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

**ANNEX 3**

to the Commission Implementing Decision on the financing of the Multiannual Action Plan 2023-2025 in favour of the Republic of Sierra Leone

**Action Document Business Environment and Competitiveness for Salone (BEC4S)**

This document constitutes the multiannual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

## 1 SYNOPSIS

### 1.1 Action Summary Table

<b>1. Title</b> <b>CRIS/OPSYS</b> <b>business reference</b> <b>Basic Act</b>	Business Environment and Competitiveness for Salone (BEC4S) OPSYS number: ACT-61709 Financed under the Neighbourhood, Development and International Cooperation Instrument ( <u>NDICI-Global Europe</u> )/ Overseas Association Decision/European Instrument for International Nuclear Safety Cooperation Regulation
<b>2. Team Europe Initiative</b>	YES – Green Pact with Sierra Leone
<b>3. Zone benefiting from the action</b>	The action shall be carried out in Sierra Leone
<b>4. Programming document</b>	EU Multiannual Indicative Programme for Republic of Sierra Leone 2021-2027
<b>5. Link with relevant MIP(s) objectives / expected results</b>	Expected results Improved business environment, access to finance and investment climate” under Specific Objective 2 and 3
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s), sectors</b>	250, 330, 430
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG (1 only): 8 (Decent work and economic growth) Other significant SDGs (up to 9) and where appropriate, targets: 1 (No poverty), 9 (Industry, innovation and infrastructure), 10 (Reduced inequalities), 12 (Responsible consumption and production)
<b>8 a) DAC code(s)</b>	25030 - Business development services – 30% 43073 - Food safety and quality – 30% 25010 – Business policies and administration – 20% 15110 - Public Sector policy and administrative management – 20%
<b>8 b) Main Delivery Channel</b>	Central Government – 12001 Other public entities in recipient country - 12004

	United Nations Industrial Development Organisation – 41123 Private sector in recipient country - 62000				
<b>9. Targets</b>	<input type="checkbox"/> Migration <input type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance				
<b>10. Markers</b> <b>(from DAC form)</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 checked="" type="checkbox"/>	<input type="checkbox"/>	
	Aid to environment @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Trade development	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>	
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Climate change mitigation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Climate change adaptation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<b>11. Internal markers and Tags:</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
		Digitalisation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	/	
Connectivity @		<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>

	digital connectivity energy transport health education and research	<input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
	Migration @ (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @ (methodology for marker and tagging under development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>BUDGET INFORMATION</b>				
<b>12. Amounts concerned</b>	Budget line(s) (article, item): 14.020120 Total estimated cost: EUR 12 000 000 Total amount of EU budget contribution EUR 12 000 000			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>13. Type of financing</b>	<b>Direct management</b> through: - Grants - Procurement (services and supplies)  <b>Indirect management</b> with the entity to be selected in accordance with the criteria set out in section 4.4.3			

## 1.2 Summary of the Action

Poor business environment is among the biggest challenges for the economic development of Sierra Leone. The main objective of this action is to improve the business environment and competitiveness in order to foster economic growth and job creation. It has three outcomes:

- 1) Competitiveness of local MSMEs;
- 2) National Quality System<sup>1</sup>;
- 3) Business environment institutional reforms.

The first outcome will focus on providing MSMEs with quality business development services which would allow them to increase their productivity, sales and improve their export readiness. The action targets start-ups incubators and accelerators as well as companies in nascent scaling-up phase which have limited access to capital, financial services and business training. Sustainable business practices and production in line with the EU trade and business regulations will be promoted. For this purpose, partnerships with private, public and non-governmental business support organisations will be established.

<sup>1</sup> National Quality System (NQS) is a combination of initiatives, institutions, organisations, activities and people. It is a tool for defining, developing and verifying quality requirements for products and services. It verifies that products and services actually meet these requirements. NQS ensures that the quality requirements and the products and services they generate, meet the best practices related to the participation in the international trade.

The second outcome aims to improve the national quality system and infrastructure, particularly with regard to standardisation, conformity assessment and certification. In order for Sierra Leonean companies to have access to regional and international markets, the action aims to support their compliance with the WTO rules, Everything but Arms (EBA) scheme, EU environmental standards, ECOWAS Trade Liberalisation Scheme and African Continental Free Trade Area (AfCFTA). The improvement of the capacities and services of Sierra Leone Standard Bureau (SLSB), Produce Monitoring Board (PMB) and other relevant organisations involved in the inspection of exports and imports and compliance with international standards is necessary to overcome non-tariff barriers to trade.

The third outcome will support the implementation of institutional reforms contributing to the creation of an enabling and predictable business environment. A clear commitment and willingness of national authorities will constitute a prerogative to supporting such reforms. They should, among others, promote clear and transparent rules for investors, respect and compliance with international contracts and agreements, reduction of red tape, predictable tax system, enhanced rule of law and fight against corruption. The public-private dialogue, especially between the EU businesses and the national authorities would be further enhanced. Close coordination and consultation will be maintained with the EU companies in Sierra Leone.

## 2 RATIONALE

### 2.1 Context

Despite its vast mineral resources and fertile soil, Sierra Leone is facing major development challenges such as poor business environment and investment climate<sup>2</sup>, high level of corruption<sup>3</sup>, insufficient economic diversification<sup>4</sup>, lack of entrepreneurial and agriculture skills, high level of public debt, low productivity of local companies, weak and import dependent industrial base<sup>5</sup> and limited access to finances<sup>6</sup>, especially for women entrepreneurs. The ongoing war on Ukraine has exacerbated these structural weaknesses resulting in high annual inflation<sup>7</sup>, supply chain disruption and increase of poverty.

There is a broad consensus amongst policy makers, development partners and business representatives that it is necessary to undertake business environment reforms to support the integration of Sierra Leone to regional and international markets and to improve the competitiveness and productivity of local MSMEs. These actions should contribute to increase the resilience of the country to external shocks, create high value-added sustainable jobs and decrease country's reliance on imports.

The entrepreneurial support ecosystem in Sierra Leone is nascent with a growing number of private, non-profit and public entities and programmes offering non-financial Business development services (BDS) to entrepreneurs and MSMEs, through training, coaching, mentoring, peer-support, advisory, advocacy and networking, in order to help them tackle persistent and emerging challenges. In the recent years, development partners such as the World Bank<sup>8</sup> and UNDP<sup>9</sup> have supported non-financial BDS providers, entrepreneurs, MSMEs and university's entrepreneurship/innovation spaces. Sierra Leone has a big diaspora abroad, especially in the UK and the US. Many of the innovative businesses as well as start-ups incubators and accelerators are run by Sierra Leoneans who have worked and studied abroad.

