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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

## ANNEX

of the Commission Decision on the financing of the Annual Action Programme in favour of the Republic of Sierra Leone

### **Action Document for the Jobs and Growth Programme in Sierra Leone**

<b>1. Title/basic act/ CRIS number</b>	<b>Jobs and Growth Programme</b> CRIS number: SL/FED/041-801 financed under the 11 <sup>th</sup> European Development Fund (EDF)	
<b>2. Zone benefiting from the action/location</b>	West Africa, Sierra Leone The action shall be carried out at the following location: Sierra Leone	
<b>3. Programming document</b>	National Indicative Programme (NIP) 2014-2020 for Sierra Leone	
<b>4. SDGs</b>	Main: SDG 4 Quality Education and SDG 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, Other: SDG 1 No poverty, SDG 5 Gender Equality, SDG 12 Responsible Consumption and Production	
<b>5. Sector of intervention/ thematic area</b>	Focal Sector 2: Education Focal Sector 3: Agriculture & Food Security	DEV. Assistance: YES <sup>1</sup>
<b>6. Amounts concerned</b>	Total estimated cost: EUR 118 800 000 Total amount of EDF contribution EUR 60 000 000 This action is co-financed for an amount of EUR 58 800 000 in joint co-financing by the grant beneficiaries and the contributors to the World Bank Trust Fund. (World Bank, UK Department for International Development (DFID), IrishAID and the Government of Sierra Leone)	
<b>7. Aid modality(ies) and implementation modality(ies)</b>	Project Modality <b>Direct management</b> through: Grants <b>Indirect management</b> with United Nations Capital Development Fund (UNCDF), International Labour Organisation (ILO), World Bank, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	
<b>8 a) DAC code(s)</b>	112, 113, 210, 240, 250, 311	
<b>b) Main Delivery Channel</b>	United Nations Capital Development Fund: 41111 International Labour Organisation: 41144 World Bank: 44001 <sup>2</sup> Deutsche Gesellschaft für Internationale Zusammenarbeit	

<sup>1</sup> Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.

<sup>2</sup> <http://www.oecd.org/dac/stats/annex2.htm>

<b>9. Markers (from CRIS DAC form)<sup>3</sup></b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment <sup>4</sup>	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	X	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction		X	
	Inclusion of persons with disabilities		X	
	Nutrition	X		
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity	<input type="checkbox"/>	X	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	X	<input type="checkbox"/>
<b>10. Global Public Goods and Challenges (GPGC) thematic flagships</b>	Human development Food and nutrition security and sustainable agriculture to fight hunger and under-nutrition			

## SUMMARY

Religious co-existence, relative political stability since the end of the civil war (2002), an advantageous geographic environment, abundant natural resources and a young population, create significant opportunities for sustainable investments, inclusive economic growth, revenue generation and jobs creation in Sierra Leone. However, significant challenges remain: patronage, politically motivated interference, poor accountability, high - but reducing - levels of corruption<sup>5</sup>, selective impunity and, more broadly, poor governance, contribute to low growth and hamper development. Persistent imbalances on the external account make the country vulnerable to shocks and high inflation pose macroeconomic challenges. Historic underinvestment in human capital has weakened productivity and competitiveness. The resulting low economic growth, combined with a rapid population growth has considerably slowed down poverty reduction. Despite a 15% drop in poverty since 2003 the number of poor remains at 3.3 million and per capita gross domestic product (GDP) in constant prices is roughly the same as it was in 1970, with most development outcomes at the lower end. The labour market is characterised by underemployment, low productivity self-employment, few wage jobs, informality and inequalities. An estimated 122,000 youths enter the labour market each year, often with little employment options. In parallel, the lack of access to finance,

<sup>3</sup> When a marker is flagged as significant/principal objective, the action description should reflect an explicit intent to address the particular theme in the definition of objectives, results, activities and/or indicators (or of the performance / disbursement criteria, in the case of budget support).

<sup>4</sup> Please check the Minimum Recommended Criteria for the Gender Marker and the Handbook on the OECD-DAC Gender Equality Policy Marker. If gender equality is not targeted, please provide explanation in section 4.5. Mainstreaming.

<sup>5</sup> Commission on State Fragility, Growth and Development: The underlying causes of fragility and instability in Sierra Leone, April 2018.

financial exclusion and high risks are resulting in a persistent environment of unsustainable financing, which undermines investment and jobs creation. Women in rural areas live in precarious situation and are disproportionately affected by poverty and limited access to justice, education, economic opportunities, health care and credit and loans. Infrastructure, especially in rural areas, has deteriorated and hampers agricultural development, as well as access to social services and employment opportunities.

The action addresses this investment-education-employment problem nexus through support aiming to (1) improve the investment climate (access to finance services, improved rural transport infrastructure), (2) upgrade the human capital (general education and Technical Vocational Education and Training - TVET), and (3) create jobs for a predominantly low qualified work force. The activities consequently link skills training with the possibility to access funding. This thematic response will be reinforced by sequencing the impact through a (a) rapid employment creation to respond to the "job crisis" (start-up support for value chains, creating jobs in construction, entrepreneurship, youth capacity building) and (b) improving opportunities in the medium term (concessional financing, sustainable infrastructure, education and skills). This is expected to directly create some 8,500 jobs in the short term and increase the investment and business climate in the medium.

## 1 CONTEXT ANALYSIS

### 1.1 Context Description

**Social Situation:** Despite progress since the end of the civil war in 2002, the Human Development Index ranks Sierra Leone 184/189, way below the average of Sub-Saharan Africa.<sup>6</sup>, and places it amongst the 10 least developed countries in the world. Child mortality is amongst the highest in the world and life expectancy is low (52.2 years). Stunting has improved, but remains high (>30%).<sup>7</sup> As a result, one in four children under five is suffering from stunted cognitive development and physical growth. Poverty, although decreased from 66.4% (2003) remains high at 52% (2018) with more than 10% living in abject poverty, affecting disproportionately rural area, home to 75% of the poor. The population of 7.1 million is growing rapidly at 3.2% per year. Youth (15-35yrs) represent 39.4% of the population.

**Education:** There are approximately 2 million students in education below the tertiary level in Sierra Leone distributed in about 10,750 schools<sup>8</sup>: 6 years primary and 3 years junior secondary (JSS) - together constituting the "basic education" - and 3 years senior secondary (SSS), followed by the tertiary level. Despite substantial progress since the end of the civil war in 2002, access to education remains widely inequitable, with significant variation in school participation by gender, socioeconomic status, and location. While most children begin primary school, the majority of them drop out of school before completing the cycle. The gross enrolment rate is only 55% for JSS and 30% in SSS in 2018 compared to primary education of 108%)<sup>9</sup>. Although participation in education is overall on a positive trend<sup>10</sup>, quality of education remains extremely low, with poor learning outcomes and Human Capital Index below regional levels.<sup>11</sup> The last Early Grade Reading Assessment conducted in Sierra

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<sup>6</sup> UNDP Human Development Report (2017) and statistical update (2018).

<sup>7</sup> Sierra Leone National Health Survey 2017.

<sup>8</sup> Annual School Census (ASC) 2018, Ministry of Basic and Senior Secondary Education (MBSSE).

<sup>9</sup> ASC 2018.

<sup>10</sup> In addition to the ASC, data are confirmed by MICS-EAGLE findings (UNICEF, 2019).

<sup>11</sup> World Bank, Human Capital Index and Components, 2018. A child born in Sierra Leone today can expect to complete 8.9 years of schooling by age 18 (out of a total of 12 years). However, the learning-adjusted years (when the figure is adjusted for the quality of learning) is equivalent to 4.5 years.

Leone in 2014<sup>12</sup> found that 87% of Grade 2 students could not read a single word, while 97 % received zero marks on reading and comprehension.

**Gender:** Female enrolment has increased sharply since 2004 closing the gender gap at the primary and junior secondary levels in pre-primary. There are slightly more girls (52.5%) attending pre-primary school compared to boys. There are only marginal differences of less than 1% between female and male enrolment in primary and junior secondary levels. This trend continues at senior secondary with male enrolment at 52% and female enrolment at 48%. However, there are important gender disparities in terms of access to schooling, retention and completion rates, in particular for disadvantaged girls,<sup>13</sup> of whom 41% have never attended school and, for those that do, retention and completion rates are low. Reasons for girls to drop out of school are related to teenage pregnancy, early forced marriages, and school-related gender based violence (GBV) and sexual exploitation and abuse (SEA) in schools.<sup>14</sup> Poor sanitation and menstrual hygiene management also hinder girls' participation and retention in school. Most of the country's working-age population is in the labour force, and women participation is with 64.7% almost as much as for men (65.7%), but young women are much more likely than young men to be in the labour market (39.4% versus 29.5%). However, gender gaps in earnings are stark: holding other characteristics constant, the results show that men earn nearly three times as much as women in wage employment, more than 2.5 times in nonfarm self-employment, and nearly double in agricultural self-employment. A gender gap also exists in the financial inclusion, as 25% of male population has an account (either with a financial institution or mobile based service) and only 15% of female population (Global Financial Inclusion Database 2017). Furthermore, structural barriers (socio-cultural) hamper girls' and women's access and right to education and employment.

