

DC programme: Sustainable economic development and youth employment promotion in Sierra Leone

TC module: Youth employment promotion through socio-environmental and economic transformation in selected rural value chains in Sierra Leone

Project number: 2023.2065.3

Submission of an
offer for a TC follow-on module

at an estimated offer price of up to EUR 13,500,000

Parts of the German contribution are to be allocated to contractors.

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List of abbreviations

BDS	business development service
EPP	Employment Promotion Programme
F4G	Facility for Growth
	instrument used to finance productive resources in SMEs
FCDO	United Kingdom's Foreign, Commonwealth and Development Office
FSA	Financial Services Association
GEWE Act	Gender Equality and Women's Empowerment Act
iDPP	Integrated Development Partnership with the Private Sector
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
MFI	microfinance institution
MIT	Ministry of Industry and Trade
MoPED	Ministry of Planning and Economic Development
MSME	micro, small or medium-sized enterprise
NAYCOM	National Youth Commission
SME	small or medium-sized enterprise
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
TVET	technical and vocational education and training

Youth employment promotion through socio-environmental and economic transformation in selected rural value chains in Sierra Leone



Project number 2023.2065.3

1. Brief description

Title of module	Youth employment promotion through socio-environmental and economic transformation in selected rural value chains in Sierra Leone
Core area	Sustainable economic development, training and employment
Area of intervention (or initiative area)	Private sector and financial sector development
Cooperation outside the agreed core areas	☐ Yes ☒ No
DC programme	Sustainable economic development and youth employment promotion in Sierra Leone
DC programme objective/ strategic framework	The employment and income situation of young people in particular has improved.
Core problem	The competitiveness and employment potential of micro, small and medium-sized enterprises (MSMEs) are limited, particularly with regard to women and young people.
Module objective	MSMEs in selected value chains in Sierra Leone are strengthened with respect to business and job creation aspects, particularly for women and young people.
Contribution to national implementation of the 2030 Agenda	There is no separate national strategy to implement the 2030 Agenda, but key objectives are set out in the National Development Plan. The module has an impact on the achievement of SDGs 1, 2, 4, 5, 8 and 12.
Target groups	Women, young people between the ages of 15 and 35 years, and MSMEs throughout Sierra Leone
Lead executing agency	Ministry of Planning and Economic Development (MoPED)
Methodological approach (including instruments)	Multi-level approach, advice und capacity development for MSMEs, service providers, women's organisations and public support institutions, assignment of 3 international and 17 national long-term experts, 3 development workers, short-term experts, financing of EUR 90,000 and materials and equipment worth EUR 1,400,000.
Key outputs	1) MSMEs have expanded their business and technical skills. 2) The entrepreneurial ecosystem has been strengthened. 3) Women's participation in the economy has increased.
Cooperation arrangements	-
Commission value	Up to EUR 13,500,000

Term	From January 2025 to December 2027 (three years)
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2. Positioning the module

2.1 Positioning the module within the DC programme

The technical cooperation (TC) module is part of the development cooperation (DC) programme on Sustainable Economic Development and Youth Employment Promotion in Sierra Leone, which aims to improve the income and employment situation of young people. The project will contribute to achieving programme objective indicator 1 – ‘10,000 young people have improved their income through additional employment as a result of the interventions by the DC programme’ – by supporting the competitiveness of MSMEs and hence boosting their job creation capacity. The TC module will complement the financial cooperation (FC) project on Poverty-Oriented Economic Development to Consolidate Peace III (GPC III, BMZ No. 2016 68 128), which focuses on constructing infrastructure, particularly on restoring access roads and building markets, warehouses, grain stores, wells and livestock markets. Programme objective indicator 1 was already reached some time ago as the programme has been running since 2012. Programme objective indicator 2, ‘The capacities of the implementing partners of the DC programme have improved’ has also nearly been achieved through the interventions of the FC project and the ongoing TC module, the Employment Promotion Programme – Local Economic Development and Technical and Vocational Education and Training (EPP IV, PN 2020.2105.3).

A new country strategy is currently being prepared and will constitute the framework for a new DC programme in the core area of ‘Sustainable economic development, training and employment’.

In addition, the project meets the requirements of the BMZ strategy on Feminist Development Policy by strengthening the key areas referred to as the ‘three Rs’ (rights, resources and representation) for women, thereby contributing to transformative and systemic change.

DC programme objective:			
The employment and income situation of young people in particular has improved.			
Indicators	Baseline value	Actual value	Target value
DC programme objective indicator 1 10,000 young people earn additional income of 1.2 million leones per year (approx. USD 300) through self-employment or wage labour.	0 (income: 800,000 leones per year)	31,871 young people (on average 1,758 new leones more per year),	10,000 (income: 2,000,000 leones per year), 2,000 young

Probably achievable within the term: yes		4,996 young people in employment (> 2 months)	people in employment
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2.2 Other development measures in the module's specific field of intervention

The EU-financed Jobs and Growth Programme aims to create employment opportunities and develop the private sector. Implementation focuses on improving the road network in rural regions, providing affordable financial services, improving basic and vocational education and training, and promoting young, women-led businesses. The various main components of the programme are being implemented by the United Nations Capital Development Fund (UNCDF), the International Labour Organization (ILO), the World Bank and the current BMZ-funded TC module EPP IV (PN 2020.2105.3). Synergies will arise from the interaction with the other programme components for improving the income and employment situation of women and young people (**impact level**). A tendering procedure for further elements of the EU programme, in which GIZ will participate, is planned for the end of 2024.