The current Administration came to power in 2018 with the agenda to promote economic transformation and inclusive growth through investments in the human capital. Economic diversification and competitiveness of the economy have been among its main priorities. However, the challenges for doing business in the country have

<sup>2</sup> Doing business indicators ranked Sierra Leone on 163<sup>rd</sup> place out of 190 countries

<sup>3</sup> Transparency International's 2021 Corruption Perception Index ranked Sierra Leone 115<sup>th</sup> out of 180 total countries

<sup>4</sup> Agriculture, forestry, and fishing represent 61.3% of GDP

<sup>5</sup> In 2021, the trade deficit was USD 616 million USD (14% of GDP)

<sup>6</sup> In 2021, only 29% of the people have bank accounts and 6% borrowed any money from formal financial institution (World Bank, The Global Findex Database 2021)

<sup>7</sup> In March 2023, the annual inflation was 41.5% (to Bank of Sierra Leone - <https://bsl.gov.sl/>)

<sup>8</sup> Sierra Leone Economic Diversification Project - <https://sledp.gov.sl/>

<sup>9</sup> UNDP Sierra Leone Accelerator Lab - <https://www.undp.org/acceleratorlabs/undp-sierra-leone-accelerator-lab>

remained almost the same as in 2018. With support of donors, some progresses have been made in the simplification of registration of companies and other operational changes which do not challenge powerful vested interests. Deeper and fundamental business environment reforms where there is political will are required in order to create an enabling investment climate.

In September 2022, the National Investment Board (NIB) Act was adopted. NIB is singular authority to attract, co-ordinate and regulate investments in Sierra Leone. According to the Act, Sierra Leone Investment and Export Agency (SLIEPA), Corporate Affairs Commission (CAC) and Public Private Partnership Unit (PPP) are under NIB's umbrella.

EU companies operate in key sectors of the country's economy such as agriculture, telecommunications, transportation, digital services, logistics and beverages. However, in the last few years, major companies have divested from Sierra Leone. As a result, in 2020 and 2021, the EU Direct Investment Outward flows were negative. EUR - 9 million and EUR - 63 million, respectively<sup>10</sup>. This suggests that Sierra Leone should further improve its business, trade and regulatory environment in order to reverse this negative trend and attract EU investments.

In 2022, Sierra Leone mainly exported to the EU minerals and agricultural commodities equivalent to EUR 254 million. Sierra Leone mainly imports food products from the EU. Due to the war in Ukraine and the sharp increase in food prices, for the first time since more than 5 years, the country has a trade deficit with the EU (EUR 53 million). In this challenging economic context, it has become even more urgent to further strengthen the local production and exports as well as to improve the national quality infrastructure and system in order to facilitate the access to regional and international markets.

This programme aims to apply a holistic (ecosystem) approach to create an enabling investment climate. It is aligned with the EU Political priorities in Sierra Leone which include Promoting a sustainable, inclusive economic and social transformation as well as Strengthening good governance and accountability. It will contribute to achieving SDG 1 "No Poverty", SDG 8 "Decent Work and Economic Growth" and "SDG 12 "Responsible Consumption and Production. The programme is also in line with the Global Gateway Agenda which requires to provide enabling environment to ensure that projects deliver, by offering attractive investment and business friendly trading conditions, regulatory convergence, standardisation, supply chain integration and financial services. In line with the green and clean principle of the Global Gateway, the Action will also promote sustainable consumption and green investments.

The programme will also contribute to the priorities stated in the New Consensus on Development by improving economic governance and business environments, fight against corruption and engagement with the private sector. This action contributes to the TEI "Green Pact with Sierra Leone" developed with Ireland, Germany and France. These three Member States focus respectively on support to education, development of clean energies and protection of biodiversity.

## 2.2 Problem Analysis

As LDC and fragile country, Sierra Leone faces several significant challenges for doing business:

Firstly, local private sector is underdeveloped. MSMEs account for 98.5% of businesses, 84% of employment and 70% of GDP in Sierra Leone. However, the vast majority of these MSMEs are informal. Most of them are located at the lower end of the global value chain, selling primary commodities with little investments in the transformation process. Of the economically active women population, around 70% participate in micro and small business enterprises.

Secondly, access to finance is among the biggest challenges for start-ups as well as women and young entrepreneurs to scale up their businesses. In most cases, such nascent entrepreneurship endeavors are supported by donors in a form of grants. These grants are not sufficient to allow companies in acceleration phase to raise enough capital. Therefore, it is necessary to further capacitate the existing public and private BDS providers and

<sup>10</sup> Statistics collected from DG TRADE Intranet in March 2023

to create linkages with local financial services providers<sup>11</sup> and Development Financial Institutions. It is required to tailor a realistic, relevant and practical support to MSMEs in order to make them ready for potential investors, or business expansion. On the other hand, it is also required to provide Technical Assistance to local Financial Services Providers for refinement of their existing financial services or creating new ones in order to better meet the needs of the local MSMEs.

Thirdly, Sierra Leone has limited access to markets due to poor quality infrastructure and system, lack of compliance with international trade standards and limited engagement with potential international investors. In order to increase access to regional and international markets, Sierra Leone needs to improve its quality infrastructure system and support MSMEs in value chains where the country has a comparative advantage, such as cocoa, cassava, coffee, palm oil, pineapple or mango. Availability of local accredited conformity assessment providers and technical expertise can also support Sierra Leone's integration at AfCFTA, WTO and international trade agreements. Achieving a higher level of compliance with technical, social and environmental regulations and product-related directives will significantly contribute to the country's trade competitiveness.

Finally, Sierra Leone has a poor business environment marked by a weak legal and regulatory framework and the poor implementation of existing policies. During the 2021 and 2022 EU-Sierra Leone Political Dialogues, doing business was discussed. EU companies face numerous challenges to operate in the country. The most important ones are:

- tax system coherence and fairness;
- lack of skills and appropriated training for the local work force;
- monetary stability and access to Foreign Exchange Market (FOREX);
- rule of law, legal security and legal stability;
- introduction of unjustified charges by national regulators.

Therefore, the proposed action also aims to contribute to the creation of predictable business environment and level playing field for all companies. It is also important to further strengthen the dialogue between EU companies and national authorities, to ensure the respect of investment agreements and contracts and to have transparent rules, procedures as well as business related taxes and charges in conformity with international best practices and agreements. Moreover, it is key to advance on business reforms that will improve the functioning and sustainability of markets, reduce risks associated with starting, investing in, operating and closing a business. As a post-conflict country, Sierra Leonean institutions are relatively young. For example, Sierra Leone Local Content Agency (SLLCA) has been operational since 2016 and Small and Medium Enterprises Development Agency (SMEDA) since 2016. In addition, the National Investment Board (NIB) was officially established in 2022. They need to be adequately capacitated in order to fulfil their mandates.