**Governance:** On the Mo Ibrahim Index for African Governance, the country ranks just above average on 26/54, with economic opportunities and human development as the main challenges. Corruption continues to challenge most citizens' daily life and the private sector in particular. 46% of enterprises report bribery.<sup>15</sup> Despite a slight improvement of the Corruption Perception Index<sup>16</sup> to 129/175 in 2018 from 130/180 in 2017, it remains below the regional average. The commitment of the new Government to fight corruption combined with civil society engagement and media attention are, however, promising trends. The Rule of Law Index<sup>17</sup> places Sierra Leone on 98/126 at regional average with corruption and regulatory enforcement appearing as critical. Consequently, effectiveness of Government has worsened between 2006 and 2016 ranking it 187/209.<sup>18</sup>

**Economy:** In 2017, GDP was USD 3.78 billion, a fall from 5 billion in 2014, due basically to the Ebola epidemic and the collapse of iron ore. The economy stabilised in 2016 and grew 6% that year, but has slowed down to 3.75% in 2018,<sup>19</sup> mainly due to low commodity prices and decreasing investments. The *financial sector* is heavily dependent on lending to the Government. Private sector lending declined from 7.5% of GDP (2011) to 5.1% (2017). The

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<sup>12</sup> Another EGRA and EGMA is currently being planned under the GPE ESP Implementation Grant, managed by UNICEF as Grant Agent.

<sup>13</sup> Defined as the poorest quintile of rural students whose heads of household have no education.

<sup>14</sup> Particularly secondary level institutions have serious issues related to transactional sex, SEA by teachers, and violent discipline. Adolescent girls are often victims of SEA being forced to exchange sex for basic necessities including education, grades and transportation to school. A 2010 study found that 9% of girls surveyed had been coerced into sex in exchange for money or grades and the National Study on School-Related GBV in Sierra Leone in 2010 cited teachers as main perpetrators.

<sup>15</sup> World Bank Enterprise Survey Sierra Leone 2017 Country Profile.

<sup>16</sup> Transparency International: 2018 Corruption Perception Index.

<sup>17</sup> World Justice Project, Rule of Law Index 2019.

<sup>18</sup> World Bank, Government Effectiveness Index 2017.

<sup>19</sup> IMF Country Report 18/371, December 2018.

Government that took over in 2018 managed to stabilise the economy,<sup>20</sup> narrowing *public deficit* from 8.8% (2017) to 5.8% (2018). With tax collection estimated to be only 8.6% of GDP, this has implied politically challenging spending cuts, such as the abolition of fuel subsidies. *Inflation* moderated to 17.5% and is projected to further decrease. Sierra Leone is the 152<sup>nd</sup> export economy in the world. In 2017, exports amounted to USD 839 million, whereas imports attained USD 1,300 million. The trade structure shows a strong dependence on exports of minerals, top exports being iron ore (USD 209 million), titanium ore (USD 141 million), diamonds (USD 104 million) and, only in the fourth place, cocoa beans (USD 72 million). Main imports for the same period being rice (USD 190 million), cars (USD 40 million) and cement (USD 29 million), indicates that food security relies heavily on imported rice. With this "small island structure", Sierra Leone's economy is highly vulnerable to external shocks, in particular fluctuations of world market prices. It will, therefore, be important to continue to manage financial risks, strengthen accountability and diversify the economy. For the latter, the development of *Agriculture* will be critical, since it is already accounting for 60% of GDP and 70% of jobs and is growing faster than GDP, at 4.8%, despite underinvestment, policy failures and low productivity.

**Business Climate:** Whilst Sierra Leone has moved down from 160 (2018) to 163/190 (2019) on the *ease of doing business* index, its performance on starting a business has slightly improved. Lack of finance is reported by 40% of companies to be the main obstacle and leads the constraints for businesses.<sup>12</sup> The country only slowly integrates into the global economy, ranking it on Logistics Performance Index<sup>21</sup> among the bottom ten economies. This has eroded competitiveness below Sub Saharan and low-income country average<sup>22</sup>. Main impediments include macroeconomic instability, lack of skilled labour, lack of access to finance, corruption and insufficient infrastructure. Gender equality in businesses is undermined by persisting deep-rooted and negative patriarchal stereotypes, regarding the roles of women and men in the family and in society at large.

**Labour market**<sup>23</sup>: Sierra Leone's working-age population (15-64 yrs) amounts to 2.53 million out of which some 65% participate in the labour market (ILO data : 62.4% men and 62.1 women). Formal employment, in particular wage jobs, is held by relatively few, rather educated workers. Only 10% of the jobs are wage employment, but only 35% of these are formal. 90% of jobs are self-employment 60% of which in low productivity agriculture and 30% in non-agriculture micro-enterprises. 88% of the self-employed jobs are informal. Whilst unemployment appears low at 4.5% (5,6% for men, 3,9% for women 2014), underemployment is high (men 35% / women 28.1%). 75% of employees are working poor (< 3.10 USD/day).<sup>12</sup> A Human Capital Index of 0.35 implies that 65% of productivity is lost due to poor education, nutrition and health, placing it below the regional average. The ILO also reports a deficit in terms of labour-related legislation<sup>24</sup>, overall respect for labour standards (application of the Minimum Age Convention, in terms of access of young people to apprenticeships<sup>25</sup> - 11,1% for men and 2,5% for women), and capacity of the labour inspectorate<sup>26</sup>. Child labour, occupational health and safety need specific attention. All these issues have a direct impact on the well-functioning of populations and the labour market.

**Climate change:** The average annual temperature increased by 0,8C since 1960, and projections suggest an increase in annual temperature by 1C to 2,6C by 2060<sup>27</sup>. This will have

<sup>20</sup> IMF Press Release 19/147, May 2019.

<sup>21</sup> World Bank, Logistic Performance Index 2018.

<sup>22</sup> World Economic Forum Global Competitiveness Report 2018.

<sup>23</sup> International Labour Organisation: Sierra Leone Labour Force Survey (2015).

<sup>24</sup> [https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-addis\\_ababa/---ilo-abuja/documents/publication/wcms\\_682187.pdf](https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-addis_ababa/---ilo-abuja/documents/publication/wcms_682187.pdf)

<sup>25</sup> [https://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100\\_COMMENT\\_ID:3344370](https://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100_COMMENT_ID:3344370)

<sup>26</sup> [https://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100\\_COMMENT\\_ID:3964057](https://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100_COMMENT_ID:3964057)

<sup>27</sup> Sierra Leone's Climate Action Report, 2015.

severe consequences for Sierra Leone, including flash floods and landslides that impact on the transport system, in particular the economically critical rural feeder roads, more frequent cholera outbreaks and a projected decline of more than 20% of annual landed fish resulting in a 50% decline in fishery related employment.

**Environment & Biodiversity:** In Sierra Leone, biodiversity often remains outside protected areas, but is concentrated in multi-functional landscape occupied by people and their farming system.<sup>28</sup> However, the rate of biodiversity loss is alarming due to multiple threats including mining, inadequate institutional frameworks and resources, unsustainable agricultural practises and land use, as well as urban expansion and population pressure. Consequently, environmental degradation is accelerating including deforestation, desertification, sand mining, and encroachment on environmentally sensitive areas. This is further worsened by air pollution, poor sewage and waste disposal. The combined impact contributes to environmental disasters such as the 2017 landslide with some 1,000 casualties. The Government's new development plan highlights the need to strengthen public policy for management of the environment and natural resources and, in particular, to build national resilience and it promotes a diversified, resilient green economy as a central goal.

