

**Strategies and Lessons Learned on
Sustainable Reintegration and Job Creation**

A joint presentation by
UN, World Bank, GDC, IFAD and EU
based on the practical experience
in **Sierra Leone**

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• *Introduction*

This presentation is the combined observations on youth employment in Sierra Leone by the United Nations (UN), World Bank (WB), German Development Cooperation (GDC), European Union (EU) and International Fund for Agriculture Development (IFAD). The observations are based on the practical experience of the various development partners over the recent years.¹

Overall, employment is a structural issue and there are no quick off-the-shelf solutions that are sustainable and that will reach the majority of the 800,000 considered to be underemployed or unemployed. Employment requires long-term equitable growth across sectors and regions.

There are good practices that have been shown to be successful that can be expanded through training/orientation of implementing agencies. Additionally, many more opportunities can be made of existing opportunities if there are better linkages between sectors and initiatives; a much more supportive policy environment and targeted interventions based on detailed assessments. Very often, the development partners are not seeing the development initiatives and investment projects from the perspective of employment and thus missing-out on many opportunities to create jobs.

The examples of best practices described in this presentation are illustrative of the issue and are not exhaustive of all the project interventions. The success of employment interventions can only be tested over the long term. So at this stage, the best practices referred to in this presentation are those interventions that show the greatest potential for success. This joint presentation does not refer to each and every project supported by the international donor community in the field of youth job creation and income generation in Sierra Leone. Individual projects and donors are only cited for purposes of demonstrating various experiences and for illustrating general lessons learned. The important work done by NGOs is not discussed specifically but only as far as they act as implementing agencies.

1. Macro Economic Situation and Prospects for Employment

Past labor market research by Peeters et al² shows that “limited employment opportunities for young people are linked more to the overall challenging economic situation in Sierra Leone than to specificities associated with their age. Economic growth is hampered by limited private sector development, weak local purchasing power, and inadequate infrastructure. Improved economic growth is a priority for increasing employment opportunities for both young people and adults.”

The problem of achieving full and productive employment and decent work for all in Sierra Leone hinges on accelerating growth and targeted investment in areas such as agriculture, improving quality and access to essential social services in rural areas, promoting rural

¹ This note draws on reports and publications made by the members of the partner group.

² Peeters et al. 2010, Youth Employment in Sierra Leone, World Bank, page 75

employment and industry and strengthening the capacity for monitoring and evaluation of the country's employment situation. This requires a combination of structural change, and total factor productivity growth (productivity growth of capital, labor and land) accompanied by an increase in the quantity and quality of employment.

In the short term, policy formulation should target the promotion of growth that makes efficient use of labour, notably in the agriculture sector, and invests in the human capital of the poor. In the longer term, sustainable growth and sustainable jobs will only be generated through sound macroeconomic policies and sound employment and social policies that are linked together.

Over the past few years, the Government of Sierra Leone has initiated several policies that will stimulate the private sector with the view to improving the youth unemployment situation. Additionally, the government is embarking on governance reforms in order to create a more conducive business environment

The recent global economic downturn has adversely affected Sierra Leone's economic performance through a reduction in exports, remittances and real GDP. GDP growth in 2009 was 4.0 percent, about 1.5 percentage points lower than forecast due to the disruptions associated with the global downturn. This performance is in marked contrast to the preceding period when GDP growth averaged 7.0 percent annually, over 2005-07. Reduced export receipts from mining resulted in lower government revenue principally through royalty earnings while the lower overall GDP growth in turn also reduced general government revenues placing pressure on the public finances.

The World Bank estimates that Sierra Leone needs sustained annual growth above 6 percent in order to make a significant dent in the incidence of poverty. Its forecast for Sierra Leone's economy is for a continued recovery in exports underpinning an increase in growth to 5.2 percent in 2011 and 6.0 percent in 2012 rising to 6.5 percent in 2013.

While economic development can create employment in the longer term, the rise in GDP will take some time to have a significant impact on employment. It is estimated that there are 800,000 people (aged 15 to 35) who are unemployed, employed without remuneration or underemployed and that it will take nearly a decade of steady 7% growth in GDP to provide job-opportunities for this group. Maintaining such a high growth rate is unlikely.

Thus, while economic growth forms the bedrock for employment initiatives through the private sector, more innovative ways will have to be found to accelerate the development of job-opportunities in the short term.