This programme aims to benefit directly **local MSMEs, agricultural cooperatives, entrepreneurs, start-ups incubators/accelerators/innovation hubs** across the country. It will target **in particular young and women entrepreneurs with limited access to finance, including preference for green and circular business models**. The programme will also increase trade and FDI with the EU, foster collaboration between EU companies in Sierra Leone and policy dialogue with national authorities.

MSMEs would be supported to scale-up their activities by provision of tailored made Business Development Services and capital (grant-matching schemes and access to public lending facilities such as MUNAFA fund<sup>12</sup>).

The National Authorities which would be involved in the implementation of the programme are:

- ✓ **Ministry of Trade and Industries (MTI):** it has the mandate over competition and trade policies. Under the ministry are SMEDA, SLSB, PMB and SLLCA.

<sup>11</sup> local financial services providers include microfinance institutions, commercial banks, community banks as well as Financial Services Associations

<sup>12</sup> The MUNAFA Fund is a public fund managed by SMEDA and implemented in partnership with Financial Service Providers (microfinance institutions and commercial banks). The fund committed 100 billion Leones (around EUR 7 million) of which 30 billion were allocated in 2021 to 5,600 MSMEs beneficiary in partnership with 10 financial service providers.

- ✓ **Ministry of Agriculture, Forestry and Food Security:** it seeks to improve agricultural production and productivity in order to achieve food security by providing an enabling environment for farmers and by promoting appropriate research, extension, input delivery and market systems.
- ✓ **Small and Medium Enterprises Development Agency (SMEDA):** it has a mandate to promote a conducive business environment, including an efficient and effective service delivery network, in order to support the growth, the productivity and competitiveness of MSMEs. The Agency is also in charge of helping informal enterprises to formalise. The agency has the legitimacy to offer affordable services nationwide to all entrepreneurs and MSMEs and provide an oversight to all non-financial BDS offering and providers.
- ✓ **Sierra Leone Local Content Agency (SLLCA):** it is a regulatory body tasked to promote Sierra Leone local content development by making sure that foreign companies are using sufficient amount of local labour force and procurement. The Agency also acts as a facilitator aiming to create sustainable market linkages and to support local MSMEs.
- ✓ **Sierra Leone Standards Bureau (SLSB):** it is in charge of development of standards relating to products, measurements, materials, processes and services to the economic sectors of Sierra Leone;
- ✓ **The Produce Monitoring Board (PMB):** it is a regulatory body in charge of evaluating the production, processing and marketing/exportation of produce meeting international standards. PMB also regulate the internal marketing of produce and aims to secure the most favourable arrangements for the grading, sealing, certification and sale of produce on behalf of exporters. It cooperates with other stakeholders to institute measures to eliminate the smuggling of produce.
- ✓ **National Investment Board (NIB):** it is a newly established organisation under the presidency with a mandate to promote and facilitate foreign direct investments (incorporating Sierra Leone's Investment and Export Promotion Agency), to register businesses (incorporating the Corporate Affairs Commission) and implement PPP (incorporating PPP Unit). There will be a transition period of around one year during which this body will structure its activities and incorporate the above-mentioned agencies.
- ✓ **National Revenue Authority (NRA):** it is in charge of collecting domestic taxes, customs duties and other revenues specified by law.

**Privately owned BDS providers such as Start-up incubators and accelerators as well as business networks** will also be involved to support MSMEs and entrepreneurs at different stages of business development in terms of tailored made BDS.

**Non-profit BDS providers** are present in the country and some of them operate outside Freetown. They mainly target informal MSMEs and entrepreneurs with lower levels of formal education.

**Local Financial Service Providers (microfinance institutions, commercial banks, community banks and Financial Services Associations)** will also be involved. They are instrumental for the development of private sector and supporting formally established businesses.

**Universities and research institutes with entrepreneurship programmes and innovation hubs** such as University of Sierra Leone, University of Makeni, Limkokwing University and others.

**EU companies in Sierra Leone and potential EU investors (through EU TPOs)** would be involved in the consultation process and public-private dialogue to create an enabling investment climate and level playing field in Sierra Leone.

### 3 DESCRIPTION OF THE ACTION

#### 3.1 Objectives and Expected Outputs

The Overall Objective of this action is to foster economic growth and job creation.

The Action has three interconnected Specific Objectives:

**Outcome 1: Strengthen competitiveness of local MSMEs**

**Outcome 2: Enhance effectiveness of National Quality System**

### **Outcome 3: Improve business environment**

The Outputs to be delivered by this action contributing to the corresponding Outcomes are:

- 1.1. Contributing to Outcome 1: Enhanced access to quality non-financial BDS
- 1.2. Contributing to Outcome 1: Strengthen capacity of MSMEs and entrepreneurs to sustainably scale-up their businesses
- 2.1. Contributing to Outcome 2: Enhanced the national quality infrastructure and system for providing testing, inspection and certification services
- 2.2. Contributing to Outcome 2: Strengthened capacity of economic operators to conform with national, European and international quality and environmental standards
- 3.1. Contributing to Outcome 3: Laws and policies in the field of doing business developed/revised and better implemented
- 3.2. Contributing to Outcome 3: Foreign Direct Investments to Sierra Leone are increased

### **3.2 Indicative Activities**

*Activities relating to Output 1.1. Enhanced access to quality non-financial BDS:*

- 1.1.1. Providing technical assistance, training, digital solution and equipment to relevant organisations<sup>13</sup> for certification/labelling of non-financial BDS providers and for supporting MSMEs and entrepreneurs by ensuring relevance and accessibility to women entrepreneurs.
- 1.1.2. Setting-up an integrated capacity building programme to improve the skills of trainers, coaches and managers of BDS providers.
- 1.1.3. Supporting BDS ecosystem to improve awareness, accessibility and affordability of BDS for MSMEs and entrepreneurs by ensuring relevance and accessibility to also women entrepreneurs.