## 1.2 Policy Framework (Global, EU)

**Africa – Europe Alliance for Sustainable Investment and Jobs<sup>29</sup>:** The action contributes through boosting strategic investment and strengthening the role of the private sector to create jobs, strengthening the business environment and investment climate and investing into women and men. **European External Investment Plan<sup>30</sup>:** The action responds to specific challenges emerging from the fragile context of the country and complements the EIP in leveraging public and private investment and in improving the investment climate. The action will be coordinated with EIP – guarantees. **New European Consensus on Development<sup>31</sup>:** The action contributes to inclusive and sustainable growth and jobs as well as to human development and dignity, whilst mainstreaming sustainable management of resources. Improvements of business and regulatory environment will contribute to a more effective and accountable institutions and strengthen the rule of law. The proposed project is also in line with the **2030 Agenda for Sustainable Development** and, specifically, SDG 8, which aims at promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (see section 4.4). **EUs strategic interests** are reflected in the action as it seeks to ensure political and economic stability, harness economic opportunities of the country, promote universal values, in particular on decent work and strengthen multilateral cooperation and commercial relations.

## 1.3 Public Policy Analysis of the partner country/region

The action is fully aligned with the Government's strategic priorities expressed in the National Development Plan and relevant sector policies. The **National Development Plan 2019-23 (NDP)** emphasises human development, in particular education and investment in skills, and the establishment of a diversified, competitive economy with a well-developed infrastructure. It is consistent with the SDGs. The **National Agriculture Transformation Plan 2023** guides the sector and centres on value chains to enable smallholder farmers to emerge from subsistence level. It seeks to improve linkages of the sector with finance and markets, emphasising rural communities, women, youth and infrastructure. The Plan directly supports SDG 2 and SDG 5. The **National Financial Inclusion Strategy (2017-2020)** seeks to make

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<sup>28</sup> FAO: The State of Sierra Leone's Biodiversity for Food and Agriculture (2017).

<sup>29</sup> COM(2018) 643 final of 12.9.2018.

<sup>30</sup> COM(2016) 581 final of 14.9.2016.

<sup>31</sup> OJ C 210 of 30.6.2017.

financial services available, accessible and affordable to all Sierra Leoneans and support inclusive and resilient private sector led-growth. This contributes to SDG 9.

The **Education Sector Plan (ESP) 2018–2020** and the recent Free Quality School Education (FQSE) for the period 2018-23 guide the sector. The ESP 2018–2020 was endorsed by the local education group in 2017, according to the guiding practices of the Global Partnership for Education (GPE). It has the overall goal of improving (a) education service delivery, (b) integrity in education, and (c) learning in formal and non-formal settings/education institutions. The plan focuses on a number of key areas including (a) access, equity, and completion; (b) quality and relevance; (c) system strengthening; and (d) emergency preparedness and response. The ESP is complemented and strengthened by the new Government's flagship programme FQSE, which focuses on making education available to all. The Blue Print for **Youth Development - Sierra Leone's National Youth Programme-2014 - 2018** offered an opportunity to integrate the work of all major stakeholders involved in youth employment, and contributes to improved nationally coordinated action and response to the complex youth unemployment challenges. The **Sierra Leone National Employment Policy** aims to stimulate an adequate employment growth in our economy, in order to reduce unemployment and underemployment rates and eventually attain full, productive, and decent employment for all Sierra Leoneans. Notwithstanding discriminatory provisions against women in the existing Constitution, in particular article 27 (4) (d) (arts. 2, 3 and 26), Sierra Leone has demonstrated commitments to promote gender equality through the development of policies, plans and promulgation of legislations for the protection, welfare and advancement of women and girls in Sierra Leone, including the **National Gender Strategic Plan (2010-2013)**. Finally, a number of discriminations are tackled, for example regarding employment and education, the 2011 HIV/AIDS Commission Act makes it an offence to deny a person access to employment or to an educational institution on the basis of their HIV status.

#### 1.4 Stakeholder analysis

**Stakeholder: Public Sector:** The project has a clear cross-sectoral nature. However, the capacity of the institutional framework is generally stretched at all levels which, together with the fragile context of the country, constrains effective policy implementation.

In the agriculture sector, the **Ministry of Agriculture and Forestry** has the mandate to formulate agricultural development policies and further advise on other matters relevant to agriculture. Its key priorities include rice self-sufficiency, livestock development, crop diversification and forestry. Private Sector Development and improving access to finance are critical areas for the ministry to achieve its objectives.

The education sector represents a predominant part of the public sector also in terms of public expenditures, the national system is managed by the **Ministry of Basic and Senior Secondary Education (MBSSE)** and the **Ministry of Technical and Higher Education (MTHE)**. In 2018 the Government has raised the education sector budget to 21% of GDP (of this approximately 80% is allocated to basic education) against an average of 12-13% in the previous years. Whilst this is an encouraging signal that reflects the renewed commitment of the Government for the education sector, the sector governance and system management remains weak (with a fragmented regulatory and policy framework), overlaps and would need harmonisation. Policy harmonisation is ongoing in many aspects, but distribution of roles and responsibilities among different sector MDAs (Ministries, Departments and Agencies) is not always clear, although in an overall improving outlook. In addition to the MBSSE and the MTHE, which have replaced in 2018 the former unique Ministry of Education MEST (Ministry of Education Science and Technology) another key MDA is the **Teaching Service Commission (TSC)** which, as per Parliament Act 2011, is a semi-independent body with broad responsibility over all matters pertaining to teachers, including teacher licensing, management, professional development. Although the Local Government Act and the Education Act, both approved in 2004, provide for devolution of important education

functions to the Local Councils (LCs), the implementation of a comprehensive decentralisation reform has turned out difficult in practice for lack of capacity and poor revenue collection at local level. Decentralised functions, such as school monitoring and inspections are carried out through collaboration between the LCs and the District Education Offices (DEOs), which are the decentralised branches of the central MBSSE. From 2018-19 also, District Offices of the TSC have been established for managing teachers-related matters at local level. Establishment of Regional Offices of the MTHE, with responsibility over the tertiary education, is also foreseen in the near future. Coordination and harmonisation of all these different entities operating at decentralised level remains to be fine-tuned.

The **Ministry of Youth Affairs** and the **National Youth Commission** (NAYCOM) is a key stakeholder and partner for the implementation of this programme. NAYCOM was established by the Government of Sierra Leone in 2009, with the object of empowering the youth to develop their potential, creativity and skills for National Development.

*Social Partners* include the Sierra Leone Employer Federation, the Sierra Leone Labour Congress (SLLC) and Central Confederation of Trade Unions (CCOTU) and the Sierra Leone Teachers Union (SLTU).

*Private Sector:* There are 11 insurance companies and 14 Local Financial Institutions, including two with Government majority. The Sierra Leone Chamber of Agriculture Development represents 200 small and medium enterprises (SMEs) and provides business services. As concerns the education sector, it should be reminded that Sierra Leone has been beneficiary of two consecutive cycles of an Education Sector Implementing Grant (ESPIG) from the Global Partnership for Education (GPE), respectively for the Education Sector Plan (ESP) 2013-18 and its updated successor ESP 2018-20, each for a value of approximately USD 17.5 million. The typical structures foreseen under the principles of the GPE are in places and in use for several years, with a Local Education Group (LEG) that in Sierra Leone is usually referred to as EDPs (Education Development Partners Group). The ESP 2018-20 has been endorsed by the LEG in 2017, and a yearly rotation in the role of Coordinating Agency has been implemented, with the UK Department for International Development (DFID) in charge from June 2018 to June 2019, the EU in the subsequent year and the World Bank (WB) in the final one. Grant Agent of the ESPIG is United Nations Children's Fund (UNICEF) for the entire implementation of the grant.

**The target Groups** are private sector (agro processors, traders), producers (farmer & groups), primary and secondary schools, TVET institutions, teachers and trainers. The **final beneficiaries** of the overall objective are workers, their families, in particular youth and women, all considered as right-holders striving for access to qualitative education, finance services and decent employment.

## 1.5 Problem analysis/priority areas for support

The **development of the agricultural sector** is confronted with several challenges, the crucial ones being the following:

- Although the financial sector appears profitable, non-performing loans are still dominating and it is over reliant on government securities. Credit is the main constraint for most business<sup>32,33</sup>. For the agricultural sector, households with larger plots tend to enjoy higher agricultural profits and to be slightly less likely to be credit constrained. Access to finance is further limited by specific challenges (slow capital rotation) and systemic risks (weather, price). Around 87% of the population, mainly living in rural areas, are excluded

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<sup>32</sup> ILO, Enabling environment for sustainable enterprises in Sierra Leone, 2019.

<sup>33</sup> World Bank, Enterprise Survey 2017.



from financial services<sup>34</sup>. Hence, the agricultural sector is chronically underfinanced, which undermines productivity, investment and job creation.