As stated so clearly in the Government's draft national youth employment strategy (2006 – 2010), youth unemployment is a component of aggregate unemployment and cannot be tackled unless economic growth is sufficient. Youth employment should be addressed as part and parcel of the national employment policy. Unless the overall quantity and quality of employment are increasing, it is not possible to design and implement successful programmes to integrate young

women and men into the labor market. The emphasis, therefore, should first and foremost be on national employment policy, and within that have measures to address the age specific barriers and problems young people face in the labour market. The experience of a number of countries have shown that despite their relative success, micro approaches to youth programmes, interventions driven by government alone, supply side intervention alone, or sectoral interventions are not enough in themselves. Youth employment policy must be formulated in an integrated manner. There must be a macroeconomic growth strategy that is employment-intensive and pro-poor as well as microeconomic policies that are coherent and integrated with education, health and labor market policies. Gender equality needs to be mainstreamed into the youth employment policy.

The international community has started to organize itself to provide a coordinated support to youth employment through the setting up of a joint response group. This initiative needs to be pursued and deepened.

2. Youth Employment Strategy

The national strategy on youth employment that was first developed in 2006 and later revised in 2009 is still valid as an overall framework. It needs to be progressively strengthened through more analytical work on specific sectors and intervention areas (for example: in agriculture: which investments and value chains will have the biggest impact on labour demand). International experience shows that the balance of quick impact projects based on public works; the development of self-employment; and incentivizing more recruitment by the private sector; coupled with the long term development of supportive policy environment and the development of critical sectors such as education and agriculture needs to be more directly orientated to employment. The UN *Global Policy on Post Conflict Employment Creation, Income Generation and Reintegration (2008)* describes these areas of intervention as a Three Track Approach: (a) Stabilizing income generation and emergency employment; (b) Local economic recovery for employment opportunities and reintegration, and (c) Sustainable employment creation and decent work.

The revision of the strategy in late 2009 to create a balance between interventions on supply (mainly skills training), demand (mainly business and entrepreneur development) and matching of skills to needs is valid. The revision reflects the experience from project implementation.

There are a number of areas where there has been limited attention and progress. For example, there is no assessment of the critical sectors such as finance, education and agriculture from an employment perspective. Equally, there have not been sufficient studies that would guide policy decisions on such critical issues as the optimal balance of investments between urban versus rural areas and different regions of the country. As one consequence, there are no common definition of terms which, in turn, has led to a lack of basic data on employment.

This situation, coupled with the fact that most organizations have had to concentrate on the

implementation of often isolated projects, has not facilitated the development of joined-up and coherent policies; linkages between opportunities e.g. business development and skills training and matching between employment opportunities and available labour.

To date, the matching and linkages has been carried out on individual project basis. The next step will be to progressively establish systems and services that will systematize the linkages. Nonetheless, in the short to medium term the majority of the interventions will be project-based.

It is suggested that the following be included in the formulation of the national employment strategy:-

- A detailed plan to create the supportive policy environment and mainstream employment that includes the standardization of definitions, data collection and dissemination
- A detailed plan of how to develop the system of linkages at the national and district level
- Development of criteria for new projects based on the best practices
- The training/orientation of NGOs to become skilled in employment creation interventions
- The development of services such as Business Development Skills; Careers Advice and Placement;
- The training of specialized skills for mid level and senior positions in the multinational companies that are currently being established in Sierra Leone

The development partners are now working together to bring coherence to the support to Government, particularly with regard to the linkages between policy and interventions, and between the various interventions.

3. Youth Employability

Overall, youth are not prepared for employment. Sierra Leone has very low human capital with the average number of completed-years of education half that of India, one third of China and a fourth of South East Asia³. About half of youth (15-24 years) are not literate⁴. This is a major constraint in all aspects of job creation.

In general, youth have had little connection to the formal economy and lack relevant life skills. Equally, they do not have the knowledge and skills to start a business enterprise. Although youth believe that self-employment is the best income opportunity, only one third of working youth are self-employed, mainly because they perceive that they lack capital, the business network and the necessary skills⁵.

³ Ibid, page 3

⁴ UNICEF at glance, 2009

⁵ Peeters, World Bank, page 3.

Many young people feel caught in the “youth trap” where they cannot earn sufficient income to marry, have a family and transition into adulthood. They feel subject to the decisions of elders and locked into unpaid labour for elders.