*Activities relating to Output 1.2 Strengthened capacity of MSMEs and entrepreneurs to sustainably scale-up their businesses:*

- 1.2.1. Setting-up a capacity-building programmes for entrepreneurs and MSMEs at different stages of development (aspiring, starting, growing and maturing) and collecting data on MSMEs ecosystem such as regional distribution, basic numbers, industry areas, turnover, employment, financing details, and others including gender disaggregated information on differences between men and women led MSMEs.
- 1.2.2. Delivering tailored-made BDS to entrepreneurs with a lower level of formal education and without internet connection, in several regions in Sierra Leone.
- 1.2.3. Linking companies with financial service providers and funding opportunities. Advising MSMEs on concrete financing opportunities (equity, debts or grants) and supporting them to file applications.
- 1.2.4. Strengthening institutional capacity of relevant public organisations and Financial Services Providers combined with technical assistance to establish, implement and sustain efficient MSMEs and BDS ecosystem support measures including supporting them in adopting a gender lens
- 1.2.5. Facilitating business linkages between local MSMEs (suppliers) and large national and international companies (buyers) operating in Sierra Leone.

*Activities relating to Output 2.1 Enhanced infrastructure and capacity of National Quality Services actors for providing testing, inspection and certification services:*

- 2.1.1. Providing Technical Assistance for strengthening of the SPS National Enquiry Point, compliance with international trade agreements; establishment of an accredited Inspection Body as per ISO 17020, sustainability and scope extension of laboratories and management system certification body and product

<sup>13</sup> Organisation(s) with a mandate to empower and support the MSMEs as well as to certify/label non-financial BDS providers



certification body as per ISO17065, drafting regulations for relevant value chains and the development of national packaging capacities;

- 2.1.2. Installing the necessary testing capacity (infrastructure and equipment) in SLSB, PMB or through PPP in private laboratories in line with market needs and national priorities;

*Activities relating to Output 2.2 Strengthened capacity of economic operators to conform with national, European and international quality and environmental standards*

- 2.2.1. Establishing curriculum on quality standards, SPS, and social and environmental standards required for particular EU exports as well as organising training courses in partnership with universities for strengthening specific value chains and marketing products.
- 2.2.2. Providing support to economic operators (MSMEs and agricultural cooperatives) to implement national, European and international quality and environmental standards.

*Activities relating to Output 3.1. Laws and policies in the field of doing business developed/revised and better implemented*

- 3.1.1. Technical Assistance to relevant national authorities for updating and implementing business related regulations and laws;
- 3.1.2. Technical Assistance and equipment to improve access to doing business information (taxes, fees, dispute settlement mechanisms, creating a company, etc);
- 3.1.3. Providing equipment and logistical support, if necessary, to relevant national authorities to implement of business environment institutional reforms.

*Activities relating to Output 3.2: Increased Foreign Direct Investments to Sierra Leone*

- 3.2.1. Technical assistance to set a One-stop-shop<sup>14</sup> centre for potential international investors, negotiations of investment and trade agreements and capacity building activities;
- 3.2.2. Equipment, if necessary, for setting online platform (One-stop-shop) and improving their managerial and operational capacities;
- 3.2.3. Training, upskilling & capability development of staff in all aspects of investment eco-system, especially, promotion, facilitation and aftercare best practices/global benchmarks.
- 3.2.4. Fostering the public-private dialogue in the areas of EU investments, trade requirements, business environment, taxation, fulfilments of the requirements to access the EU market and other areas.
- 3.2.5. Organising trade fairs and business forums aiming at improving trade and investment relations between Sierra Leone and the EU.

The commitment of the EU's contribution to the Team Europe Initiative to which this action refers, will be complemented by other contributions from Team Europe members. It is subject to the formal confirmation of each respective member's meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise, the EU action may continue outside a TEI framework.

### 3.3 Mainstreaming

#### **Environmental Protection & Climate Change**

The Action aims to improve the quality of BDS to support entrepreneurs and MSMEs to scale up their business endeavours. Specific attention will be paid on sectors with a potential to foster sustainable development in Sierra Leone such as circular economy, renewable energy, eco-tourism, sustainable agriculture, improving products traceability and others. The Action will also build capacities of national authorities to inspect and verify compliance of products and companies with EU, WTO, ECOWAS and ACFTA requirements and standards, including environmental and social ones.

#### **Outcomes of the SEA screening**

<sup>14</sup> One-stop-shop for investments is a place where a potential investor receives all information; it reduces the need of speaking with multiple regulators and agencies before investing. One-stop-shop is expected to facilitate foreign direct investments and save time and resources of companies.

The Strategic Environmental Assessment (SEA) screening concluded that no further action was required.

### **Outcomes of the EIA (Environmental Impact Assessment) screening**

The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment).

### **Outcome of the CRA (Climate Risk Assessment) screening**

The CRA screening concluded that this action is no or low risk (no need for further assessment).

### **Gender equality and empowerment of women and girls**

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that the action will consider the recently adopted “Gender Equality and Women's Empowerment (GEWE) Act 2022<sup>15</sup>” that provides that a minimum of 30% of elective and appointive positions in public and private sectors be reserved for women. Therefore, supporting MSMEs with limited access to finance by paying particular attention to women and young entrepreneurs are amongst the main objectives of the programme. In partnership with not-for profit BDS providers, entrepreneurs without a formal education outside of Freetown will be supported.

### **Human Rights**

The action will adhere to the human rights-based approach by promoting access to business services and trainings for the most vulnerable members of society, especially for youth and women.

### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that disability may specifically be addressed to align the action with the current Disability Act of Sierra Leone, which calls for all persons with disabilities to have equal access to education, employment and basic services. To this end, the action will help to mainstream inclusiveness and special needs across all activities, appropriate infrastructure and materials as well as addressing physical, intellectual, sensory and mental disabilities.

### **Reduction of inequalities**

Inequality in Sierra Leone is among the highest in the world, with the country ranking high in both income and economic inequality and confirmed by a Gini coefficient of 0.50. The top 10% of households have an income that is 28.5 times that of the bottom 10%.

The main drivers of inequality in Sierra Leone are related to the country’s lack of economic development, including weak economic growth, limited job opportunities, and high levels of poverty. Structural factors, such as gender and ethnic disparities, also contribute to inequality. Women are particularly disadvantaged in Sierra Leone, with lower levels of education, employment, and earnings compared to men.

Furthermore, the majority of the population is either rural or lives in urban informal settlements, both of which are more likely to experience poverty. Inequality is also driven by a lack of access to quality education, healthcare, and other public services. Access to these services is often limited for the poorest and most vulnerable, due to inadequate government funding and a weak public sector. This is compounded by widespread corruption, which further perpetuates inequality.

The action will particularly address the inequalities by promoting women and youth economic empowerment.