- Poor road infrastructure limits access to markets, employment and social services, thereby amplifying the disproportional high poverty in rural areas. Lack of maintenance, worsened by climate change<sup>35</sup>, has deteriorated 80% of the 7,360km rural feeder roads<sup>36</sup>. District councils are mandated for maintenance of rural roads, but lack capacity and funding. This also reduces the potential of employing unskilled youth for feeder road maintenance.

**Job creation** is confronted with the following main challenges:

- Despite undeniable progresses over recent years, access to education remains widely unequitable, with significant geographical (urban vs rural), socio-economic (wealthy vs poor quintile of the population, disable vs non-disabled children) and gender-based discrepancies. Besides a high illiteracy rate (higher among women than among men (66.4% versus 45.1% percent) and higher among the disabled than among the nondisabled (72.3% versus 56.3%), There is also a strong gender component, since the proportion of those who have never attended school is greater among women than men (63.7% percent versus 44.9% percent). Fewer than 10% of children make it through school to their final mathematics and English exams, and of those 90% fail. Overall, rural students' performance in school is worse than that of urban students, and girls are less likely than boys to transition to secondary education, are more likely to drop out, and have poorer scores on examinations.
- Quality of education is a persistent challenge, and poor educational outcomes undermine the prospects for youth to acquire professional qualifications. Key factors driving low retention rates and poor education outcomes include low and inequitable access to education and low quality of education services provided, poorly trained and motivated teachers, inadequate learning environments, inadequate curriculum policies and insufficient teaching and learning materials, as well as inadequate assessment system. Together, these issues are further exacerbated by inefficient public spending and weak sector governance and management.
- Mismatch of skills supply and labour market demand undermines employment and productivity. Access to professional education and training is limited, in particular for women and youth, and TVET centres are poorly equipped to respond to the needs of the labour market. As a result, the majority of the 122,000 new annual entrants to the labour market face few good job prospects. Despite being always included in key-policy documents, TVET has been neglected in practice for at least a decade, lacking investments.
- A lack of entrepreneurial skills reduces the prospects of self-employment that could compensate for the relatively small offer of wage employment. The main reasons preventing young people from starting a business are lack of access to appropriate funding, lack of information on how to start a business, lack of skills and training, a general preference for wage jobs and an unsuitable education system. In terms of household enterprises, although most are microenterprises, men tend to own slightly larger enterprises relative to women and are more likely than women to hire labour.

Although Government prioritises education and investment in skills, the labour market will, for the decades to come, be dominated by unskilled labour. Hence, in parallel with the efforts to improve access to and quality of education, it will be vital to provide work for the masses

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<sup>34</sup> Bank of Sierra Leone, National Financial Inclusion Strategy 2017–2020.

<sup>35</sup> Sierra Leone, Climate Action Report, 2015.

<sup>36</sup> Sierra Leone Roads Authority Survey 2017.

of people likely to remain low qualified throughout their professional career. Therefore, Priority Areas for support are increased investment in agricultural business and creation of more and better jobs through prioritising (1) access to viable financial services, (2) labour intensive improvement of rural road infrastructure (3) promotion of inclusive quality education and (4), TVET. This reflects the National Development Plan and sector policies and is aligned with the EU priorities.

## 2 RISKS AND ASSUMPTIONS

Risks	Risk level	Mitigating measures
<i>Country Risk:</i> Tensions between the main political parties and ethno-regional dynamics undermine the reform agenda.	M	1) Political and Policy dialogue. 2) Better coordinated donor action.
<i>Global Risk:</i> A major economic shock occurs. Regional instability with cross-border spillovers.	M	Better resilience through improved food security and diversification. Regional political dialogue and contingency planning.
<i>Sector risk:</i> Private sector fails to respect fundamental rights. <sup>37</sup>	M	1) Monitoring of implementation. 2) Complaints Mechanism.
<i>Sector risk:</i> Incentives for Local Finance Institutions to invest into agriculture remain low.	M	1) Flexibility in loan condition. 3) Reallocation of resources to start-up, financing of value chains.
<i>Sector Risk:</i> Government focus on Education is not reflected in increased national budget allocations over the medium-long term.	L	Political and Policy dialogue at both bilateral (EU-Government) and multilateral (through GPE) level (the EU is LEG coordinator from June 2019 to June 2020), and other DPs coordination fora.
<i>Sector Risk:</i> TVET continue being fragmented and highly unregulated.	M	1) Political and Policy dialogue 2) Technical support to policy and institutional capacity building.
<i>Sector risk:</i> TVET does not receive sufficient public investment, necessary to improve quality of learning environments and TVET-teaching practices.	M	1) Political and Policy dialogue. 2) Support to PPP policy development, mainstreamed through the project implementation.
Strong socio-cultural barriers to promote gender equality.	M	Systematic sensitisation at all levels (macro, meso, micro).
<b>Assumptions</b> 1. The country is better prepared than earlier, partly thanks to the present action, to handle economic shocks. 2. Macro-economic Stability is maintained; corruption is being reduced. 3. Education and Human Development remain priorities in the Country development agenda.		

<sup>37</sup> Bill of Human Rights. International Labour Organisation Declaration on Fundamental Principles and Rights at Work  
United Nations Guiding Principles on Business and Human Rights.

### **3 LESSONS LEARNT AND COMPLEMENTARITY**

#### **3.1 Lessons learnt**

- Grant resource to support value chains has proved efficient in the past and will continue to be relevant in the medium term, but a more conducive financial environment is likely to motivate Local Financing Institutions (LFIs) to engage with agriculture and manufacturing: → The action will provide an effective combination of grants, concessional financing and risk mitigation.
- Although higher skill levels are associated with higher earning, employment in Sierra Leone is more closely associated with poverty reduction than, job type, sector, or even earnings.<sup>38</sup> → The action prioritises direct and indirect rapid job creation in formal and informal sector.
- Despite the existence of a functioning Local Education Group (LEG) and the typical GPE mechanisms, Development Partners (DPs) Coordination in the Education sector has been historically weak, which has often produced fragmented aid and difficult harmonisation of efforts. → The action will support primary and secondary education through a multilateral coordinated instrument, the Multi-Donor Trust Fund (MTDF), with participation of all major Education DPs that are also represented in the LEG, which contains mechanisms for stronger coordination and, hence, better synergies. The MTDF does not replace the LEG, but is complementary to it.
- Since the industrial sector offers very limited possibilities of employment, traditional TVET is less effective in Sierra Leone. → The action will emphasise entrepreneurship, self-employment and improving productivity, with skill training to open real opportunities for youth and women in particular.
- High intensity labour projects have proved efficient to quickly provide decent jobs to unqualified labour with a minimal training effort.<sup>39</sup> → The action will provide jobs through maintenance of feeder roads.
- It is critical to combine training with start-up funding to open up real opportunities → The action will combine skills development and access to finance at various levels

#### **3.2 Complementarity, synergy and donor coordination**

Implementation through specialised organisations (UNCDF, IfAD, ILO, GIZ) is expected to improve synergies and ensure coordination with their respective programmes, in particular in the following areas:

##### **Private sector support and sustainable, employment intensive infrastructure**

- International Labour Organisation (ILO): ILO is conducting a small Medium Enterprises Development Project, which promotes an enabling environment for sustainable business, access to quality non-financial services, access to finance and employment intensive industries; ILO has projects in Sierra Leone and in other parts of Africa (Cameroon, Gambia, Madagascar, Mauritania, South Africa, Sudan, Tunisia) and Asia, focusing on employment creation and rehabilitation or maintenance of rural feeder roads. It is envisaged that ILO will implement Output 1.2 of this action.
- World Bank: The World Bank finances a Productivity & Transparency Support Grant to productivity, economic diversification and inclusive growth.

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<sup>38</sup> World Bank, ILO: Sierra Leone Labour force survey, Executive Summary September 2015.

<sup>39</sup> ILO, Quick Impact Employment Creation Project, Sierra Leone.