For the EU-funded project on Enhancing the National Quality System of Sierra Leone for Trade Competitiveness in Selected Value Chains, which is being implemented by the United Nations Industrial Development Organization (UNIDO) and will be phased out at the end of 2024, a similar follow-on project is being planned for the period from 2025 to 2029; this project will continue to support quality infrastructure in the cocoa, cassava and palm oil sector in the future too. Like the TC project, these activities will strengthen the value chain ecosystem for cocoa (**outcome level**).

The Agricultural Value Chain Development Project funded by the International Fund for Agricultural Development (IFAD) uses a value chain approach to support farmers in the rice, cocoa, vegetable and palm oil sector. Synergies exist particularly in the cocoa and vegetable value chains. In order to work together to achieve results, the cooperation meetings that were introduced will be continued in the event of overlaps in the region of implementation and around the topics of vegetables and cocoa (**outcome level**).

The World Bank's Smallholder Commercialization and Agribusiness Development Project aims to increase agricultural productivity by improving access to markets (infrastructure) and by supporting and funding MSMEs in selected rural value chains (rice, maize, cocoa, palm oil, poultry). The two projects will continue to cooperate closely in the future too in order to share employment-related approaches in private sector development (**outcome level**).

The Invest Salone programme funded by the United Kingdom's Foreign, Commonwealth and Development Office (FCDO) aims to promote economic development in Sierra Leone by providing technical and financial support to businesses in the agricultural, fishery, tourism and manufacturing sectors. Invest Salone supports businesses by improving access to finance, offering various competition-based financial support schemes and providing technical advice, e.g. on drawing up a business plan, business development, market

research, product development and export promotion. In the agricultural sector in particular, there is potential to prepare businesses supported by the project for follow-on financing under Invest Salone, as the focus of Invest Salone is on significantly larger businesses than under this project. To this end, regular dialogue will be established with Invest Salone (**outcome level**).

The World Bank promotes the financial sector under the Sierra Leone Second Financial Inclusion Project in order to give individuals and MSMEs better access to financial services. It aims to promote income and employment and thus complements the approaches of the TC module at meso and micro level. Both projects support the development of financial services for MSMEs, thereby strengthening the entrepreneurial ecosystem (**outcome level**).

The United Nations Development Programme (UNDP) is implementing a project financed by the Islamic Development Bank to support women in the rice value chain (Empowering West African Women Small & Medium Enterprises). Both projects strengthen the role of women in business in Sierra Leone. Knowledge transfer can take place with this project with a view to developing effective instruments for empowering women (**impact level**).

Donor(s)	Project/programme	Expected synergies at results levels
EU	Jobs and Growth Programme for Sierra Leone	Synergies in improving the income and employment situation of women and young people (impact level)
EU/UNIDO	Enhancing the National Quality System of Sierra Leone for Trade Competitiveness in Selected Value Chains	Synergies in promoting the cocoa value chain and developing quality infrastructure (outcome level)
IFAD	Agricultural Value Chain Development Project	Synergies in promoting the vegetable and cocoa value chains and developing infrastructure (outcome level)
FCDO	Invest Salone	Synergies in preparing SMEs for follow-on finance under Invest Salone (outcome level).

World Bank	Smallholder Commercialization and Agribusiness Development Project	Synergies in the provision of infrastructure and financial services (impact level)
World Bank	Sierra Leone Agro-Processing Competitiveness Project	Synergies in the promotion of MSMEs (impact level)
World Bank	Sierra Leone Second Financial Inclusion Project	Synergies in the use of resources will arise in the development of financial services for MSMEs (outcome level)
Islamic Development Bank/UNDP	Empowering West African Women Small & Medium Enterprises in the rice value chain	Synergies through knowledge sharing in the development of instruments for promoting women (impact level)

3. Problem and potential analysis (related to the module)

Context: Sierra Leone is one of the world's least prosperous countries and faces complex interconnected and persistent development problems. In 2024, the share of people living in extreme poverty was 24.5%, while the share of people living in poverty (<USD 3.65/day) was 63.5% (World Bank 2024). Rural regions are disproportionately adversely affected. The economic situation in Sierra Leone has hardly changed since the end of the civil war (1991–2002), because the low average growth of gross domestic product (3.5% in 2022) has been undermined time and again by various external crises (raw materials crisis, Ebola crisis, COVID-19 crisis, currency crisis, inflation).

Women in Sierra Leone face high gender inequality (Gender Inequality Index 2019: 0.644, rank 155 out of 162). Although female labour force participation exceeded 51% in 2022, women's participation in the economy is mainly confined to simple activities. Women and girls suffer from marginalisation and discrimination, particularly in regard to education, better-paid work, political participation and social justice. Women entrepreneurs can hardly access financial services because they cannot provide collateral such as land. In rural regions, women are often subject to discriminatory traditional justice systems that put them at a disadvantage in marriage, divorce or inheritance. The Government of Sierra Leone has recognised this problem area and enacted forward-looking laws in recent years. Among other things, the Gender Equality and Women's Empowerment Act (GEWE, 2023) provides for a female employment rate of 30% in all public and private sector organisations and better

access to finance. The share of female ministers in the Government is now 31%, but the law is not yet being implemented in many parts of the country.

MSMEs account for most of Sierra Leone's economy: they make up 90% of the private sector, providing a livelihood for 70% of the population. Only around 10% of MSMEs are registered, while the remainder operate in the informal sector. Informal micro-businesses have only limited capacity to create new employment. Poor access to finance is a major obstacle for business development. In 2019, only just under 20% of people had access to finance (including mobile financial services). In rural areas, access to finance is currently being supported mainly by microfinance institutions (MFIs), financial service associations (FSAs) and informal savings groups that cannot fully meet existing needs because the institutions lack suitable financial products and have insufficient capital.

