: *Improving access to Infrastructure* (energy, transport, Information and Communication Technology (ICT) and credit). The project activities indirectly supported Priority Area 8 - Strengthening health institutions for service provision and Priority Area 9 - Improving quality and access to education. The project which supported interoperability of digital transactions and promote supply and demand of financial services was aligned with the WB's Financial Access 2020 goal.

Current WB strategy. The PDO is well-aligned with the WB's Country Partnership Framework (CPF) for 2021 - 2026. The PDO directly supported Objective 1 under Focus Area 1 - *Sustainable Growth and Accountable Governance* through financial management and building a modern financial architecture for financial inclusion. The PDO supported Objective 3.2 under CPF's Focus Area three - *Economic Diversification and Competitiveness* and increasing access to finance for businesses.

Previous Bank experience and current project scope. The Bank had financed the Financial Sector Development Project between 2011 - 2017. The current project aimed to enhance interoperability of digital payments for financial inclusion especially of the underserved population in rural areas. The project which supported digital financial transactions complemented other ongoing Bank-financed project "Public Financial and Improvement project" and development policy financing operations which included legal and regulatory reforms including the Payment Systems Act 2022, the National Payment Systems Oversight Regulations 2022, and guidelines for agent banking, electronic money and money remittance businesses.

Relevance of the PDO. The PDO aimed at financial inclusion was relevant in the country context and well-aligned to the government strategy and the current Bank strategy for Sierra Leone. The relevance of the PDO is rated as High.

Rating

High

4. Achievement of Objectives (Efficacy)



OBJECTIVE 1

Objective

PDO 1. To increase the interoperability of digital payments.

Rationale

Theory of Change. Activities such as introducing an instant payment switch (IPS) through acquiring the hardware and software and establishing the institutional framework for IPS, would help in operationalizing the switch. The output will likely help in enhancing interoperability of digital payments (such as the mobile payment system) and enable cross network acceptance of payments. These outcomes were likely to contribute to the long-term development outcome of increasing usage of digital finance. The causal links between inputs, outputs and outcomes were logical. The intended outcomes were monitorable (although the PDO indicator on number of transactions indirectly measured the outcome of interoperability. A more direct indicator could have been (i) share of interoperable transactions among all transactions or (ii) cross-platform transactions volume/value across retail payments system, if it was feasible to be measured). The theory of change does not explicitly state the critical assumptions underlying the results framework.

Outputs. (These results were not captured in the results framework).

- The Bank of Sierra Leone (BSL) created the Instant Payment Switch (IPS) in October 2025. The first phase of the IPS was launched in April 2023. This enabled interoperability of ATMs/debit cards of commercial banks and deposit-taking MFIs accounting for a quarter of retail payments transactions volume.
- The second phase was launched only in February 2025. This phase allowed for interoperability between commercial banks, deposit-taking MFIs and mobile money operators, which accounted for three quarters of all digital payments volumes.
- The BSL data center was upgraded to enhance connectivity required for supporting 24/7 switch operations as targeted.

Outcomes. The outputs were expected to cumulatively increase the number of transactions processed through IPS.

- At closure in June 2025, 183,867 transactions were processed through IPS, short of the target of 1,000,000. As of November 2025, the number of transactions had increased to 512,049 (51% of the specified target). The ICR noted that the estimate for December 2025 was in the range of 595,314 to 615,795 transactions. The ICR noted that the end target was likely to be realized in April 2026, based on low base case and high growth scenarios.

Efficacy of the PDO is rated as substantial.

Rating

Substantial

OBJECTIVE 2



Objective

PDO 2. To increase access to financial services.

Rationale

Theory of Change. The project aimed to increase access to financial services. The outputs of activities such as facilitating digital and financial access points and facilitating revenue collection via electronic methods were likely to increase access points for the retail payments system. The outputs of activities such as assessing opportunities for underserved rural areas to connect to the retail payments system, were likely to help the rural consumers to transfer between bank accounts, mobile wallet and MFIs' savings accounts. The outputs of activities aimed at implementing cybersecurity improvements, guidelines, legal and regulatory reforms and financial awareness related to digital financial services, were likely to help in allowing all players to participate in digital activities. These outcomes are likely to help in contributing to the development outcome of increasing access to financial services. The causal links between inputs, outputs and outcomes were logical. The intended outcomes were monitorable.