**Access to finance, financial services and financial inclusion:**

- UN Capital Development Fund (UNCDF): The West Africa Digital Financial Inclusion Programme, implemented by UNCDF, provides capacity building to the Bank of Sierra Leone in digital financial services and implementing the financial literacy campaign and financial inclusion strategy. It is envisaged that UNCDF will implement Activity 1.1.2, 1.1.3, 1.1.4 and 1.1.5 under Output 1.1 of this action.
- International Fund for Agriculture Development (IfAD): IfAD is implementing value Chain Development projects to improve food security, modernise agriculture, increase production and develop markets, and Rural Finance and Community Improvement Project to strengthen the rural finance system. It is envisaged that IfAD will partner with UNCDF to implement Activity 1.1.2, 1.1.3, 1.1.4 and 1.1.5 under Output 1.1 of this action.
- European Investment Bank (EIB): The EIB is participating with (USD 10 million) to the Gemini Fund (USD 50 million), a venture capital fund with a multi-sector strategy to acquire majority stakes in start-ups and SMEs in Liberia and Sierra Leone. The JGP will contribute to improving the investment climate for the fund through the value chain support. The EIB Technical Assistance Programme for West and Central Africa supports Financial Institutions engaged in financing micro, small and medium enterprise (MSME) and microfinance.

**Education:**

- World Bank: The Multi-Donor Trust Fund (2020) will implement the general education component of this action with other potential partners, such as DFID and IrishAid. It also finances the Sierra Leone Skills Development Project 2019 for TVET institutions and for business operators for demand-led skills upgrading, production and access to market. It is envisaged to implement Output 2.1 through the World Bank Multi-Donor Trust Fund together with DFID and IrishAid.
- DFID: The Senior Secondary Education Improvement Programme is complementary with the present action.
- Global Partnership for Education (GPE): Sierra Leone is a recipient country of aid under the GPE, and has received already two cycles of financial and technical support to the development and implementation of the Education Sector Plan 2013-2018 and its revision/update 2018-20, benefitting from two Education Sector Plan Implementing Grants (ESPIG) in 2013 and in 2018 respectively. The current ESPIG is managed by UNICEF in the role of Grant Agent (GA) and with the major education donors rotating on a yearly basis in the role as Coordination Agency (CA) of the Local Education Group (LEG), in Sierra Leone, also known as EDP – Education Development Partner group). DFID has been the Coordinating Agency for the first year 2018-19, recently (June 2019) replaced by the EU, who in June 2019 will hand over to the WB.

**Technical and vocational Training:**

- GIZ: GIZ is implementing the ongoing TVET component of the EU Support the Education Sector in Sierra Leone programme (11<sup>th</sup> EDF), and an Employment Promotion Programme, which supports demand-driven, competency based skills development in cooperation with private sector. It is envisaged that GIZ will implement Output 2.2 of this action.

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Overall objective, specific objective(s), expected outputs and indicative activities**

**Overall Objective:** To contribute to sustainable and inclusive economic development and job creation, in particular in the agricultural sector.

**Specific Objective 1:** Improved investment climate and business environment

**Output 1.1:** Improved capacities, funding, policies and regulations for provision of sustainable financial services for private sector

#### ***Activity 1.1.1: Fund the start-up and expansion of sustainable, gender sensitive agriculture value chains***

Support pioneering firms, value chain actors and organisations in developing economic, social and environmentally sustainable value chains (including organic products with high export potential) through a coherent gender sensitive approach of:

- Policy Development: research, analysis and consultation and synthesis of differentiated information (taking into account inequalities, ages, gender, disability).
- Institutional Development: creating / reinforcing a network of organisations to effectively generate, allocate and use human, material and financial resources to achieve objectives.
- Capacity Development: enabling individuals and organisations to obtain, strengthen and maintain capabilities to set and achieve objectives.
- Capital Asset Development, including infrastructure and equipment, supported by sustainable development and maintenance management plans.

#### ***Activity 1.1.2: Provide concessional financing and investment support***

- Improve the market analysis to inform financing conditions, in particular for female entrepreneurs and social, economic and environmental sustainable investments.
- Establish a "Jobs & Growth Fund" to provide a low cost line of credit to Local Financing Institution for concessional on-lending to private sector in agreed investment areas.
- Build the capacity of local actors to provide pre & post investment support for de-risking the supply (loan appraisal, monitoring) and demand side (extension, business support services).
- Establish an effective project governance structure including gender sensitive monitoring and evaluation system.

#### ***Activity 1.1.3: Diversify risks for agriculture investments with a particular focus on economic empowerment of women***

- Support Insurance Commission and Insurance Association in capacitating the industry.
- Develop and pilot with insurance companies micro and agricultural insurance products.
- Where relevant, promote the instruments of the External Investment Plan.

#### ***Activity 1.1.4: Expand financial and other digital services to rural areas and farmers with a particular focus on economic empowerment of women***

- Improve the access in rural areas to Digital Financial Services (DFS) for payment, deposit and banking.
- Promote digital services to improve access to inputs, markets and weather information.
- Enhance financial literacy and education efforts by leveraging the private sector.

#### ***Activity 1.1.5: Improve the policy, regulatory and institutional framework for financial services***

- Support regulatory adjustments for an enabling and inclusive financial environment, including competitive and inclusive DFS ecosystem, consumer protection and capacity development for DFS models and risk management tools.
- Strengthen policies intersecting financial and agriculture sector and their implementation including coordination of stakeholders (private sector, government, academia), harmonisation of existing policies, policy development and best practise sharing.
- Promote sustainable agriculture finance policies through public-private dialogue (including the Sustainable Business for Africa Platform of the External investment Plan (EIP) and the development of a roadmap to improve the policy environment for sustainable agriculture finance.

## **Output 1.2: Improved climate resilient and sustainable road infrastructure in rural areas**

### ***Activity 1.2.1: Harness the potential of jobs for youth in feeder road maintenance***

- Train and support 4,000 youth (women and men) in maintenance of feeder roads.
- Establish partnerships with the infrastructure industry.

### ***Activity 1.2.2: Rehabilitate and maintain feeder roads***

- Prioritise feeder roads according to socio economic criteria and synergy with EU projects.
- Rehabilitate / maintain 200 km of feeder roads through employment intensive approach.

### ***Activity 1.2.3: Establish Public-Private-Community-Partnerships to maintain feeder roads***

- Agreeing on and establishing a PPP for road maintenance, with involvement of communities.
- Provide for lessons learned of the new/upgraded roads and its effects to the authorities for an evidence-based policy-making.
- Strengthen technical and management capacity of District Councils and communities.

### ***Activity 1.2.4: Unblock entrepreneurial potential of youth and economic growth in agricultural value chains and rural economics***

- Identifying opportunities for jobs, value chains and entrepreneurship development.
- Design interventions that can include training, value chain development, market linkages that can support economic and job growth in the local economies.
- Train 3,000 youth (women and men) in entrepreneurship, financial education, green technology, good agriculture practises and occupational health and safety and provide eligible youth with support through conditional cash transfer.

## **Specific Objective 2: Improved human capital matching better the labour market**

### **Output 2.1: Improved management capacity in the education system, teaching practices, and learning conditions, in line with national policies and targets<sup>40</sup>**

#### ***Activity 2.1.1: Improve Education Policy, Governance Accountability and System Administration***

- Support evidence-based education planning and rationalisation: support to annual and medium-term sector planning, developing a school national catchment plan, education data collection (disaggregated by sex, age groups), analysis and utilisation, development of a school standards and QA framework, capacity building of education staff at central and decentralised level.

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<sup>40</sup> Output 2.1 corresponds to the Multi-Donor Trust Fund (World Bank, EU, DFID and IrishAid) to support the Government in providing equitable access to quality education for all in primary and secondary education.

- Provision of technical support to curriculum reform and development of a National Learning Assessment Framework.
- Promote gender equality and inclusive education: support to girls and children with disabilities, and train stakeholders on gender and inclusive education.

***Activity 2.1.2: Enhance Teacher Management and Professional Development***

- Support teacher workforce planning and teacher management: build capacity of Teaching Service Commission to project teacher supply needs with links to supply capacity by Teacher Colleges.
- Improve teacher professional development: support the development and implementation of a cluster-based continuous professional development.

***Activity 2.1.3: School level education development***

- Build capacity of school management committees (SMCs) and Implement performance-based school financing (PBF).
- Improve learning environment: support school construction (approx. 500 classrooms as identified by the school catchment area plan developed under Activity 2.1.1), maintenance/renovation and develop a school construction strategy.
- Provision of early grades (grade 1-3) learning materials.

***Activity 2.1.4: Programme Management, Coordination and monitoring and evaluation (M&E)***

- Ensure efficient programme management, coordination and M&E.
- Implement effective communication and visibility strategies.

***Activity 2.1.5: Contingency Emergency Response Component (CERC)<sup>41</sup>***

- Rapid reallocation of project funds to respond promptly and effectively to an eligible emergency or crisis.