Many youth have migrated to urban areas in an attempt to escape the “trap”. But in urban areas unemployment and underemployment are the highest, particularly for males. More than 50% of young people living in urban areas are surviving on ‘tips’ for casual work.

Youth survive on a multitude of activities. For example, in urban areas lorry parks attract many young men seeking casual labour opportunities, carrying loads, finding passengers for buses, as well as skilled trades such as drivers, mechanics and barbers. Young women predominantly work as shopkeepers, street retailers and hairdressers. Many children work as street retailers outside school hours. Such market areas attract migrant youth; many sleep in nearby kiosks and ataya bases. The majority of these youth does not know about local institutions and thus are unlikely to directly benefit from local development programmes⁶.

In general, the youth are described in negative terms by elders and given little social status and are not expected to take on leadership roles in society. The transition from youth to adult is particularly difficult in Sierra Leone.

4. Multinational Investments and Employment

International investment has the potential for creating significant employment. For example, Addax biofuels is expected to create 4,000 jobs, FNP Agricultural Company plans to provide over 10,000 jobs and African Minerals 11,000 jobs. There are a number of large scale investments that are in the negotiation stages that have projected to create many thousands of jobs. However, for the time being, these investments and the promised new jobs have yet to materialize. Also, these large capital intensive investments planned by multinational enterprises need to be managed carefully in order not to create social conflict and negative environmental impacts.

This is a welcome development which will be an important factor in employment in the medium to long term. The jobs are mainly for manual labour with the managerial and technical positions going to expatriates because of the shortage of such skilled manpower nationally.

It is recommended that SLIEPA included a detailed assessment of the real employment prospects of each potential investment; that there be some form of monitoring and incentives for labor intensive technologies; and the investment includes support to sponsorship of specialist training to create the required senior level and mid-level skilled manpower.

⁶ Baseline Study: Cash and Food for Work Programme in Sierra Leone’s Western Area, WFP, January 2010, p. 21.

5. Overview of Youth Employment Interventions in Sierra Leone

The majority of the interventions for youth unemployment have fallen into three broad areas – skills training, public works and microfinance. The majority of the projects have used agriculture as the basis for job creation and income generation. Over the last 12-18 months the trend has been to move away from skills training alone to business development/livelihood enhancement within which, skills training is a component.

The number of youth in paid work or youth in some form of job creation programmes is not precise because there are no accepted definitions. This needs to be addressed in the drafting of an Employment Policy.

Given weak policies and strategies for employment creation, the lack of strong national institutions dealing with employment issues, and the low degree of decentralization, it is understandable that the interventions by the development partners are project-based and geographically scattered. This has had two effects. First, while youth employment has been seen through the lens of individual projects, and these projects take a great deal of time to implement, attention is drawn away from the policy area. This has been the experience of the Youth Employment Secretariat. Secondly, many of these projects, particularly in skills training, have their roots in the types of projects undertaken in the Reintegration phase of the Disarmament, Demobilization and Reintegration Programme. Often the NGO's and government officers have more experiences in humanitarian aid projects and insufficient training in enterprise development.

Nonetheless, projects will be the main mechanism for the delivery of employment initiatives in the short to medium term. Thus it will be important to enable project staff to become more skilled in employment activities and the whole area to be professionalized. There is a major shortage of people with sufficient business development skills to be able to identify business opportunities and enable in-experienced people turn the idea into a profitable reality.

In general the projects – both for public works and employment creation, but especially public works – mix their overall target between social objectives and employment. For example, several projects want to focus on the poorest people or the most vulnerable. However, this is not the segment of society that has the best prospects for sustainable creation of enterprises and employment.

In a recent study⁷ the youth stated that the current activities that best provide for their “basic needs” are okada (motorcycle taxi) and cash crop production. The activities that are the least profitable are carpentry, masonry and hairdressing.

⁷ District Based Opportunity Mapping; Ministry of Finance and Economic Development/Youth Employment Secretariat.