Agriculture is the most important economic sector. It contributes 57% of gross domestic product and accounts for 60% of all employment opportunities. However, the sector is mostly subsistence-based, and relatively few companies trade in agricultural products, operate in the food processing sector or provide production inputs. Agriculture-based value chains usually lack basic infrastructure such as processing centres or cold stores; harvested goods are therefore usually sold to intermediaries and a significant percentage of goods perish. Furthermore, the lack of product and production certifications are an obstacle to harnessing existing potential for exporting goods to the EU.

Sierra Leone is implementing the 2030 Agenda through the new National Development Plan that was adopted in 2024. Sierra Leone's Medium-Term National Development Plan 2024–2030 lays out five key elements designed to enable the country to become a middle-income country by 2029: food security (Feed Sierra Leone), human capital development, youth employment promotion (500,000 new jobs), technology and infrastructure, and transformation of the public service architecture.

Defining the module objective: Because of the limited public-sector resources, achieving the goals of the National Development Plan will depend on a flourishing private sector and the participation of all population groups in economic development, particularly young people and women. Industries and value chains that have the potential to grow need to be supported in a targeted and systemic manner to boost momentum effectively in the private sector. This will include both supporting businesses with growth potential and strengthening the entrepreneurial ecosystem. MSMEs in agricultural value chains in particular are grappling with structural deficits that dampen growth and hence reduce the demand for labour. MSMEs currently have very limited competitiveness and potential to provide employment, particularly for women and young people (core problem). The project addresses these obstacles using targeted development measures for MSMEs and their entrepreneurial ecosystem. The module objective is as follows: Micro, small and medium-sized enterprises in selected value chains in Sierra Leone are strengthened with respect to business and job creation aspects, particularly for women and young people.

Causes and assessment of changeability: MSMEs in agricultural value chains lack finance knowledge and management experience and skills in the areas of product

development, improved growing methods, quality management, marketing and export. In addition, the business relationships between farmers and processing firms are not very strong. Many businesses are not formalised, which prevents them from accessing (export) markets and finance. These causes can be addressed in the context of the project.

The ecosystem of agricultural value chains is not very well developed, but many value chains provide leverage points for improving them (processing centres, refrigerated transport, certification, etc.). Financial service providers offer hardly any products that would be suitable and affordable for MSMEs and agribusinesses. These service providers often do not operate efficiently (rarely using digital tools) and have difficulties refinancing their operations. The market for business development services (BDSs) and entrepreneurial capacity development is underdeveloped and of poor quality. These causes can be addressed in the context of the project.

Women in businesses and female entrepreneurs face discrimination as a result of patriarchal ways of thinking and traditional laws. There is a lack of positive role models, women's rights are often not sufficiently known or are ignored, and women are not sufficiently connected, especially in rural regions. These causes can be addressed in the context of the project.

Results achieved to date: EPP IV, the predecessor project, helped to create 1,035 new jobs in agriculture (of which 460 were for women) and helped 3,365 people move into self-employment (of whom 1,955 were women). Another result was that 1,660 micro and small businesses received improved access to microloans through partnerships with finance institutions. The project also contributed to operationalising more than 100 village savings and loan associations, which provide basic financial services in very rural settings. It contributed to establishing storerooms and processing centres in rural value chains. The new project can build on and expand the preliminary work that has been carried out in the financial sector and value chains in particular (see Section 5.1).

4. Objectives, results hypotheses, indicators and partners of the module

4.1 Objectives, target group, results hypotheses and indicators

Module objective: Micro, small and medium-sized enterprises in selected value chains in Sierra Leone are strengthened with respect to business and job creation aspects, particularly for women and young people.

Indicators

Module objective indicator 1

6,798 new jobs have been created in MSMEs in the selected value chains, 3,717 of which for women and 5,730 for young people.

Baseline: 5,298 new jobs in MSMEs, an estimated 2,967 of which for women and an estimated 4,980 for young people

Target value: 6,798 new jobs in MSMEs, 3,717 of which for women and 5,730 for young people (December 2027)

Module objective indicator 2

1,388 MSMEs in the selected value chains, 713 of which are headed by women and 1,148 by young people, have confirmed that their competitiveness has improved.

Baseline: 1,088 MSMEs, 588 of which are headed by women and 1,023 by young people

Target value: 1,388 MSMEs, 713 of which are headed by women and 1,148 by young people (December 2027)

Module objective indicator 3

150 women in the supported MSMEs have confirmed an improvement in one of the following points: access to resources, representation in political and social decision-making processes or access to economically relevant rights in their particular value chain.

Baseline: 0 women (the topic of resources, representation and women's rights has not yet been explicitly addressed in Sierra Leone)

Target value: 150 women (December 2027)

For further details, see the results logic diagram and the results matrix in the Annex.

National implementation of the 2030 Agenda in Sierra Leone is enshrined in the Medium-Term National Development Plan 2024–2030. The present module will contribute to achieving the following indicators of this development plan: reduce (youth) unemployment (module objective indicator 1), strengthen technology and infrastructure (module objective indicator 2), human capital development (module objective indicator 3).

Target groups: The programme is aimed at MSMEs, women and young people throughout Sierra Leone in three to four selected value chains. The final selection of value chains will take place in a participatory process at the start of the project. The relevance of the value chains for women and young people and their potential for employment promotion are two major selection criteria.