### **Democracy**

The action emphasises the importance of good governance, coordination and inclusive participation in the decision-making process and implementation mechanisms related to the protection of the environment and to the sustainable use of natural resources. All these elements will contribute to strengthening civic participation and democracy in the country and will be regularly accompanied by sustained policy dialogue with the government and other stakeholders.

### **Conflict sensitivity, peace and resilience**

<sup>15</sup> <https://www.un.org/sites/www.un.org.africarenewal/files/ACT%20MOGCA.pdf>

Sierra Leone has been affected by conflict, poverty and weak governance for decades. In recent years, however, the country has made significant strides in building peace and resilience, with a concerted efforts from the government, civil society and the international community. The action will further promote the momentum of building peace and resilience by promoting job creation (especially for women and the youth).

#### Disaster Risk Reduction

Sierra Leone is vulnerable to a variety of natural disasters, including floods, droughts, landslides and wildfires. To reduce the risk of these disasters, the government has implemented various initiatives and strategies, including a national disaster management policy, an emergency response plan and a national disaster risk reduction plan. The action will support international quality standards promoting sustainable and safe production, processing and consumption in Sierra Leone. In addition, the action could support business endeavours related to climate change mitigation, waste management, renewable energies and disaster management.

#### Other considerations if relevant

When supporting MSMEs and agricultural cooperatives, a particular attention will be paid to environmental sustainability, green production, adaptation to climate change and biodiversity protection. All activities related to transfer of technology, research, extension services, organic certification and produce quality monitoring will be aligned with the above-mentioned priorities.

### 3.4 Risks and Lessons Learnt

<b>Risks</b>	<b>Likelihood (High/ Medium/ Low)</b>	<b>Impact (High/ Medium/ Low)</b>	<b>Mitigating measures</b>
<b>Outcome 1: Strengthen competitiveness of local MSMEs</b>			
Risk 1: Low technical capacity of public bodies	<b>High</b>	<b>Medium</b>	Providing technical and logistic support to improve their activities and to reach a large spectrum of MSMEs.
Risk 2: Provision of inadequate business support services to local MSMEs	<b>Medium</b>	<b>High</b>	Setting clear reporting requirements to national authorities, and non-financial BDS providers. Evaluations would be conducted to evaluate the impact of the activities on the final beneficiaries (MSMEs and entrepreneurs).
<b>Outcome 2: Enhance effectiveness of National Quality System</b>			
Low technical capacity of SLSB and PMB	<b>Medium</b>	<b>Medium</b>	Making sure the implementing partner has the necessary expertise and experience in the local context to provide tailor-made capacity building activities and technical support.
Overlaps in donor/agency support, given the multitude of programmes and projects.	<b>Medium</b>	<b>Medium</b>	Building on prior assistance including value-chain studies to avoid conducting similar studies on the same value-chain; seeking effective linkages with development partners; taking active part in thematic donor coordination meetings.

Official production and trade statistics are not (timely) available	<b>Medium</b>	<b>High</b>	Seeking rigour in data collection and actively involving the beneficiaries of the project.
Physical infrastructure related challenges affecting value addition and market access	<b>Medium</b>	<b>High</b>	Benefitting from the existent support focused on energy access, feeder roads etc.
<b>Outcome 3: Improve business environment</b>			
Lack of willingness of the national authorities to implement the necessary business environment reforms and lack of enforcement of the existing laws and regulations	<b>High</b>	<b>High</b>	Linking the implementation of the business climate environment reforms with specific results and outcomes of the policies and regulations. Maintaining close dialogue with the Government on key business topics such taxation, land rights and trade facilitation.
<p><b>Lessons Learnt:</b></p> <p>The 2015 Report of DFID<sup>16</sup> states that “<i>donor driven institutional reforms have generally failed to foster competitive markets, growth and jobs in practice</i>”. It is true for Sierra Leone, which in the last decade has received a substantial support from donors such as the World Bank and FCDO, to improve its business environment. However, when we read the 2017 Business Environment Diagnostic of Sierra Leone<sup>17</sup>, we observe that today the country has almost the same private sector development issues and there has been little improvement in the area.</p> <p>In general, it is important to avoid overambitious projects in terms of scope or timing but remaining flexible depending upon the specific needs of start-ups. Institutional capacity building and implementation assistance have been instrumental in determining the success of interventions. Government ownership should also be ensured to achieve tangible results.</p>			

<sup>16</sup> Manuel, C., 2015. Investment Climate Reform Doing it Differently: What, Why and How. DFID LASER.

<sup>17</sup> Manuel, C. and Katiyo, L., 2017. Business Environment Reform Diagnostic-Sierra Leone.

### 3.5 The Intervention Logic

The overall aim of the action is to foster economic growth and job creation.

If the local MSMEs are more trade competitive and produce more efficiently (Outcome 1), if the national quality system ensures that the goods produced in the country correspond to the national and international requirements and standards (Outcome 2), and if the business environment is conducive for domestic and foreign investments (Outcome 3), then we expect to have an increase of exports, economic growth and jobs.

If non-financial BDS providers are supported to improve their services to MSMEs, if national authorities ensure high quality of BDS services then local businesses in Sierra Leone will have better access to high quality non-financial BDS (Output 1.1). In addition, if entrepreneurs and MSMSs are supported to develop their skills and products as well as to prepare bankable projects, then they will be able to raise funds from local and international financial institutions to scale up their businesses (Output 1.2). Because BDS providers provide high quality services to MSMEs and companies at different stages of development and have been supported to scale up their businesses then, overall competitiveness of local MSMEs would be strengthened (Outcome 1). The main assumption is that national authorities will continue building their institutional capacities as well as putting in place policies aiming at supporting local MSMEs and entrepreneurs.

If the national authorities in charge of testing, inspection and certifications are supported to improve their institutional capacities (human resources and laboratory equipment) with respect to international and EU standards (Output 2,1), then the quality and safety of imported and exported products would be ensured. If there are reliable testing and certification services available, then companies would reduce their costs, add-value to their products and have better access to regional and international markets (Output 2.2). Because, national quality system and conformity of economic operators with international and European standards is improved, then the effectiveness of National Quality System will be enhanced (Outcome 2). The main assumption is that the national authorities will continue to improve their capacities with respect to international quality standards as well as to implement the necessary reform in order to improve their services to the private sector and to generate their own revenues.