**Output 2.2: Improved youth employability, capacity and systems for skills and increased access to the labour market**

***Activity 2.2.1: Rapid skills development and employment creation***

- Train 5,000 unemployed youth (women and men) in basic employment skills (e.g. computer, psycho-social behaviour, functional literacy, and other soft or technical business skills).
- Training of 2,000 youth (women and men) in short-term Vocational Education and Training (VET) on selected trade skills determined on demand, with consequent support of start-ups and self-employment through conditional cash transfer.
- Provide corporate development and business training for 750 SMEs (female and male headed) and support 250 of them with development grants based on competitive selection.

***Activity 2.2.2: Establish effective partnership with the private sector***

- Promote Public Private Partnership (PPP) to increase participation of civil society and private sector in demand-driven TVET, including policies development and implementation.
- Develop and implement apprenticeship schemes for 500 youth (women and men) at the private sector.
- Improve training of in-service trainers of companies (at least 50 foremen and/or instructors) and practitioners (at least 200 female and male employees).

***Activity 2.2.3: Strengthen the TVET sector governance***

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<sup>41</sup> Allows Government to request the MDTF for rapid reallocation of project funds to respond promptly and effectively to an eligible emergency or crisis that is a natural or manmade disaster or crisis that has caused or is likely to imminently cause a major adverse economic and/or social impact.

- Improve institutional capacities of TVET-related Ministry Departments and Agencies and promote evidence-based planning.
- Support the design of a harmonised National Qualification Framework (NQF) for TVET qualifications.
- Support the establishment of policies for transitions between non-formal and formal VET and between formal VET and general education, including development of comparable certificates.
- Promote an inclusive and gender-sensitive TVET system to enhance equitable access to education.
- Develop and implement alternative curricula to effectively reintegrate dropouts into formal TVET.

***Activity 2.2.4: Improve TVET quality and service delivery***

- Develop demand- and competency-based TVET curricula for the value chains of selected industries/sectors.
- Improve the quality of TVET teaching (improved pre-service and in-service teacher training) through developing new and/or reviewing existing curricula and implement corresponding training of at least 200 trainers.
- Improve physical learning environment: adequate, safe, gender-sensitive and inclusive infrastructures, including provision of curriculum-adapted workshop equipment in at least 5 selected TVET institutions/schools.

## **4.2 Intervention Logic**

The inability of the education system to provide students and workforce with a sound basic set of skills and the lack of access to finance at all levels of the economy are key constraints to increasing productivity and undermines the employment prospects in a labour market that can be expected to remain precarious in the medium term. Whilst strengthening institutions is relevant to achieve structural changes and address underlying impediments - especially regarding violations of the rights of people living in vulnerable situations - it is equally important to address the immediate challenges faced by the need to find decent employment for a growing and, basically, under skilled work force, with a large proportion of youth.

The action will respond to these interlinked challenges through achieving the Specific Objectives and the corresponding results of (SO1) improving the investment climate (Results: improved financial services & infrastructure) and (SO2) investing in human capital (Results: better basic education & TVET). The action also recognises the dual need of (a) achieving immediate results to address the job crisis whilst, (b) establishing more predictable and conducive conditions for the private sector to plan investments in the medium term: Therefore, activities will deliver (a) quick wins in the short-term, through rapid employment creation by supporting value chains, creating jobs in construction and providing training and start up support for entrepreneurs (women and men) and youth (girls and boys) whilst, (b) advance structural improvements in the medium term by improving financial inclusion, access to finance & risk management, improved transport infrastructure, strengthened policies and regulations as well as better educated human capital.

The persistent rural poverty suggests a comprehensive approach that exploits a range of local opportunities for employment and growth. The programme will therefore promote the value addition at local level, reinforce the link between rural production and urban markets, as well as integrate local communities into employment and investment projects such as rural road rehabilitation and agriculture value chains. Within this territorial approach it will be critical to coordinate various actors (private sector, non-governmental organisations (NGOs), local authorities and central government) and mobilise resources for local institutions, such as for District Councils to implement employment intensive rural road maintenance. The private sector has been involved in the design, and will be an active partner in the implementation, and for achieving the expected results. The activities, results and specific objectives respond



to the challenging socio-economic context of Sierra Leone and constitute a pragmatic combination to achieve the overall objective to create decent jobs and increases productivity. The action will capitalise from the competence of the partners (GIZ, UNCDF, WB, and ILO) and their local and international experience, coupled with working with competent local partners, as well as from the lessons learned under ongoing programmes. The combined impact will reduce the implementation risk considerably. The underlying assumptions are limited to fundamentals: a relative macroeconomic stability and that no major shocks occur. They can be reasonably expected to hold true to a large extent. The effectiveness will be reinforced through a result oriented policy and political dialogue on public policy actions to improve the enabling environment for private sector, especially for smaller businesses and entrepreneurs as well as accelerating economic diversification and strengthening governance.

### **4.3 Mainstreaming**

*Human Rights:* The action operationalises the rights-based approach, based on ensuring all rights are applied, empowerment, participation, non-discrimination, accountability and transparency. It will capacitate "rights-holders" in claiming their rights and "duty-bearers" in meeting their obligations. Particular attention will be given to issues linked to child labour.

*Gender equality and women's and girl's empowerment* will be reinforced by strengthening the access of women to education and TVET and boosting their role in business development. Particular attention will be given to provide women with equal access to financial services in the agriculture sector and improve their financial inclusion, amongst others, through digital financial services. This will allow narrowing the gender gap in agribusinesses and value chains.

*Resilience and conflict sensitivity:* Creating job, private sector development and a better business climate will contribute to diversify the economy, socio economic progress and transparency, which are critical to increase resilience of individuals and the functioning of the state.

*Environment and the fight against climate change* will be central in the development of agricultural value chains and special attention will be paid to mainstreaming environment and climate change related issues, through encouraging growth and green job creation in the agriculture sector, and by ensuring that supported activities do not negatively affect the environment and apply low-carbon choices, energy and water efficiency, and climate smart agriculture.

With regard to climate change, focus will be on sustainable land-management, soil and biodiversity protection, and application of good and climate smart agricultural practices, use of renewable energy, energy efficiency and conservation in agriculture value chains. In relation to climate change adaptation, focus will be on resilient and sustainable infrastructure in particular rural feeder roads, which are disproportionally exposed to the threats of climate change, but under resourced in their maintenance. Consequently, the action will promote a diversified, resilient green economy.

### **4.4 Contribution to SDGs**

This intervention is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG(s): SDG 4 (Quality Education) and SDG 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), while also contributing to SDG 1 (No poverty), SDG 5 (Gender Equality), SDG 12 (Responsible Consumption and Production).

## **5 IMPLEMENTATION**

### **5.1 Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with Sierra Leone.

### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

### **5.3 Implementation of the budget support component**

N/A

### **5.4 Implementation modalities**

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>42</sup>.

#### ***5.4.1 Grants: (direct management)***

##### **(a) Purpose of the grant(s)**

The grants will contribute to Specific Objective 1 "Improved investment climate and business environment" and Output 1.1 "Economically viable financing and financial services are available to private sector". Grants will fund the start-up of sustainable agriculture value chains (Activity 1.1.1).

##### **(b) Type of applicants targeted**

Non-Governmental Organisations, Private Sector Organisations, Farmer Organisations & Cooperatives, Community Based Organisations, private legal entities and international (inter-governmental) organisations.

#### ***5.4.2 Indirect Management with an International Organisation***

A part of this action may be implemented in indirect management with **United Nation Capital Development Fund (UNCDF)**.

This implementation entails contributing to Specific Objective 1 "Improved investment climate and business environment" by achieving Output 1.1 "Improved capacities, funding, policies and regulations for provision of sustainable financial services for private sector"

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<sup>42</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu) Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

through implementing Activity 1.1.2, 1.1.3, 1.1.4 and 1.1.5. The envisaged entity has been selected using the following criteria:

- *Nature of the action:* Founded in 1966, UNCDF is the United Nations' (UN) development finance arm, primarily for the 47 Least Developed Countries (LDCs), out of which 32 are in Africa. Through its programmes, UNCDF is de-risking the local investment space, attracting public and private, as well as domestic and international finance, to scale up what works by:
  - (i) promoting financing models that support start-up business models and small and medium enterprises (SMEs) and reveal markets to investors; (ii) incentivising businesses to reach poor and underserved households; (iii) developing a pipeline of transformational infrastructure projects through structured project finance, innovations in fiscal decentralisation, and municipal finance.
- *Operational capacity:* UNCDF supports Sierra Leone since 1983 through local economic development initiatives with the financial sector and currently implements the West Africa Digital Financial Inclusion Programme for Fragile and Conflict Affected States. Specific experience includes digital financial services, financial inclusion, and regulatory environment. UNCDF can rely on significant resource and support network.
- *Value Added:* UNCDF has a long history of working with, investing in, and building the capacities of local governments and private sector partners in LDCs. For instance, in 2014-2017, UNCDF engaged with over 140 private sector partners including financial service providers, mobile network operators, and SMEs, as well as some 800 subnational-level local governments to promote financial inclusion and local development. Through this experience, it has first-hand knowledge on the investment context, established networks for market intelligence and partnerships, and an innovative set of investment tools and mitigation measures to prepare against risk while maximising impact.