Intermediate outcomes.

- 85% of the commercial banks were connected to and utilizing the IPS, exceeding the target of 75%. 100% of mobile money operators (MMOs) were connected to and utilizing IPS, exceeding the target of 75%. 25% of deposit-taking MFIs were connected to and utilizing the IPS, exceeding the target of 20%.
- The cumulative value of transactions processed through IPS increased to 1,941,588, not meeting the target of 5,000,000.
- Six guidelines, laws and regulations were implemented, exceeding the target of three.
- 50 private sector committee meetings were held, exceeding the target of 40.
- Account ownership by women which increased from 13% to 15% during 2011 - 2017, more than doubled to 36% during 2017 - 2024. The gender gap (difference between men and women in account ownership) narrowed from 9% in 2017 to 6% in 2024. The ICR noted that the gender gap in Sierra Leone is now lower than the Sub-Saharan average of 9% and low-income countries average of 12%. Although the result cannot be fully attributable to the project, it is reasonable to conclude that the project contributed to women's access to credit.

Outcomes. The outputs were expected to increase the number of financial institutions connected to and utilizing the retail payments switch.

- As of June 2025, 15 financial institutions (11 commercial banks, three mobile operators, and one MFI), were utilizing the retail payments switch, exceeding the target of 14. As of October 2025, one more commercial bank was connected to and utilizing the switch, increasing the total to 16. Though this indicator was designed as a PDO indicator, it measured a lower-level result than outcome.
- Adding money mobile operators into the national payments system through the IPS made a significant contribution, given the recent surge in mobile money accounts. The ICR provides additional evidence outside the results framework from the WB's Global Findex database which noted that: (i) account access in Sierra Leone increased from 20% of adults in 2017 to 39% in 2024; (ii) Mobile money account access increased from 11% of adults in 2017 to 32% in 2024; (iii) Usage of digital payments increased from 16% of adults in 2017 to 37% in 2024; (iv) Rural financial access increased from 14% of adults in 2017 to 30% in 2024; and (v) Access among the poorest 40% income group increased



from 13% in 2023 to 27% in 2024. While the gains in financial inclusion cannot be fully attributed to the project, it is reasonable to conclude that the project contributed to financial inclusion in Sierra Leone.

Efficacy of the PDO is rated as substantial.

Rating
Substantial

OVERALL EFFICACY

Rationale

Overall efficacy is rated as substantial.

Overall Efficacy Rating

Substantial

5. Efficiency

The project investments focused on setting a functional IPS, building the infrastructure and capacity and supporting linkages to increase its usage. The project addressed an identified market failure of missing interoperable digital payments at the retail level (that is, individuals transacting amongst each other or sending or receiving payments from firms, governments and other institutions). The efficiency was assessed by examining: (i) cost effectiveness and (ii) operational and implementation efficiency.

Cost effectiveness. There were no cost overruns and the project delivered results within the overall cost estimates. The cost of the IPS was approximately US\$6.00 million, which compares favorably with the costs for similar operations in other countries. WB estimates for a similar solution for Kosovo were approximately US\$5.7 million in 2025 and costs for a similar solution for Pakistan were between US\$6 - 8 million.

The overall project costs of US\$11.10 million represented approximately 0.13% of nominal Gross Domestic Product (GDP) as a one-time cost. The benefits of real-time interoperable digital payments enabled by IPS were expected to be significantly higher. Using a macroeconomic impact framework, the medium term benefits were estimated to be 0.6% of GDP on average in countries such as India, Brazil, China, Thailand and Mexico. According to the Centre for Economics and Business Research and ACI worldwide (2024), benefits were expected to be higher in countries where cash usage is higher and informal economy bigger as in Sierra Leone (up to 0.9% of GDP in Egypt, 1.4% of GDP in Nigeria and 1.7% of GDP in Pakistan).