According to the Census of Business Establishments, there were 165,514 (formal and informal) enterprises of all sizes in Sierra Leone in 2022. Of these, 48,299 were 'regular' and designed to operate on a long-term basis. As mentioned in Section 3, however, it is likely that there are a much higher number of informal micro-businesses and agricultural enterprises that were not recorded in the census. This is also indicated by an estimate by the Cherie Blair Foundation of 2012, according to which around 1.5 million women manage an MSME. The target group of the project are businesses that have growth potential, in other words not subsistence farmers or individual street traders. However, their legal form is not so important. Formal and informal businesses as well as cooperatives may benefit from the project.

In 2023, women made up around 50% (4.4 million) of Sierra Leone's population. Around 2.56 million women are of working age (15–64 years, World Bank). Most of Sierra Leone's 8.8 million inhabitants are under the age of 35: an estimated 41.6% are younger than 15, while around 34.7% are between 15 and 35 years of age. The median age is 19.3 years

(World Bank, 2022). The target group ‘young people’ (15–35 years), as defined by the African Union, thus comprises around 3.1 million of Sierra Leone’s inhabitants.

Results hypotheses:

Output 1 aims to expand the entrepreneurial and technical skills of MSMEs in selected value chains with a focus on businesses led by women and young people. The results hypothesis is that acquiring skills will make the businesses more competitive and thereby improve their economic situation, which will put them in a position to create more jobs (module objective). This presupposes that the supported enterprises are willing and able to apply the knowledge acquired and raise sufficient capital for investment purposes. An OECD study on SMEs and employment from 2021 underscored the importance of selecting suitable businesses to be supported, as only few SMEs have real scaling-up potential. The study’s findings indicate that most SMEs that are ready to scale up are often more productive than their competitors and have a higher debt ratio (which suggests higher investment amounts).

Output 2 aims to strengthen the entrepreneurial ecosystem in selected value chains. The results hypothesis is that the MSMEs will make use of the services offered in the improved ecosystem and thus receive better access to finance, new markets and better services, enabling them to become more competitive. This correlation was confirmed by the evaluation (2015) of a private sector promotion project implemented by GIZ in Turkey. The underlying assumption is that the institutions and service providers in the entrepreneurial ecosystem show sufficient interest in incorporating the services tailored to the needs of the MSMEs into their service portfolio and in continuing to offer these services on the market even after the project has been phased out.

Output 3 aims to improve the institutional conditions for increasing women’s participation in the economy. The results hypothesis is that strengthening representative bodies for women and integrating gender-transformative elements into training measures will improve the position of women in businesses and governance mechanisms and create role models in an economic and social setting. This will increase women’s participation in the economy and improve the income and employment situation of women in MSMEs. The underlying assumption is that there is sufficient interest at all levels in Sierra Leone to follow through with implementing women’s rights instead of continuing to uphold traditional value systems. BMZ’s strategic requirements have been taken into account.

4.2 Executing agency and partner structure

The lead executing agency is the Ministry of Planning and Economic Development (MoPED).

On placement of the commission, MoPED, the lead executing agency, has the right to demand the services to which it is entitled directly from GIZ. GIZ and the lead executing agency will set out the details in an implementation agreement. BMZ may exercise its rights under the terms of the commission, in particular those arising from the General Agreement, without the approval of the lead executing agency.

MoPED is responsible for the projection and steering of national and international development interventions and therefore has an interministerial cross-cutting function. Although there are no plans for the project to strengthen the human or institutional capacities of the ministry, implementation of the project will be closely coordinated with MoPED, and its results will flow directly into MoPED's results monitoring.

Institutions of the downstream partner structure: Other ministries that will play a key role are the Ministry of Trade and Industry (MTI) with its downstream institutions, namely the Produce Monitoring Board Sierra Leone (PMC), Sierra Leone Small and Medium Enterprises Development Agency (SMEDA) and Sierra Leone Local Content Agency, especially in strengthening the quality infrastructure under Output 2 and promoting SMEs under Output 1. Activities aimed at strengthening the various rural value chains will be agreed and coordinated with the Ministry of Agriculture and Forestry, particularly at district level. The Ministry of Gender and Children's Affairs will be the contact partner for activities aimed at strengthening the ecosystem for female entrepreneurs and women in business, while the monitoring data on job creation for young people in particular will be shared with the Ministry of Youth Affairs and its downstream National Youth Commission (NAYCOM). The ministries have limited human and administrative capacities, especially for implementing support measures, results monitoring and donor coordination.

At decentralised level, the project will also cooperate closely with the district administrations, for example in selecting specific implementation regions and beneficiaries. These district-level organisations have relatively few resources and require technical support and financial resources to be able to implement projects.

In the area of strengthening the entrepreneurial environment (Output 2), the project targets the financial sector and the Bank of Sierra Leone as the regulator of the sector. The capacity development needs of the central bank include developing and implementing regulations and support programmes that are of relevance to the target group. Other project partners are local financial service providers (especially microfinance institutions and financial service associations), which are expected to offer financial services to the target group. Financial service providers require support in developing new financial products, specifically for rural regions and women. Further potential implementing partners for strengthening the entrepreneurial ecosystem may include the Commercial Agricultural Producers and Processors Association, the Sierra Leone Chamber of Agribusiness Development and the Sierra Leone Chamber of Commerce, Industry and Agriculture. Furthermore, partners such as the Innovation Sierra Leone incubator may play a role in supporting women entrepreneurs. Here, the capacity development requirements primarily involve developing tailored services for the target group and providing support in enhancing networking between the various public and private sector stakeholders.