The international organisation (UNCDF) identified above, is currently undergoing an ex-ante assessment of its systems and procedures. Based on its compliance with the conditions in force at the time, previously other indirect management actions were awarded to the organisation and, based on a long-lasting problem-free cooperation, the international organisation can also now implement this action under indirect management, pending the finalisation of the ex-ante assessment, and, where necessary, subject to appropriate supervisory measures in accordance with Article 154(5) of the Financial Regulation.

If negotiations with the above-mentioned entities fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 5.4.6.

#### **5.4.3 Indirect Management with an International Organisation**

A part of this action may be implemented in indirect management with the **International Labour Organisation (ILO)**.

This implementation entails contributing to Specific Objective 1 "Improved investment climate and business environment" by achieving Output 1.2 "Improved resilient and sustainable road infrastructure in rural areas" through implementing Activity 1.2.1, 1.2.2, 1.2.3 and 1.2.4. The envisaged entity has been selected using the following criteria:

- *Nature of the action:* ILO has implemented a similar project in Sierra Leone and in other parts of Africa (Cameroon, Gambia, Madagascar, Mauretania, South Africa, Sudan, Tunisia), focusing on employment creation and rehabilitation of rural roads. The action will capitalise from the experience and the results achieved under a previous ILO project.

ILO also has the competency and demonstrated experience in delivering decent work programmes, market systems development, social finance employment intensive investments and rural development, which are all critical aspects for the action.

- *Operational capacity:* ILO is operational in Sierra Leone. ILO has extensive global and domestic experience in SMEs and Rural Development. ILO in Sierra Leone is supporting employment intensive investments working with SMEs and youth, using largely labour based techniques to rehabilitate feeder roads while earning a living. ILO is supporting entrepreneurship skills development through the delivery of its proven business management packages of Start and Improve Your Business (SIYB), GET Ahead, Improve Your Exhibition Skills (IYES), that are applicable for literate and semi-literate potential entrepreneurs.
- *Value Added:* ILO has the expertise, experience and proven evidence of delivery of sustainable decent work and economic growth programmes. ILO relies on its significant resource network, vast capacity building experience from their renowned International Training Centre (ITC), backup support from global, regional and country offices. ILO has significant experience in delivering on a diverse array of projects promoting decent work, in training of financial institutions, market systems development, value chain development, and entrepreneurship skills development, employment intensive investments for public infrastructure, social protection, developing investment guidelines, creation and implementation of the risk management mechanisms.

If negotiations with the above-mentioned entity fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 5.4.6.

#### **5.4.4 Indirect Management with an International Organisation**

A part of this action may be implemented in indirect management with the **World Bank (WB)**.

This implementation entails contributing to Specific Objective 2 "Improved human capital matching better the labour market" by achieving Output 2.1 "Improved management capacity in the education system, teaching practices, and learning conditions, in line with national policies and targets" through a Multi-Donor Trust Fund (MDTF) to support the efforts of the Government of Sierra Leone *The envisaged entity has been selected using the following criteria:*

- *Nature of the action:* A comprehensive and strategic approach is proposed to support the education system reform pursued under the Government flagship programme Free Quality Education, reflected in the NDP 2019-23. A pool/trust fund modality, with sound mechanism to mitigate fiduciary risks (as per regulations/practices of the WB and the other co-financing partners, but also through existing structures and capacities of the Government of Sierra Leone that will be valorised, and supported towards capacitation through technical support through the project) is considered an effective and efficient approach, and negotiations between the Government and DPs for its establishment under the WB capacity have started since the appointment of cabinet in mid-2018.
- *Operational capacity:* The WB has a solid presence in Sierra Leone and has proven capacity to manage major complex programmes in the education sector over the last decade including, for instance, REDiSL in 2013-17, the ESPIG grant provided by the GPE to support the implementation of the ESP 2013-18, of which the WB was the Grant Agent, with UNICEF as Coordinating/Supervisory Agency. Also, it should be noted that the WB will be the coordinating agency of the Local Education Group (LEG) from June 2020 to

June 2021, as per yearly rotation agreed between the DPs, according to GPE principles and mechanisms at ESP 2018-20 endorsement stage in 2017. Also, all the major donors contributing to the MDTF (EU, DFID, IrishAid) are active members of the LEG which, however, is comprised also of other DPs that are not donors contributing to the MDTF. Optimal level of information sharing and coordination is, therefore, guaranteed across all sector partners.

- *Value Added:* The major benefit of a MDTF administered by the WB is a sound coordination between the Government of Sierra Leone and the major donors of the education sector, which will complement - without replacing - the LEG that is comprised also by other DPs that are not contributing to the MDTF. The MDTF and WB expertise in managing similar implementation modalities (including in other countries), with the participation of all major co-donors, offer a credible guarantee of efficiency.

#### ***5.4.5 Indirect Management with a Member State Organisation***

A part of this action may be implemented in indirect management with the **Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)**.

This implementation entails contributing to Specific Objective 2 "Improved human capital" by achieving Output 2.2 "Technical and vocational skills are matched with the demand of the private sector". However, all policy choices around the basic parameters of the activity will be taken in liaison with the line Ministries in consultation with all relevant stakeholders, reflecting the partner country ownership, which will not be delegated. *The envisaged entity has been selected using the following criteria:*

- *Nature of the action:* GIZ has extensive in-country experience and proven expertise in the TVET domain in Sierra Leone and across the world.
- *Operational capacity:* GIZ is successfully implementing in delegated cooperation the TVET-specific component of the Support to the Education Sector programme from 2017 to 2020, whose outcomes this action intends to scale up.
- *Value Added:* GIZ is the official international cooperation agency of Germany, one of the only three EU Member States with a diplomatic mission in Sierra Leone (the other two being the UK and Ireland), which is co-financing the action with funds from the Federal Ministry of Economic Cooperation and Development (BMZ)/German Government.

If negotiations with the above-mentioned entity fail, that part of this action may be implemented in indirect management with International Labour Organisation. The implementation by this alternative entity would be justified because of the following criteria as outlined under 5.4.3.

#### ***5.4.6 Changes from indirect to direct management mode due to exceptional circumstances***

If the preferred modality as described under 5.4.2 Indirect management with United Nation Capital Development Fund cannot be implemented due to exceptional circumstance, the alternative implementation modality in direct management is Grants (direct management) as follows:

*Grants: (direct management)*

##### **(a) Purpose of the grant(s)**

The grants will contribute to Specific Objective 1 "Improved investment climate and business environment" and Output 1.1 "Economically viable financing and financial services are available to private sector". Grants will fund the start-up of sustainable agriculture value chains (Activity 1.1.1).

(b) Type of applicants targeted

Non-Governmental Organisations, Private Sector Organisations, Farmer Organisations & Cooperatives, Community Based Organisations, private legal entities and international (inter-governmental) organisations.

If the preferred modality as described under 5.4.3 Indirect management with International Labour Organisation cannot be implemented due to exceptional circumstance, the alternative implementation modality in direct management is Grants (direct management) as follows:

*Grants: (direct management)*

(a) Purpose of the grant(s)

The grants will contribute to Specific Objective 1 "Improved investment climate and business environment" and Output 1.1 "Economically viable financing and financial services are available to private sector". Grants will fund the start-up of sustainable agriculture value chains (Activity 1.1.1)

(b) Type of applicants targeted

Non-Governmental Organisations, Private Sector Organisations, Farmer Organisations & Cooperatives, Community Based Organisations, private legal entities and international (inter-governmental) organisations.