Operational design and implementation efficiency. The project design underestimated the challenges and timelines required to develop a common technical and functional platform which would seamlessly integrate the technical requirements and business interests of money mobile operators into the technical specifications and



business model for the IPS. This contributed to the delays in launching the second phase of the IPS. This in turn affected the timeline for achieving the PDO indicator's target value by project closing. The implementation efficiency was undermined by weak implementation capacity (discussed in section 8) and procurement challenges which included a case of mis-procurement and ineligible expenses representing 3.5% of the project cost (discussed in section 10).

In sum, overall efficiency is rated as Modest, in view of the weaknesses in operational design and implementation efficiency.

Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of the PDO to the government strategy and the World Bank strategy for Sierra Leone is High. Overall efficacy is substantial, as the project made a substantial contribution to: (i) interoperability of digital payments; and (ii) increasing access to financial access. Efficiency is modest, in view of the operational design and implementation efficiency. Taking these ratings into account, outcome is rated as Moderately Satisfactory.

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

Technical Risk. There is a risk that the sustainability of the development outcome could be undermined by technical failures or outages that may be experienced either by the IPS or by participating financial institutions. These risks are mitigated by problem-solving capacity within the IPS unit at BSL, investments in back-up infrastructure and a built-in two-year maintenance contract with the IPS development firms.



Secondary risks stemming from IPS becoming obsolete and not keeping up with the needs of a fast-changing digital payments ecosystem are likely to be limited in the near term.

Government commitment. There is limited risk associated with the government's commitment to the financial sector reform agenda, given the Government's request for the Sierra Leone Second Financial Inclusion Project (which is ongoing and scheduled to close in 2029).

8. Assessment of Bank Performance

a. Quality-at-Entry

The Bank prepared this project based on the experiences from the previously Bank-financed Financial Sector Development Project and the past attempts by the Bank of Sierra Leone (BSL) to procure a retail payment switch. Lessons incorporated at design included: (i) recognizing the need for a robust governance structure; and (ii) recognizing the need for prioritizing and sequencing financial reforms, given the weak implementation capacity. The analytical underpinnings of the project were sound and based on the WB's Systematic Country Diagnostic (SCD).

The implementation arrangements were as follows: The Bank of Sierra Leone (BSL) was overall in charge of implementing the project. As the BSL had no experience with executing WB projects, the Project Fiduciary Management Unit (PFMU) in the Ministry of Finance (MoF) was to be in charge of fiduciary management. The implementation arrangements proved to be problematic as this led to communication gaps and administrative delays between BSL (technical), PFMU (technical) and MoF (sponsoring ministry).

The Bank identified substantial risks with political and governance, macroeconomic sector strategies, technical, fiduciary and the weak implementation capacity. Even with mitigation measures, overall project risk was rated as Substantial at appraisal (PAD, para 99 and table 2, page 30). The arrangements made at appraisal for M&E and fiduciary compliance were appropriate (discussed in section 9 and 10).

There were moderate shortcomings at Quality-at-Entry. First, the ICR (para 45) acknowledges that implementation readiness and market analysis of mobile money operators was limited during design and could have benefitted from more data-driven market analysis. This contributed to the delays in launching the second phase of the IPS (launched more than 18 months after the first phase). This in turn affected the timeline for achieving the PDO indicator's target value by project closing. Second, the design could have been simpler. The design of the project into three components may not have been necessary and a simpler design may have sufficed, given (i) the relative size and scope of the project; and (ii) the interconnected nature of activities.

Quality-at-Entry Rating
Moderately Satisfactory



b. Quality of supervision

Twelve Implementation Status Results Reports (ISRs) were filed over the project lifetime (implying twice a year formal missions as per the norm). Supervision was proactive and adaptive. The supervision team modified the indicators following the recommendations of the MTR. Although there was a period of high turnovers of Task-Team Leaders (TTLs), the slack was addressed by the Country Management Unit's support during this time. The team provided technical and fiduciary support and enhanced guidance after a mis-procurement was identified (discussed in section 10). The Country Management Team ensured that the ineligible expenditure was refunded to the Bank.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The BSL and the PFMU unit in the MoF were in charge of M&E. The primary source of data was the payments system at the BSL. The results framework was logical and the key outcome indicators were adequate for monitoring project performance (discussed in section four). The M&E framework included specific financial inclusion outcomes included gender-disaggregated metrics and aligned monitoring with data availability.