Numerous civil society stakeholders, cooperatives and organisations that advocate for women's rights will also be relevant for implementation, including the activist Naasu Fofaneh and organisations such as Women in Politics, Send, Aurora Foundation for SME Development and the 50/50 Group. These organisations require support in campaigning for

the implementation of legislation and changing the role of women in the economy and society. Furthermore, the project can work with organisations such as ConNet (a women-led fintech enterprise), the Women in Agriculture Network, the Rural Initiative and Community Development Organization, Mabunduka Agro Farms, the National Farmers Association of Sierra Leone and Solidaridad in implementing gender-transformative activities. These organisations require support in expanding their activities, professionalising their organisational structures and creating new marketing opportunities for smallholder producers.

5. Design of the module

5.1 Methodological approach and term

Term: From January 2025 to December 2027 (3 years)

Strategy: The project focuses on businesses with employment and growth potential as a starting point for dynamic economic development in value chains and employment creation for young people and women. Along selected value chains, the project will identify and support businesses whose position within the value chain gives them particular potential not only to grow their own operations but also to strengthen the value chain as a whole and to leverage growth and employment potential in other MSMEs within the same value chain. A particular focus will be placed on strengthening women-led enterprises and creating additional jobs for women in the private sector.

The project pursues a multi-level approach in that it not only promotes businesses directly but also supports their environment (ecosystem). At micro level, the development of MSMEs will be underpinned by support mechanisms such as training, coaching, access to loans and investment grants. The focus will be on SMEs that have high potential for growth and employment or for integrating smallholder farms. In order to improve the entrepreneurial ecosystem, a systemic value chain approach will be chosen that analyses the actors and processes of a particular value chain and establishes missing links and elements, thereby achieving outcomes such as improving supplier relationships or market access. Furthermore, financial service providers and actors in the quality infrastructure such as certification services and laboratories will be supported with the aim of creating an enabling environment for growth-oriented MSMEs and opening up new markets over the long term.

The project centres on empowering women in the economy. Women will be supported at individual level, at the level of women's rights organisations and at societal level. At societal level, the TC module will help raise public awareness about increased participation of women in economic activities, the implementation of laws geared towards achieving gender equality, and changing the perception of women's roles in the economy and the family. At organisational level, measures will include adapting existing training formats to make them gender-transformative and to strengthen the role of women in Sierra Leone. At individual level, training measures and mentoring will strengthen women's entrepreneurial, technical and personal skills so that they can successfully lead businesses as managers or

entrepreneurs, create jobs for women and young people, and act as a role model for other women.

Given the significance of agriculture for the economy as a whole, the project will focus on strengthening agricultural value chains. This can include export products such as cocoa and coffee and local value chains such as vegetables. The final selection of value chains will be determined in a participatory process with the national partners at the start of the implementation period.

Environmental and climate aspects will be integrated into relevant project measures as part of the support for the socio-environmental transformation of the economy. Environmentally sustainable and climate-friendly growing methods will be promoted in the agricultural value chains. Local food production will shorten transport routes. At individual level, the project will review the environmental sustainability of the MSMEs receiving support.

The project follows the human rights-based approach, especially the 'leave no one behind' (LNOB) principle of the 2030 Agenda, and will ensure that disadvantaged population groups (women and people in rural areas) benefit from the measures to be implemented along the value chains that are to be strengthened. For example, the GG-2 marker places particular emphasis on addressing gender equality and the inclusion of disadvantaged groups as an integral part of all outputs, with Output 3 specifically addressing gender-transformative measures. When implementing measures, the project will be led by the 'do no harm' principle designed to avoid conflict-escalating effects, with a special focus on selecting the entrepreneurs to be supported and strengthening the status of women in business.

Use of instruments

Six international and 17 national long-term experts will be deployed along with short-term experts in this module; financing amounting to EUR 90,000 and materials and equipment worth around EUR 1,400,000 will be provided.

One international long-term expert (commission manager) will be responsible for steering the project and for implementing Outputs 1–3 and achieving their objectives. A second international long-term expert will support the commission manager in monitoring and evaluation (M&E) and other overarching functions. A further international long-term expert will steer the complex financing structure resulting from the intensive cooperation with local partners and service providers (Outputs 1–3) and will lead the project's administrative and accounting staff.

In addition, four national long-term experts will be deployed in the project office in Freetown, one of whom will be responsible for the technical steering of Output 1 and another for the technical steering of Output 2. A further national long-term expert will support the international long-term expert responsible for M&E. In addition, one national long-term expert will support the team in the area of digital applications, particularly under Output 2.

In Makeni and Bo, the two regional locations, one national long-term expert each will coordinate the project activities at district level and steer a team of five advisers/experts each. They will each be supported by four other national long-term experts, who will be

responsible for implementing the activities aimed at strengthening SMEs (Output 1), and by one more national long-term expert each, who will be responsible for M&E.

A development worker will also support the project in implementing the activities under Output 3. Two more development workers will be deployed to the regions and will support implementation of the activities in the two regional offices.

In addition, a pool of international short-term experts will be contracted for around 25 expert-months to implement individual work packages under Outputs 1–3.

Most of the planned support in the form of materials and equipment is intended for the SMEs supported under the Facility for Growth (F4G) and the Integrated Development Partnerships with the Private Sector (iDPPs) and may include expanding the vegetable warehouses with cold stores that were built with FC funds in the preceding phase.

Financial contributions totalling EUR 90,000 are also planned. They will be awarded to women's rights groups in order to support their work financially.

The cost-effectiveness of the project will be ensured by largely relying on the use of national long-term experts, who are significantly more cost-effective compared with international long-term experts. For example, two national long-term experts will be deployed to head the two regional offices with technical support from two development workers instead of having two international long-term experts head the two offices. Moreover, the project will use consultants and subcontractors where this appears to make implementation more cost-effective. In order to ensure as broad a coverage of the country as possible and reduce travel activities and costs while at the same time avoiding having to maintain too many offices, the two well-connected towns of Makeni and Bo were selected, from which the north and the south of the country can be well covered.