In order to ensure level playing field, reduce the red tape for businesses, streamline the investment procedure and have efficient dispute settlement mechanism, it is necessary to support national authorities to revise and implement laws and policies in the field of doing business (Outcome 3.1). Furthermore, If there are transparent investment procedure, equal access to information to all investors and promotion of Sierra Leone as an attractive destination for doing business, then Foreign Direct Investments to Sierra Leone, especially from business complaint companies from the EU, are expected to increase (Output 3.2). The main assumption is that the national authorities will continue their efforts to facilitate the foreign direct investments through the establishment of more transparent investment procedures and single point of contact (one-stop-shop for foreign investors). The second assumption is that the regular dialogues with the EU companies as well as with national authorities (NRA and NIB) will continue and would be even more inclusive in the future.

### 3.6 Logical Framework Matrix

At action level, the indicative logframe should have a maximum of 10 expected results (Impact/Outcome(s)/Output(s)).

It constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

Results	Results chain (a): Main expected results (maximum 10)	Indicators (a): (at least one indicator per expected result) * Indicator from MIP	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To foster economic growth and job creation (with particular emphasis on women and youth)	* 1. Government Effectiveness score (as measured by the World Bank Worldwide Governance indicators )  2. Economic Transformation index ranking  * 3. Global Competitiveness Index (proxy indicator for Ease of Doing Business)	1. 12.5% (2019)  2. 104 place (2020)  3. 38.8 /100 points (2019)	1. 18% (2027)  2. 88 (2027)  3. 50 /100 points (2027)	1. WB WGI  2. BTI Project  3. World Economic Forum	Not applicable
Outcome 1	1 Strengthen competitiveness of local MSMEs	* 1.1 Number of (a) jobs supported/sustained by the EU (GERF 2.13a) (disaggregated by gender)  Number of (b) green jobs supported/sustained by the EU (GERF 2.13b) (disaggregated by gender)  * 1.2 Number of Micro, Small and Medium Enterprises applying Sustainable Consumption and Production practices with EU support (GERF 2.6)  1.3 Global Entrepreneurship Index rankings	1.1. (a) TBD 1.1. (b) TBD          1.2. TBD          1.3. 132 place (2018)	1.1 500 (2027)          1.2. 100 (2027)          1.3. 100 place (2027)	1.1. projects reports          1.2. projects reports          1.3. GEDI	Sufficient institutional capacity of and high level commitment to deliver quality results of National Authorities
Outcome 2	2 Enhance effectiveness of National Quality System	* 2.1 Number of smallholders reached with EU interventions to increase sustainable production, access to markets and/or security of land. (GERF 2.1)  2.2 Number of economic operators reached with EU interventions which are better prepared to export to international/regional markets	2.1 TBD          2.2 TBD in the inception phase (2023)	2.1 TBD          2.2 100 (2027)	2.1 projects and Ministries' reports          2.2 projects reports	Building on the good cooperation with SLB and PMB in the framework of WACOMP project. The institutions

						continue to improve their services deliveries.
<b>Outcome 3</b>	3 Improve business environment	3.1 Business Regulatory Environment Rating (1=low, 6=excellent) 3.2 Competition Policy (10 – highest score) 3.3 Market Based Competition (10 – highest score) 3.4 Corruption Perception Index Ranking	3.1. 3 (2020) 3.2. 5 (2020) 3.3. 3 (2020) 3.4. 118 place (2020)	3.1. 4 (2027) 3.2. 7 (2027) 3.3. 6 (2027) 3.4. 95 (2027)	3.1 <a href="#">World Bank</a> 3.2 <a href="#">BTI Project</a> 3.3 <a href="#">BTI Project</a> 3.4 <a href="#">Transparency International</a>	High level of political commitment and political willingness to implement reforms that might challenge powerful vested interests.
<b>Output 1 relating to Outcome 1</b>	1.1 Enhanced access to quality non-financial BDS	1.1.1 Number of labelled / accredited non-financial BDS providers (M/F) 1.1.2. % of MSMEs (M/F) that have not closed 2 years after the provided support by labelled/accredited BDS providers disaggregated by gender 1.1.3. The number of entrepreneurs and MSMEs (M/F) supported by labelled/accredited non-financial BDS providers disaggregated by gender	1.1.1 0 (2022) 1.1.2. TBD 1.1.3. TBD	1.1.1 70 (2027) 1.1.2. TBD 1.1.3. TBD	SMEDA reports	SMEDA has the sufficient capacity to implement a direct grant
<b>Output 2 relating to Outcome 1</b>	1.2 Strengthen capacity of MSMEs and entrepreneurs to sustainably scale-up their businesses	1.2.1. % increase of entrepreneurs and MSMEs (M/F) registered at SMEDA and SLLCA disaggregated by gender 1.2.2. Number of new businesses (M/F) established by entrepreneurs supported by the programme	1.2.1. TBD in the inception phase 1.2.2. TBD in the inception phase	1.2.1. TBD in the inception phase 1.2.3 70% 1.2.2. TBD in the inception phase	1.2.1 SMEDA, SLLCA, CAC reports 1.2.2 SLLCA reports 1.2.3 Projects reports	SLLCA has a sufficient capacity to implement a grant; BDS providers selected via an open call have sufficient capacity to reach to



		<p>1.2.3. Number of (a) jobs, (b) green jobs supported/sustained by the EU (<u>No 13 – GEF</u>)</p> <p>1.2.4. Number of (b) green jobs supported/sustained by the EU (<u>GERF 2.13b</u>)</p> <p>* 1.2.5. Number of beneficiaries with access to financial services with EU support: (a) firms – (<u>No 17 – GEF</u>) (disaggregated by gender)</p>	<p>1.2.3. TBD in the inception phase</p> <p>1.2.4. TBD in the inception phase</p> <p>1.2.5. TBD in the inception phase</p>	<p>1.2.3. TBD in the inception phase</p> <p>1.2.4. TBD in the inception phase</p> <p>1.2.5. TBD in the inception phase</p>	<p>1.2.4 Projects reports</p> <p>1.2.5 Projects reports</p>	MSMEs in few provinces
<b>Output 1 relating to Outcome 2</b>	2.1 Enhanced the national quality infrastructure and system for providing testing, inspection and certification services	<p>2.1.1 Number of certified companies by SLSB-MSCB and number of exporters inspected by PMB-IB disaggregated by sex.</p> <p>2.1.2. Number of SLSB's internationally accredited laboratories scopes.</p>	<p>2.1.1. 0 (2023)</p> <p>2.1.2. 5 (2023)</p>	<p>2.1.1 10 (2027)</p> <p>2.1.2. 10 (2027)</p>	<p>2.1.1 PMB, SLSB and projects reports</p> <p>2.1.2 SLSB, PMB, and projects reports</p>	High level of commitment and willingness of PMB and SLSB
<b>Output 2 relating to Outcome 2</b>	2.2 Strengthened capacity of economic operators to conform with national, European and international quality and environmental standards	<p>2.2.1 Number of MSMEs/cooperatives implementing relevant international standards for export purposes</p> <p>2.2.2 Number of university programmes (Master and Bachelor level) that updated the curriculum for standards, quality and food safety with support of the EU-funded intervention.</p>	<p>2.2.1. 7 (2023)</p> <p>2.2.2. 1 (2023)</p>	<p>2.2.1. 20 (2027)</p> <p>2.2.2. 2 (2027)</p>	<p>2.2.1. projects reports</p>	The implementing partner has an extensive network of MSMEs and good knowledge of standards that should be implemented to increase their export readiness