## **5.5 Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

## 5.6 Indicative budget

	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution, in currency identified</b>
5.4.1: Grants (direct management)	8 000 000	EUR 800 000
5.4.2: Indirect management with UNCDF	16 000 000	
5.4.3: Indirect management with ILO	8 000 000	
5.4.4: Indirect management with the World Bank	13 000 000	EUR 58 000 000 <sup>43</sup>
5.4.5: Indirect management with GIZ	13 000 000	
<b>Evaluation, (cf. section 5.9), Audit (cf. section 5.10)/Expenditure verification</b>	<b>500 000</b>	N.A.
<b>Communication and visibility (cf. section 5.11)</b>	<b>500 000</b>	N.A.
<b>Contingencies<sup>44</sup></b>	<b>1 000 000</b>	N.A.
<b>Totals</b>	<b>60 000 000</b>	<b>EUR 58 800 000</b>

## 5.7 Organisational set-up and responsibilities

The overall implementation will be guided at strategic level by a Steering Committee, co-chaired by the Government of Sierra Leone and the European Union. Members of the Steering Committee include the main public institutions (Ministry of Agriculture and Fisheries, Ministry of Basic and Senior Secondary Education and Ministry of Technical and Higher Education, Bank of Sierra Leone) and private sector representatives (Sierra Leone Chamber of Agriculture Development, Farmers representatives, Representatives of Financial Sector) and implementing partners. The Steering Committee will meet quarterly. Technical working groups will be established for each of the four components to monitor implementation and provide recommendations for adjustment as required. They will consist of responsible Government entities, European Union, Implementing Partners and private sector, where appropriate.

## 5.8 Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partners' responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix. SDGs indicators and, if applicable, any jointly agreed indicators such as, for instance, per Joint Programming document should be taken into

<sup>43</sup> Contributions by other donors to the MDTF are not legally committed at this stage. Amount is indicative.

<sup>44</sup> Consider that contracts where no financing agreement is concluded, contingencies have to be covered by individual and legal commitments by 31 December of N+1.

account. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

## **5.9 Evaluation**

Having regard to the nature of the action, mid-term, final and ex-post evaluations will be carried out for this action or its components via independent consultants contracted by the Commission. The mid-term evaluation will be carried out for learning purposes. The final and ex-post evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision). Human rights and gender expertise will be part of the evaluation teams.

The Commission shall inform the implementing partner at least 6 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

## **5.10 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

## **5.11 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plans for each contractor, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

It is foreseen that a contract for communication and visibility may be contracted under a framework contract.



## APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) <sup>45</sup>

Where applicable, data will be disaggregated by sex, locations (district and town) and age group

	Results chain: Main expected results (max 10)	Indicators (at least one indicator per expected result)	Sources of data	Assumptions
<b>Impact (Overall Objective)</b>	<i>To contribute to sustainable and inclusive economic development and job creation, in particular in the agricultural sector</i>	OO1. Proportion of population below the international poverty line (**EU RF 1.1) OO2. Value added of agriculture as % of GDP (** EU RF 1.4.) OO3. Literacy rate of 15-24 year-olds disaggregated by sex (**EU RF 1.7) OO4. Proportion of employed population below the international poverty line disaggregated by sex (** EU RF 1.14)	For all indicators: National statistics by Statistics Sierra Leone	<i>Not applicable</i>
<b>Outcome(s) (Specific Objective(s))</b>	<i>Specific Objective 1: Improved investment climate and business environment</i>	SO1.2: number of hectares under commercial farming (NATP) SO1.3: Number of Micro, Small and Medium Enterprises applying Sustainable Consumption and Production practices with EU support (**2.20) SO1.4: Number of people trained by this Action who find employment in road construction and local municipal construction and maintenance (disaggregated by sex) SO1.5: Number of jobs supported/sustained by the EU (disaggregated by sex) (**2.11)	National statistics by Statistics Sierra Leone  Survey of MSMEs supported by the Action to be commissioned by the project  Monitoring of Ministry of Agriculture and Forestry	Macro-economic Stability is maintained  No major shocks emerge  Continuous policy-making, regulations and budgeting by the government in agriculture VC development, financial inclusivity, infrastructure PPPs for roads.

<sup>45</sup> Mark indicators aligned with the relevant programming document mark with '\*' and indicators aligned to the EU Results Framework with '\*\*'.

	<i>Specific Objective 2: Improved human capital matching better the labour market</i>	<p>SO1.6: % of SMEs and farmers supported by the Action receiving loans from financial institutions. (disaggregated by sex)</p> <p>SO2.1: Percentage of children/young people at the end of primary and at the end of lower secondary achieving at least a minimum proficiency level in a) reading, b) mathematics (disaggregated by sex)</p> <p>SO2.2: number of students enrolled in formal and non-formal VET programmes in selected priority economic sectors (disaggregated by sex, location and profession) (**EU RF 2.15)</p>	<p>National statistics by Statistics Sierra Leone</p> <p>Survey commissioned by the project</p>	<p>Efficient education policy-making and funding</p> <p>Efficient policy making and budgeting for labour market information systems, efficient TVET governance and employment promotion services.</p>
<b>Outputs</b>	<i>Specific Objective 1:  Output 1.1: Improved capacities, funding, policies and regulations for provision of sustainable financial services for private sector</i>	<p>O1.1.1: Number of grants awarded to private sector entities for developing sustainable agriculture value chains</p> <p>O1.1.2: Number of smallholders reached with EU supported interventions aimed to increase their sustainable production, access to markets and/or security of land disaggregated by sex (2.3**)</p> <p>O1.1.3. Number of beneficiaries with access to financial services with EU support: a) firms, b) individuals (disaggregated by sex, location and age group) (**2.13)</p> <p>O1.1.4: Status of the Market analysis</p> <p>O1.1.5.: Status of the Jobs and Growth Fund</p> <p>O1.1.6.: Status of Aftercare system to support successful investments (NATP)</p> <p>O1.1.7: Number of Local financing institutions trained on assessment of risks and post-investment support disaggregated by sex, location, specific field of expertise</p> <p>O1.1.8: Number of insurance products and services created with support of this action</p>	<p>National statistics by Statistics sierra Leone</p> <p>Monitoring of Ministry of Agriculture and Forestry</p> <p>Survey of MSME, financial sector and insurance companies, commissioned by the project</p> <p>Project Progress Report</p>	<p>Risk free or low-risk level of indebtedness of the MSMEs in agriculture.</p> <p>Willingness of the local financial institutions to learn on and apply higher-risk agricultural lending strategies and techniques.</p> <p>Availability of financial professionals and willingness to learn.</p> <p>Availability of business support organisations and incubators and any state support programmes</p> <p>Willingness of infrastructure enterprises to use the communities' resources.</p>

	<p><i>Output 1.2: Improved climate resilient and sustainable road infrastructure rural areas</i></p> <p><b>Specific Objective 2:</b></p> <p><i>Output 2.1: Improved management capacity in the education system, teaching practices, and learning conditions, in line with national policies and targets</i></p>	<p>O1.1.9: Number of laws/regulations/policies approved during the implementation period</p> <p>O 1.2.1: Total length of road supported by the EU through a) construction, b) rehabilitation, c) maintenance (kms) (**2.16)</p> <p>O 1.2.2 Status of PPP between private sector and communities for the maintenance of feeder roads (NATP)</p>	<p>Project Progress Report</p> <p>Evaluation Report</p> <p>National statistics by Statistics Sierra Leone</p> <p>Annual school census</p> <p>Project Progress Reports</p> <p>Evaluation Reports</p> <p>Monitoring of Ministry of Basic and Senior Secondary Education and the Ministry of Technical and Higher education</p>	<p>Willingness and capacity of the government to include the private sector in the TVET governance and management</p> <p>Willingness and capacity of private sector (MSMEs and specialists) to contribute to the management and quality of TVET programmes and qualification systems</p>
		<p>O 2.1.1: Number of students (disaggregated by sex) enrolled in education with EU support: a) primary education, b) secondary education (**2.7)</p> <p>O 2.1.2: Number of students benefitting from improved learning environment, disaggregated by sex</p> <p>O 2.1.3: Status of the School Catchment Area and rationalisation Plan</p> <p>O 2.1.4: status of the transparent criterion based school approval system</p> <p>O 2.1.5: Status of the National Assessment Framework</p> <p>O 2.1.6 Status of the national learning assessment conducted with support of the Action</p> <p>O 2.1.7: % of teachers receiving project supported training</p> <p>O 2.2.1: Number of people who have benefited from institution or workplace based VET/skills development interventions supported by the EU (**2.15)</p>		

	Output 2.2: Improved youth employability, capacity and systems for increased access to the labour market	O 2.2.2: Number and type of demand-based TVET curricula developed through the project  O 2.2.3: Number of youth (disaggregated by sex) benefitting from apprenticeship schemes developed and implemented at the private sector		
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