Output 1 aims to expand the entrepreneurial and technical skills of MSMEs in selected value chains with a focus on businesses led by women and young people. The main focus here is on supporting SMEs in processing agricultural products. Smallholder farms will be supported if they are important suppliers of the relevant SMEs. The output objective will be achieved with an array of tried and tested training, coaching and financing measures, e.g. SME Loop, Facility for Growth (F4G), Integrated Farmers Training, iDPPs. As a training and coaching instrument, SME Loop supports MSMEs with high growth potential in strengthening business models and management practices. F4G can be used to finance improved production facilities that enable farms to be more productive while also increasing the demand for raw materials from suppliers. Using this approach, businesses can be supported with multiple consecutive measures that build on each other (e.g. SME Loop, F4G) in order to promote business success on a long-term and sustainable basis. New products and supply chains can also be developed under iDPPs with larger enterprises, enabling new business opportunities and employment potential to be harnessed. In addition, the warehouses and processing centres for vegetables and cocoa that were partly supported under FC may potentially be expanded.

Output 2 aims to strengthen the entrepreneurial ecosystem in selected value chains. This will be achieved with a series of measures that strengthen the business environment for MSMEs, expand the range of support services offered, and increase the capacities and reach of intermediary organisations and service providers. Firstly, this will strengthen access to finance. The Bank of Sierra Leone will receive technical advice on creating the conditions for facilitating access to finance for women and MSMEs. Secondly, the TC module will support financial service providers in developing and offering suitable financial products for women and MSMEs and conducting training courses on financial literacy. This can be achieved by providing grants to subsidise loans, for example. In addition, village savings and loan associations will receive technical advice in order to establish new activities or expand existing operations. Moreover, providers of non-financial services (business development services) in the field of quality infrastructure will be assisted in developing support instruments in the areas of certification, production standards, traceability and market intelligence.

Output 3 aims to improve the necessary institutional conditions for increasing women's participation in the economy. To achieve this, the TC module will support intermediary organisations in developing and implementing gender-sensitive and transformative training modules, some of which will be deployed under Output 1. These adapted training modules for women and men are intended to generate a positive attitude towards female entrepreneurship and women in business. The TC module will also strengthen organisations that advocate for women's rights so that they can carry out awareness-raising measures independently on implementing existing laws such as the GEWE Act. These also include communication campaigns on the rights, resources and representation of women using formats such as talks by successful women entrepreneurs, events and formats such as radio features, and social media content. In order to firmly establish the topic of women's economic empowerment, a communication platform is to be established for it. Providers of mentoring programmes will also be supported in developing target group-specific services for women entrepreneurs that both strengthen their entrepreneurial skills and change women's self-image in the economy and society.

Outputs*	Key activities	Time frame/Milestones	Instruments to be used (number/scale)
Output 1	- Selecting and analysing relevant value chains - Training and coaching businesses using SME Loop and/or Integrated Farmer Training - Providing support in establishing a Facility for Growth for MSMEs (offering	June 2025: Value chains have been analysed and selected. Dec 2026: 150 MSMEs have participated in training measures.	International long-term experts: 61 expert-months National long-term experts: 342 expert-months International short-term experts: 15 expert-months

Outputs *	Key activities	Time frame/Milestones	Instruments to be used (number/scale)
	financial and non-financial services) - Establishing Integrated Development Partnerships with the Private Sector to integrate MSMEs into value chains - Refining the infrastructure of centres for vegetable processing (cooling facilities, processing) and the cocoa processing centre	June 2027: 150 MSMEs have used new production or processing methods.	National short-term experts: 200 expert-months Development workers: 43 expert-months Materials and equipment: EUR 1.4 million
Output 2	- Providing technical advice for the Bank of Sierra Leone on improving the conditions for MSMEs and women to access finance - Providing technical advice for financial service providers and village savings and loan associations - Providing financial literacy training, grants and subsidised loans for MSMEs - Providing technical advice for providers on developing business services	June 2026: 2 additional financial services for MSMEs are available. Dec 2026: 6 new non-financial services have been developed. June 2027: 250 SMEs have used new non-financial services.	International long-term experts: 57 expert-months National long-term experts: 198 expert-months International short-term experts: 5 expert-months National short-term experts: 150 expert-months Development workers: 7 expert-months
Output 3	- Developing and implementing gender-sensitive and gender-transformative training programmes - Providing training and advice for organisations that advocate for women's rights - Conducting awareness-raising campaigns on the rights, resources and representation of women	June 2025: Specific plans of action have been developed with 2 women's organisations or representative bodies. Sept 2025: Gender-transformative content has been developed for 3 training modules. Dec 2025: A skills development measure with	International long-term experts: 26 expert-months National long-term experts: 181 expert-months International short-term experts: 5 expert-months

Outputs *	Key activities	Time frame/Milestones	Instruments to be used (number/scale)
	- Establishing communication platforms for women's economic empowerment - Advising providers of mentoring programmes by women for women	gender-transformative training content has been piloted.	National short-term experts: 50 expert-months Development workers: 58 expert-months Financing arrangements: EUR 90,000

5.2 Ensuring the long-term effectiveness of the measures (outcomes)

All project activities are geared to the needs of the target groups and partners in Sierra Leone and contribute to strengthening their problem-solving capacities. This will enable the planned positive effects on employment and income to continue even after the project has been phased out. Furthermore, the sustained effectiveness of the measures will essentially be ensured by the ability of the economic target groups and sectors to perform in the market. The value chains and MSMEs to be supported will therefore be selected primarily on the basis of the criteria of existing growth potential and profitable business models. Care will also be taken in the development of the entrepreneurial ecosystem to ensure that marketable services (e.g. in the areas of financial products and digital apps) will be given preference over subsidised solutions, thereby enabling long-term support for the target group beyond the end of the project. In the field of financial system development, the project will also work with the Bank of Sierra Leone to find systemic solutions that reliably address the target group's lack of access to finance.