<b>Output 1 relating to Outcome 3</b>	3.1 Laws and policies in the field of doing business developed/revised and better implemented	3.1.1. Number of days required to register a company at CAC  3.1.2. Level of transparency and availability of information regarding licensing issuance, fees, charges, contract information and taxes  3.1.3. % of public officials stating that the organized trainings related to business environment are relevant and useful  3.1.4. % of registrations and licenses completed online  3.1.5. Amount of Investments Facilitated (volumes or capital invested)  3.1.6. Number of processes related to partner country practices on trade, investment and business, or promoting the external dimension of EU internal policies or EU interest, which have been influenced ( <u>No 15 – GERE</u> )	3.1.1. 3 (2020)  3.1.2. TBD in the inception phase  3.1.3. TBD in the inception phase  3.1.4. TBD in the inception phase  3.1.5. TBD in the inception phase  3.1.6. TBD in the inception phase	3.1.1. 1 (2027)  3.1.2. TBD in the inception phase  3.1.3. TBD in the inception phase  3.1.4. 60-%  3.1.5. TBD in the inception phase  3.1.6. TBD in the inception phase	3.1.1. World Bank, NIB, MTI and project reports  3.1.2. projects reports  3.1.3. projects reports  3.1.4. NIB, CAC and projects reports  3.1.5. NIB, project reports  3.1.6. MTI, NIB projects' reports	GoSL has a commitment to revise key legislations and regulations in order to improve predictability and transparency of investment climate and to fight corruption
<b>Output 2 relating to Outcome 3</b>	3.2. Foreign Direct Investments to Sierra Leone are increased	3.2.1. Number of potential investors who received information from the dedicated information investment centre  3.2.2. Average time to respond to each potential investor requests addressed to the dedicated information investment centre  3.2.3. EU foreign direct investments flows to Sierra Leone (million EUR)  * 3.2.4. Number of people supported by the EU with enhanced access to digital government services ( <u>GERF 12.b</u> ) (disaggregated by gender)	3.2.1. TBD in the inception phase  3.2.2. TBD in the inception phase  3.2.3. EUR (-63 million)  3.2.4. TBC	3.2.1. 1000 (2027)  3.2.2. 24 hours  3.2.3. positive values in 2025, 2026 and 2027  3.2.4. TBD in the inception phase	3.2.1. NIB reports  3.2.2. MTI, NIB and projects reports  3.2.3. DG TRADE, Eurostat, MTI, Statistics Sierra Leone  3.2.4. Projects reports; MTI, NIB	NIB successfully integrate CAC, PPP Unit and SLIEPA and has an authority an mandate to promote FDIs

## 4 IMPLEMENTATION ARRANGEMENTS

### 4.1 Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the partner country

### 4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 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 Financing Decision and the relevant contracts and agreements.

### 4.3 Implementation the Budget Support Component: NA

### 4.4 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>18</sup>.

#### 4.4.1 Direct Management (Grants)

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

##### **4.4.1.1. Outcome 1 “Strengthen competitiveness of local MSMEs”**

##### **a) Purpose of the grants**

Grant(s) will be used to achieve outputs related to outcome1 (Competitiveness of local MSMEs).

The grants will contribute in achieving:

- labelling/certifying BDS providers;
- creating a network of MSMEs and BDS providers;
- providing tailored made BDS to MSMEs in partnership with BDS providers;
- support MSMEs to access finance (grants, loan or equity).

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

National bodies/agencies, legal entities, private, non-for profit, business associations and BDS providers.

The part of the action under the budgetary envelope reserved for grants may, partially or totally and including where an entity is designated for receiving a grant without a call for proposals, be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria:

- Demonstrated solid knowledge and experience in providing mentoring/coaching and BDS to MSMEs in developing and fragile countries;
- Demonstrated experience in the implementation of reforms aiming at formalising the economy and developing entrepreneurship;
- Demonstrated experience in facilitating access to finance to MSMEs.

##### **4.4.1.2. Outcome 3 “Improve business environment”**

<sup>18</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.

**a) Purpose of the grants**

Grant(s) will also be used to achieve outputs related to Outcome 3.

**(b) Type of applicants targeted**

With regard to Outcome 3, type of targeted applicants are public entities/bodies which have a legal mandate to:

- promote, encourage, attract, facilitate, monitor, and evaluate all forms of investments and business activities in Sierra Leone;
- initiate and support measures that will enhance the investment climate in Sierra Leone for both domestic and foreign investment;
- collect, collate, analyse and disseminate investment opportunities and sources of investment capital, incentives available to investors and the investment climate.

The part of the action under the budgetary envelope reserved for grants may, partially or totally and including where an entity is designated for receiving a grant without a call for proposals, be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria:

- Demonstrated experience in the design, development and implementation of business environment reforms;
- Demonstrated experience in supporting developing countries to update their investment legal frameworks and business regulations;
- Demonstrated experience in supporting institutional capacity building, in particular in the area of doing business;
- Demonstrated experience in investment promotion in developing countries.

#### 4.4.2 Direct Management (Procurement)

The procurement would contribute in achieving outputs related to Outcome 1 (Competitiveness of local MSMEs) and Outcome 3 (Business environment institutional reforms).

Tender(s) for contract(s) to provide technical assistance for institutional capacity building, monitoring and evaluation of all activities under the outcomes 1 and 3 will be provided in order to ensure that the implementing partners are using appropriate methods and tools to execute the required activities and deliver accurate reporting about the achieved results. The aim of this TA is also to create a pool of local and international experts who are going to be mobilised depending on the needs of the implementing partners and the national authorities.