There were some shortcomings: One, the project did not include adequate indicators to measure the outcome of interoperability; and two, some intermediate indicators were repetitive or tangential to the PDO and project components. For example, the indicators "the number of POS transactions via the retail payment switch" and "the number of National Revenue Authority (NRA) collections or other government payments processed" were not required as these indicators were already adequately covered in the results framework.

b. M&E Implementation

The ICR (para 50) noted that that monitoring mechanism was aligned with WB standards. Reporting was proactively simplified during implementation and secondary indicators were removed at the MTR stage. Progress was monitored more frequently when the first and second phases of the IPS were rolled out. The ICR noted that implementation of the M&E framework contributed to quality supervision.

c. M&E Utilization



The M&E framework was effectively utilized to inform decisions, maintain progress and identify course corrections related to implementation. For example, the scope of component two activities was reduced when it was clear in 2022 that mobile money access was increasing more rapidly than foreseen at appraisal.

The strength of the M&E framework was also reflected by the fact that BSL to date is using the same templates to monitor transaction volumes and values for internal monitoring and is also providing data to the Bank team on a monthly basis.

Overall M&E is rated as Substantial.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The Project was classified as Category C (no assessment) project under the WB's safeguard policies. No environmental or social safeguard policies were triggered at appraisal. The ICR does not report of any adverse environmental or social issues during implementation.

b. Fiduciary Compliance

The Project Financial Management Unit (PFMU) in the MoF was in charge of fiduciary management.

Financial Management (FM). The Bank conducted a FM assessment of the PFMU at appraisal to determine the adequacy of the FM systems of the PFMU. The assessment concluded that the FM systems of PFMU were adequate.

The FM performance was rated as Satisfactory when the Project closed (ICR, para 56). Although there were some delays during implementation, the project complied with all external audit requirements (implying that the audits were unqualified).

Procurement Management. The Bank conducted a procurement assessment of the PFMU at appraisal. The assessment concluded that the PFMU had the required skills for handling procurement issues.

The procurement performance was rated as moderately satisfactory when the project closed. There was an incidence of mis-procurement. The non-compliance was addressed through these actions: (i) the procurement of US\$410,432 was declared a mis-procurement; (ii) a notice of ineligible expenditure was issued; (iii) the procurement rating was downgraded and maintained at moderately satisfactory; (iv) implementation support and guidance were increased significantly till project completion in June 2025; and



(v) There was follow-up by the country management unit to successfully refund the ineligible expenditure in October 2025.

c. Unintended impacts (Positive or Negative)

There were no unintended impacts.

d. Other

Not applicable.

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

12. Lessons

The ICR draws the following main lessons from the experience of implementing this project, with some adaptation of language.

1. It would be useful to align the project design with relative size and a simple design does not necessarily compromise the ambition of the PDO. This project offered an opportunity to design a one-component operation, which could have achieved results with a higher level of efficiency.

2. A thorough and data-driven market analysis taking into account the country context is required for implementation readiness. This is particularly so when the achievement of the PDO is almost entirely dependent on market outcomes (such as participation by financial institutions). Such market analysis is essential to align incentives to join an interoperable platform for digital payments.

3. Capacity building throughout the project cycle, may raise the potential for success, especially in countries with weak implementation capacities. At the institutional level, this project could have been implemented by BSL instead of PFMU to build BSL's capacity. The ICR notes that this learning has been institutionalized in the Sierra Leone Second Financial Inclusion



Project which is building and utilizing BSL's capacity for implementation, including fiduciary responsibilities.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is well-written, clear and adheres to the recommended page length. The theory of change in the ICR's narrative clearly articulates the causal links between project activities (inputs), outputs and the intended outcomes. (The ICR does not, however, explicitly state the critical assumptions underlying the theory of change). The evidence provided in the text is adequate for assessing performance. The ICR also provides additional evidence from external sources, which enables the reader to get a better picture of the project's achievements. The ICR draws good lessons from the experience of implementing this project.

a. Quality of ICR Rating

Substantial