5.3 Partner inputs, combined financing

	Details	Estimated value
Combined financing	-	
Partner inputs	MoPED: Premises and equipment for workshops and events used to steer the project Leading businesses in the context of 7 iDPPs (primarily in kind)	EUR 215,000

5.4 Commission value and detailed cost estimate

Up to EUR 13,500,000.

The commission value also includes the costs of participation in the Network for Economic Development in Africa (NEDA) and the Sector Network Natural Resources and Rural Development (SNRD Africa), the objective being to ensure that the technical quality and knowledge management required for implementation of the commission are in place. The commission value may also include the costs of interim/final project evaluations as a key instrument for monitoring success and accountability in German TC.

The commission also includes module preparation and follow-up. The costs of preparing the measure will be posted to the project after the commission has been awarded. If the commission is not awarded, these costs will be reposted to the Fund for Fragile States in West Africa (PN 09.3503.1-047.00).

Modules are prepared and evaluated in line with the procedure agreed between BMZ and GIZ, which GIZ implements on BMZ's behalf.

For a detailed overview of costs, see Annex 3a 'Cost estimate and outgoing funds broken down by financial year' and 3b 'Cost-output allocation'.

6. Assessment of the results and risks of the module

6.1 Assessment of results

Overall impact: With its focus on employment, the project will contribute to SDG 8 (Sustainable economic growth and decent work for all), and with its gender-transformative approach it will contribute to SDG 5 (Gender equality), particularly to target 5.5 (Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making). By aiming to raise productivity levels in agricultural value chains, the project will also address SDG 1 (No poverty) and 2 (Zero hunger). It will address SDG 12 (Responsible consumption and production) through improved environmentally sustainable agricultural practices and compliance with standards. These objectives are also reflected in the National Development Plan.

Economic impact: The project will have a direct effect on businesses, their ecosystem and selected values. At micro level, entrepreneurs will receive access to advice, infrastructure and finance, which will strengthen their competitiveness. This will enable additional income and employment to be created (quality criterion 'Poverty reduction and inequality reduction'). At the business ecosystem level, institutions will be strengthened in providing financial and advisory services, one of the aims being to make the services they offer more efficient by introducing digital tools (quality criterion 'Digital technology'). Along the value chains, relationships between the actors will be strengthened and businesses will receive advice on how to further process their respective products and thus generate higher added value (and, as a result, higher profits). The project will also contribute to improving the socio-economic participation of

women (quality criterion ‘Human rights, gender equality and disability inclusion’) by running awareness-raising campaigns and providing support services.

The project does not directly address the quality criterion ‘Anti-corruption and integrity’, but it does apply clear criteria in the selection of enterprises to be supported and makes the processes transparent for all stakeholders. Moreover, the project activities may result in changes in power relations within the value chains, for example by replacing intermediaries. The project will ensure that all the relevant actors in the value chains are involved in the change process.

Environmental impact: Environmental risks include potential damage resulting from unsustainable agricultural production such as soil erosion, soil overuse, soil salinification, water scarcity due to improper management and deforestation with negative impacts on essential natural resources such as soil and water. In order to prevent these negative project impacts, farmers can be trained to adopt organic farming practices as a capacity building measure through Integrated Farmer Training. Environmental aspects can also be applied in the selection of farms.

Environmental risks also exist in the promotion of downstream business activities. These activities involve the use of a wide variety of chemicals, for example for cleaning or pest control. Risks also include the high use of raw materials and inputs as well as unregulated waste disposal. Most stakeholders, including businesses and government agencies, are unfamiliar with or have varying interpretations of the environmental regulations that exist in Sierra Leone. This leads to a considerable lack of transparency, compliance and control. Environmental aspects will therefore flow into all training content for MSMEs, and environmental criteria should also be included in selecting farms.

Social impact: The programme has an indirect social impact by increasing the income of young people and women, thereby contributing to the quality criterion ‘Poverty reduction and inequality reduction’. The project will address the quality criterion ‘Human rights, gender equality and disability inclusion’ through the gender-responsive and gender-transformative focus of measures. Unintended impacts may arise from resistance from within the women's socio-cultural environment. These will be addressed through culturally and context-sensitive implementation. The quality criterion ‘Conflict sensitivity (Do No Harm approach)’ will be taken into account across all outputs by discussing current security-relevant developments that impact the project with the partner ministry and adapting the project strategy in accordance with relevant developments.

Conclusions for the design of the module: The three outputs of the project are interlinked and thus generate positive (reciprocal) effects (see Section 4.1). Output 1 focuses on specifically strengthening MSMEs along the selected value chains so that they can become more competitive and hence create jobs. In order to capitalise on the acquired skills even more effectively, Output 2 promotes the entrepreneurial ecosystem, thereby creating access to new markets and (financial) services for MSMEs. Strengthening the economic participation of women and women-led businesses (Output 3) will enable women to play a more visible role in society while leveraging hitherto unutilised economic and social potential. All three outputs will

be implemented in a context-sensitive and gender-sensitive manner on the basis of the overarching gender, environmental and climate analyses so as to identify and mitigate unintended negative impacts and unlock potential for gender-sensitive and environmentally sustainable development. Markers and keywords are laid out in a table in Annex 4a. For in-depth assessments of the quality criterion ‘Human rights, gender equality and disability inclusion’ and the environmental and climate assessment, please refer to the annexes.

