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Employment Promotion Programme (EPP III)

Business Loop



→ BACKGROUND

Sierra Leone faces high unemployment and underemployment rates in its working age population. Current labor force is estimated to be **2.7 million** – out of this number **1.6 million (59%)**, particularly youth, are structurally unemployed or underemployed (UNDP, 2012).

The main causes are the gap between demand and supply on the labor market (weak dynamic of the private sector; low level of coordination amongst stakeholders to create employment; non-effective education and training system).

Youth marginalization, limited access to and control over resources and lack of employment opportunities remain destabilizing factors for the country. Supporting the private sector, particularly in agriculture, will strengthen the rural economy and improve income opportunities for youths and young people in the country.

Within this framework, the German Federal Ministry for Economic Cooperation and Development (BMZ) is supporting the third phase of the Employment Promotion Programme (EPP III). The Programme is implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and has an order volume of **20.5 million EUR**. EPP III has as main partner the Ministry of Labour and Social Security (MLSS) to which it provides institutional support.

The third phase of EPP is aiming at the sustainable improvement of employment and income situation of young people in agriculture and micro-small and medium-sized enterprises (MSMEs) through a multi-fledged approach.

EPP III FIELDS OF ACTION:

1. Capacity Support of Partners:

Supporting the capacity development of partners, it aims to reinforce the macro-economic policy framework for sustainable and equitable employment.



2. Youth Development: The youth development component designs and implements labor-market-oriented training modules in life skills, business skills and labor-market-integration measures for youth in the three target districts.

3. Agricultural Value Chains: Value-chain promotion activities aim at increasing production, quality of produce and ultimately employment in selected value chains, namely cocoa & coffee, rice and vegetables.



4. Private Sector – Business Loop: Training of enterprises through service providers in management and business skills, record keeping, marketing, client/customer relationship is one of the core interventions the Programme applies to support MSMEs development.

5. Private sector – Facility for Innovation:

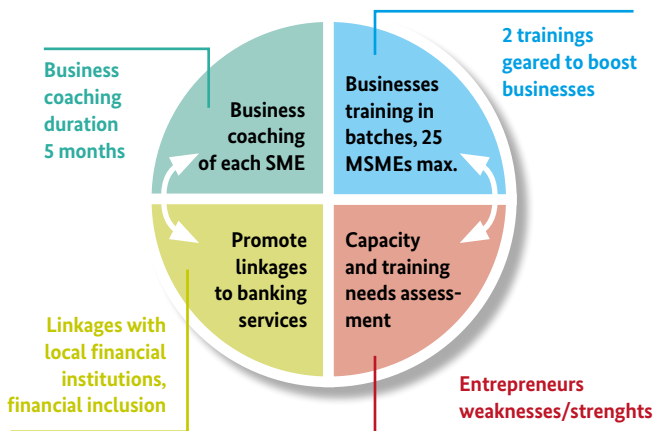
This intervention targets 100 business ideas to be developed into “matured” business concepts which will create new opportunities for employment.





→ BUSINESS LOOP

The Business Loop (B-Loop) methodology support MSMEs to access training and coaching to acquire and master their business skills, product/market positioning, entrepreneurial attitude, negotiating skills, customer relations and preparedness to access financial services. This packaging is geared to help entrepreneurs achieve their business goals. The whole cycle lasts approximately 12 months. The B-Loop has 4 pillars as explained below:



Pillar One—Capacity Training Needs Assessment (CTNA):

This step ensures an objective assessment of the entrepreneurs' skills and the enterprise capacities. The CTNA outcomes are used to set individual enterprise targets.

Pillar Two—Business Training: Business training comprises two separate training sessions each lasting three (3) days. Training methods include lecture, role plays and group work. Training modules include: entrepreneurship, cash management, inventory, customer – supplier record-keeping, introduction to enterprise analysis, communication skills, decision-making, market positioning, production management, access to financial services and business planning. The two training sessions are separated by coaching sessions.

Pillar Three—Business Coaching: At the end of the training, the entrepreneur and coach jointly define their improvement targets and set milestones. These practical sessions involve business coaches who accompany the entrepreneurs implement the changes, track progress and reassess milestones. There are periodic visits of the business coaches. The coaching takes place after each training session and lasts in total 5 months. Peer to peer exchanges are also organized between beneficiaries by the coaches.

Pillar Four—Access to Finance: During the training sessions, formal financial service providers namely commercial and community banks, microfinance institutions and financial services associations (FSAs) will provide an insight into types of financial services available and how MSMEs can access their products and services. It is a two-way process that allows the beneficiaries to eventually access the services and also the financial institutions to better understand the needs of the entrepreneurs. After successfully going through the four pillars a graduation ceremony is conducted to showcase the achievements made over the period. Successful entrepreneurs are handed two vouchers which they are expected to utilize within a period of six months.

The number of first B-Loop applicants revealed to be formed in 60% of the cases by illiterate people. Previous experience from EPP II showed that illiterate young micro entrepreneurs face difficulties in the learning pattern and in their achievements. The Programme is therefore planning to pilot SME B-Loop targeting illiterate micro entrepreneurs. The pilot SME B-Loop seeks manners to bridge the competence gaps that hinder the abilities of motivated micro entrepreneurs to properly acquire the needed capacities offered by the SME B-Loop training and coaching.

→ EXPECTED OUTCOMES

Over the Programme lifespan, the B-loop is training a total of 1,000 MSMEs (30% managed by women) for three districts, namely Kailahun, Koinadugu and Kono. Core benefits of the B-loop include:

- a. Provision of hands-on guidance for entrepreneurs that ensure theory is put into practice during business coaching (one-on-one) sessions
- b. Through technical support provided by business coaches, entrepreneurs work through individual business targets that address specific problem areas in their respective enterprises
- c. Entrepreneurs have the opportunity to address issues after graduation through a voucher system geared mainly towards self-reliance and keen understanding of his /her enterprise demands

Main expected outcomes of the intervention are the improved performance of their business activities and ultimately an increase in sales and incomes. This approach is also used for demonstrative purpose to attract new MSMEs to engage and adopt the good practices of B-Loop beneficiaries. Other organizations supporting MSMEs in the country can model their approaches from the B-Loop methodology.

→ GIZ IN SIERRA LEONE

GIZ has been working in Sierra Leone since 1963 on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). Its operation came to a halt due to the outbreak of civil war in 1991. Although the country has achieved stability since the end of the civil war in 2002, living conditions remain critical for majority of the people. GIZ supports Sierra Leone on behalf of the German Government in the areas of employment promotion, infrastructure development, regional resource governance and health system reform.



Entrepreneur cultivates and markets vegetables

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