



# MULTIDIMENSIONAL VULNERABILITY INDEX SOCIO-ECONOMIC IMPACT ASSESSMENT IN SIERRA LEONE

The COVID-19 pandemic has revealed the fragility and vulnerability of businesses in Sierra Leone. The Multidimensional Vulnerability Index (MVI) helps capture different aspects of vulnerability and enable a more holistic analysis of how and why some entities are more vulnerable than others. Assessing and understanding the level of vulnerability of businesses can provide policy designers with an up-to-date tool to effectively prepare for and respond to future shocks, as the economy begins to recover.

Each business is deprived or non-deprived in each of the indicator presented in the figure below and the MVI is a synthetic measurement to assess the level of vulnerability, comprising three components, exposure, sensitivity, and adaptive capacity.



Vulnerable businesses in **Sierra Leone** are characterized by relatively low adaptation capability of products to sell and sensitivity to a drop in sales.

## 72%

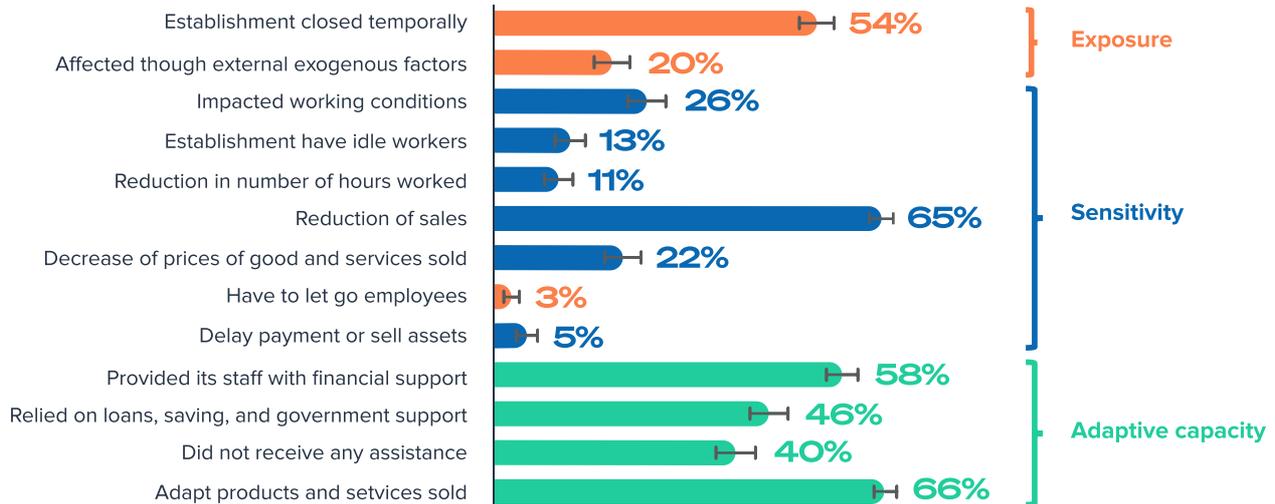
The share of businesses that are vulnerable (deprived in at least 4 indicators)

## 46%

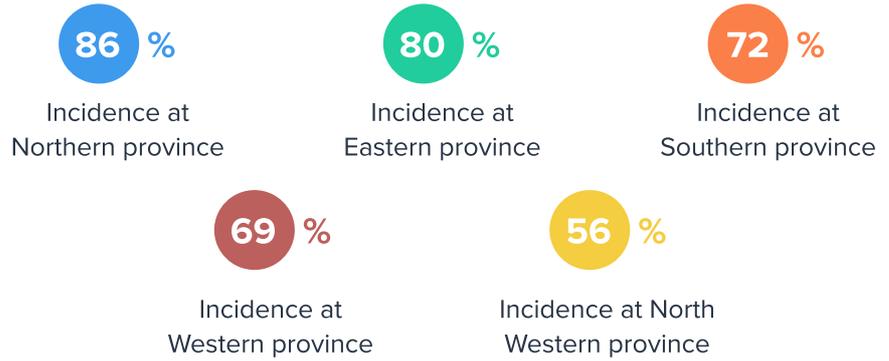
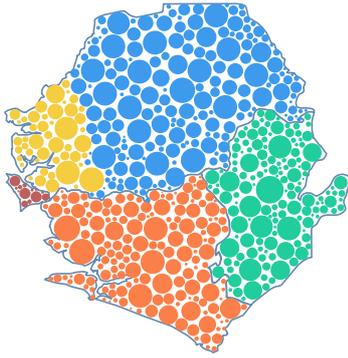
deprivation has each enterprise that is vulnerable

## 33%

vulnerable businesses experience of all possible deprivations, which represents a **MVI value of 0.33**



The COVID-pandemic has shown that Businesses operating in Northern Province have the highest vulnerability rate, while those operating in the Northwestern Province showed the lowest.



Compared with other sectors, firms operating in mining, quarrying and construction manifested the highest vulnerability rates, followed by manufacture sector. Businesses operating in the trading and services sector were the least impacted by the pandemic, as compared to the other sectors.



Furthermore, firms with **5 to 10 years** in operation are more likely to be vulnerable, compared to young businesses (**less than 2 years**) and long-term businesses (**over 10 years experiences**). The pandemic has put the survival and growth dynamics of these businesses at risk.

While **72%** of the enterprises are exposed to such shocks, only **13%** of them enterprises have adaptive capacity to cope with the business impacts of the COVID-19 pandemic. In such a case, Government actions and policies to cushion the impacts of the pandemic on businesses are crucial but without challenges given the limited fiscal space, the high risk of debt distress and many competing priorities.

Almost half of the surveyed enterprises were potentially impacted by the COVID-19 pandemic. Moreover, the analysis shows that the level of sensitivity, the degree to which a firm is impacted by a shock, is **46%**.