6.2 Assessment of risks to the effectiveness of the module

Political risk: The presidential and parliamentary elections held in June 2023 were followed by unrest because the opposition alleged that there had been voting irregularities. In October 2023, the political parties eventually adopted an Agreement of National Unity, which provides for constructive collaboration at political level. This agreement means that the Government is able to function for the time being. The difficult economic and social situation and severe poverty remain a risk for the political stability of Sierra Leone. Policy dialogue or improved donor coordination can do very little, if anything, to counteract these risks.

Implementation risk: Implementation risks for achieving the objectives may arise from factors such as the deterioration in the country’s economic conditions in recent years. The overall economic situation, the high inflation rate and the unfavourable business and investment climate are affecting the growth of enterprises and hence their ability to employ workers. The TC module cannot influence the overall economic development, but can merely advise businesses and ecosystem stakeholders with regard to their volatile environment. In addition, the impact of seasonal fluctuations in commodity prices can be cushioned with improved storage and processing and can even be turned into an advantage for MSMEs by selling products when prices are high.

Numerous donor organisations operate in promoting the private sector and value chains in Sierra Leone. As the number of businesses with growth potential is limited, there is a risk that the same businesses are supported multiple times and resources are unfairly distributed as a result. Active donor coordination in the field of private sector support with monthly meetings that also address individual beneficiaries can avoid the ‘fittest’ businesses receiving all the support.

Sierra Leone is at high risk from the impacts of climate change. Extreme weather events can limit agricultural production and hamper transport on minor roads. Landslides and floods threaten economic activities across large areas of the country. The TC module has little influence on these risks and can only train businesses on risk management.

Risks to long-term mainstreaming: One risk to long-term mainstreaming would be a fundamental change in the political landscape such as a deterioration in the policy framework for private sector enterprises. However, this risk is assessed as low.

The weak financial capacity of the political partner structures poses a risk to the assumption and continuity of activities, for example in supporting the implementation of laws. The project can focus on intensifying cooperation with civil society and businesses in this area.

Impact of the measure on the natural and social environment:

As mentioned in Section 6.1, environmental risks include potential damage resulting from unsustainable agricultural production (soil erosion, soil salinification and water scarcity). In order to prevent these negative impacts, capacity building measures for farmers can include teaching organic farming practices. Environmental aspects will also be taken into account in the selection of farms.

In phases of growth, businesses consume more raw materials and inputs and produce larger amounts of waste. In order to take these environmental aspects into consideration, training measures for MSMEs will include content on topics such as resource efficiency and waste avoidance and management.

In terms of social aspects, a risk exists with respect to implementation of GG-2 approaches, as existing partner structures at local level may hinder explicit support for women with a view to maintaining the status quo. In order to prevent such stalemates in advance, men should be involved in all activities in order to highlight the advantages of gender equality and avoid all discrimination.

Corruption risk:

The implementation approach includes the provision of grants for MSMEs and service providers. Corruption in the form of accepting personal benefits or taking bribes can have a negative influence on the intended results in that businesses to be supported might not be selected on the basis of the established criteria, thereby preventing the measures and projects to be supported from being implemented as agreed. This can jeopardise the best possible resource allocation and efficient use of funds. The project can counteract this risk with close financial monitoring, triangulation of information, high transparency and communication standards and, where appropriate, ad hoc visits.

The **overall risk** is assessed as medium and the level of influenceability also as medium.

Risk	Rating*	Influence-ability*	Risk management measure (already in place)
Political risks	2	1	
- Violent conflicts due to political instability - Instability due to economic stagnation			Not possible for the project to influence Policy dialogues, donor coordination and economic development
Implementation risks	3	1	
Poor economic situation reduces business growth			Not possible for the project to influence

Youth employment promotion through socio-environmental and economic transformation in selected rural value chains in Sierra Leone



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Risk	Rating*	Influence-ability*	Risk management measure (already in place)
• Volatile commodity prices make calculation difficult • Competition between donors to support suitable businesses • Extreme weather events			Store and process food in order to sell it anti-cyclically at a profit Donor coordination, regular dialogue, including on the names of businesses supported Not possible for the project to influence
Risks to long-term mainstreaming	3	2	
• Fundamental change in direction of economic policy • Weak financial capacity of political structures			Increased cooperation with the private sector and civil society
Impact of the measure on the natural and social environment (unintended impacts)	3	2	
• Use of environmentally harmful methods • Increased consumption of resources and production of waste • Resistance against the promotion of women and questioning of gender roles			Training of farmers on environmentally sustainable growing methods; consideration of environmental criteria in selection Training of businesses on environmental management and selection of businesses based on sustainability aspects Dialogues with all stakeholders, involvement of men in all measures and transparency about activities
Corruption risks (VI063)	1	3	
• Acceptance of personal benefits and taking of bribes in the award of grants • Giving preference to particular stakeholders in the award of grants • Uneconomical use of project funds			Transparency and clear criteria in the selection of businesses to be supported Close financial monitoring Triangulation of information and ad hoc visits
Overall risk	2	2	

*) Rating: 1=low, 2=medium, 3=high, 4=very high

6.3 Declaration

After a review of alternative options, the TC measure presented here and its implementation modalities are held to yield the most favourable relationship between the purpose of the TC measure and the funds to be used. The country strategies and development cooperation programmes and BMZ's binding thematic steering documents have been taken into account during planning.