#### 4.4.3 Indirect Management with an entrusted entity

A part of this action may be implemented in indirect management with competent entities, such as United Nations Industrial Development Organisation (UNIDO). This implementation entails all outputs and indicative activities under Outcome 2 (National Quality System and trade competitiveness). The envisaged entity has been selected using the following criteria:

- **Technical expertise and experience in quality infrastructure and value chains' development:** the entrusted entity/ies should be able to improve the national quality infrastructure and building operational capacities of Sierra Leone Standards Bureau (SLSB) to implement ISO 17021 for certification bodies and ISO 17025 for testing and calibrations laboratories. The entrusted entity/ies should manage to support the establishment of The Management System Certification Body (MSCB) which would reduce costs for private sector and enable companies to expand their markets. It is also key for this entity/ies to have a solid expertise and knowledge in supporting MSMEs in cocoa, palm oil and cassava value chains in terms of implementing quality standards and Good Agriculture Practices (GAP) as well as increasing their productivity.
- **Solid experience with the EU's development assistance:** It is key to have an entity/ies that can improve the quality infrastructure (QI) and a culture of quality in Sierra Leone. The entity/ies should

ensure that local MSMEs are thriving in trading markets by implementing global standards based on international best practices.

In case the envisaged entity mentioned above would need to be replaced, the Commission's services may select another replacement entity using the same criteria. If the entity is replaced, the decision to replace it needs to be justified.

#### 4.4.4. Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

The part of the action under indirect management with entrusted entities may, partially or totally, be implemented in direct management with a public entity, which may be selected by the Commission's services using the following criteria:

- In line with Article 195 (f) of the Financial Regulation, the designated public entity(ies) shall have a legal mandate to inspect, test and certify locally produced or imported products;
- Have an adequate capacity to certify, test or inspect locally produced or imported products;
- Have an experience in providing quality services to private companies.

#### 4.5. 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 services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

#### 4.6. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
<b>Implementation modalities – cf. section 4.4</b>	
<b>Outcome 1 - Strengthen competitiveness of local MSMEs</b>	<b>4 000 000</b>
Grants (direct management) c.f. section 4.4.1	2 500 000
Procurement (Direct management) c.f. section 4.4.2	1 500 000
<b>Outcome 2 - Enhance effectiveness of National Quality System</b>	<b>4 500 000</b>
Indirect management with entrusted entity/ies- cf. section 4.4.3	
-	
<b>Outcome 3 - Improve business environment</b>	<b>2 800 000</b>
Grants (direct management) c.f. section 4.4.1	1 500 000
Procurement (Direct management) c.f. section 4.4.2	1 300 000
<b>Evaluation</b>	
<b>Audit</b>	<b>50 000</b>
<b>Contingencies</b>	<b>150 000</b>

<b>Grants – total envelope under section 4.4.1</b>	<b>4 000 000</b>
<b>Procurement – total envelope under section 4.4.2</b>	<b>3 300 000</b>
<b>Total</b>	<b>12 000 000</b>

#### 4.7. Organisational Set-up and Responsibilities

A Steering Committee of the project (PSC) shall meet twice a year to decide the overall direction of the project, to monitor the indicators and to supervise the implementation of the project's activities. Additional meeting can be arranged ad hoc at the request of the Delegation of the EU or any of the members.

The PSC will be co-chaired by the Ministry of Trade and Industry (MTI) and the EU Delegation with the participation of the implementing partners and main stakeholders. The participation to the PSC of beneficiaries of the project such as local MSMEs/agricultural cooperatives, non-financial BDS providers, financial services providers and EU companies will be ensured. Other stakeholders, including civil society organizations, other donors and development partners may be invited in order to improve coordination and complementarity of interventions.

The PSC will be supported in their work by the Technical Committee (TC), which will work in close cooperation with the beneficiary departments and stakeholders. The TC will consist of members of the implementing partners, the concerned stakeholders involved in the activities. The TC will meet every quarter to define, follow-up and monitor the implementation of activities.

## 5 PERFORMANCE MEASUREMENT

### 5.1 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 partner's 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 (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

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).

Roles and responsibilities for data collection, analysis and monitoring:

- Implementing partners are in charge of collecting data for the indicators in the logical framework.
- Information provided by the implementing partners would be verified by independent evaluation missions and audits. In the case of Outcome 1 and 3, the Technical Assistance (TA) would assist the implementing partners in monitoring and reporting. It will be also in charge of verifying the validity and reliability of the values of indicators provided by the implementing partners.
- Evaluation missions and TA will also check the reliability and accuracy of the indicators by conducting surveys and interviews with the direct beneficiaries of the project (MSMEs, entrepreneurs, cooperatives, BDS providers, financial services providers and public bodies)
- Evaluation missions and TA will also have to pay attention not only on the number of activities that were held but also their impact (usefulness for the beneficiaries). For instance, in case of providing non-financial BDS to a company, it is important to be evaluated whether/how these trainings have supported the company to increase its revenues and to grow. In case of business environment reforms, attentions should be paid not only on how many regulations or laws were updated/revised but how they facilitated MSMEs to do business (optimisation of tax procedures, time to export/import, time to or register a company, quality of digital services, etc.).

## 5.2 Evaluation

Final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the direct impact to final beneficiaries.

In case an evaluation is not planned, the Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The Commission shall inform the implementing partner at least 1 month in advance of the dates envisaged 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 may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

Evaluation services may be contracted under a framework contract.

## 5.3 Audit and Verifications

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 audit or verification assignments for one or several contracts or agreements.

# 6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

## Appendix 1 REPORTING IN OPSYS

An Intervention (also generally called project/programme) is the operational entity associated to a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Interventions are the most effective (hence optimal) entities for the operational follow-up by the Commission of its external development operations. As such, Interventions constitute the base unit for managing operational implementations, assessing performance, monitoring, evaluation, internal and external communication, reporting and aggregation.

Primary Interventions are those contracts or groups of contracts bearing reportable results and respecting the following business rule: ‘a given contract can only contribute to one primary intervention and not more than one’. An individual contract that does not produce direct reportable results and cannot be logically grouped with other result reportable contracts is considered a ‘support entities’. The addition of all primary interventions and support entities is equivalent to the full development portfolio of the Institution.

The present Action identifies as Primary Intervention;

<b>Action level</b>		
<input type="checkbox"/>	Single action	Present action: all contracts in the present action
<b>Group of actions level</b>		
<input type="checkbox"/>	Group of actions	Actions reference (CRIS#/OPSYS#):
<b>Contract level</b>		
<input checked="" type="checkbox"/>	Single Contract 1	Contribution Agreement with entrusted entity
<input checked="" type="checkbox"/>	Single Contract 2	Grant (Support to MSMEs)
<input checked="" type="checkbox"/>	Single Contract 3	Grant (Increasing FDI)
<input checked="" type="checkbox"/>	Single Contract 4	Service Contract (Technical Assistance)
<input checked="" type="checkbox"/>	Group of contracts 1	Grant/s