6. Public Works

Public works, designed to offer direct short-term employment to the youth while facilitating infrastructure development and economic growth for sustainable long-term employment, took the form of the following:

- Roads: Drainages, civil works (culverts), etc.
- Agriculture: Inland valley swamp (IVS) development, irrigation, land reclamation, food crops, tree crops, etc.
- Environmental Protection/Urban Renewal: Tree nursery and planting; garbage collections; drains and sewage clearing/removal

The following are some of the major public works projects supported by donors in recent years or about to start:

- **Youth Employment Support Project (YESP)**

Funded by the World Bank to the tune of USD20 million under its Crisis Response Window, the YESP was approved in mid 2010 and will last for 3 years. The project's development objective is to increase access to short-term employment opportunities and improve employability of targeted youth beyond the immediate benefits of the project. This is to be achieved through three components: (1) Public Works (\$10 million) carried out by NaCSA; (2) Skills Development and Employment Support (\$7.5 million) to be carried out by competitively selected service providers; and (3) Institutional Support, Policy Development, and Impact Evaluation (\$2.5 million). Components 2 and 3, in particular, are expected to contribute to sustainability of the public works component once the project comes to an end.

- **Cash for Work (CfW)**

Also funded by the World Bank, the CfW program, carried out in two phases, has been funded at \$4 million each through the National Social Action Project (NSAP) in 2008 and 2009. The CfW program, scheduled to close in December 2010 together with NSAP, was designed to assist war-affected or otherwise vulnerable communities to restore infrastructure and services, build local capacity for collective action, and assist vulnerable households to access temporary employment opportunities, with priority given to areas not previously serviced by the government, newly accessible areas (those which were under rebel control until January 2002), food insecure areas, and the most vulnerable population groups within those areas. Most beneficiaries are youth, and many contractors are youth groups.

Phase 1 of the Cash for Work (CfW) component has been completed, with a total of 367 small works projects completed and temporary employment created for about 16,500 people. About half of the 358 sub-projects under Phase 2 are completed, with the remainder underway and expected to be completed before closing. The recently completed CfW qualitative assessment

had largely positive findings in terms of beneficiary perceptions of the temporary employment and infrastructure created.

- **Food for Work Programme**

This was a World Food Programme with the main objective to rebuild livelihoods of food-insecure households of rural communities and increase their access to food, markets and social services through labour-intensive work. The programme was initially in six districts (Kono, Kailahun, Kenema, Pujehun Bonthe and Bo) in the east and south. The service was further extended to Port Loko, Tonkolili and Moyamba district as a result of the support from the EU Food Facilities..

A food for training component forms part of the food-for-work programme to enable participants acquire improved agricultural skills and techniques which include agricultural processing, marketing, organizational management skills and improved techniques of rehabilitating agricultural asset. The training is conducted by MAFFS & SLRA and facilitated by cooperating partners such as FAO and GTZ Implementation of activities is done in close collaboration with the Ministry of Agriculture and Food Security and the Sierra Leone Roads Authority, local and international NGOs.

Cash For Work/Cash+Food For Work - In 2008 and 2009, new shocks associated with high food and fuel price and the global recession severely set back the work to rebuild infrastructure and achieve economic growth. This eroded the resilience of lower-income households by reducing their purchasing power, further pushing an additional 150,000 people (World Bank 2008 estimate) into poverty, particularly unemployed and unskilled young people.

- As a result, a cash transfer was recommended by an assessment conducted in 2007 for employment schemes through public works with the bulk of the participants being youths (supply of staple food was regular and markets capable of meeting the increased demand generated by CFW).
- Food insecure urban and peri-urban areas, particularly slums and informal settlements, where economic access to food is the main constraint, were targeted. Activities include rehabilitation of roads, drains and paths, environmental management and low-cost community assets.
- Two models – food+cash and cash only - were piloted through two cooperating partners; CRS implemented food+cash whilst Coopi implemented purely cash.

- **Quick Impact Employment Creation (QIEC)**

Implemented by the ILO under the UN's Joint Vision Programme 19, the QIEC has the development objective of creating productive employment opportunities for the youth within Bombali district (pilot district) using cost-effective labour-based methods for feeder roads rehabilitation and maintenance using private contractors. Project implementation commenced in

August 2010 in the form of preparatory activities and full-fledged training has been on-going since October.

The Project, in collaboration with SLRA and Bombali District Council, has selected seven feeder road sub-projects for rehabilitation and/or drainage structures and spot improvement. The sub-projects were selected from a list of feeder roads provided by SLRA/Council based on criteria agreed upon by the partners.

As of October 2010, the first set of graduates from the programme (10 contractors and 20 supervisors) have already been granted trial contracts to rehabilitate 1.5 km to 2kms roads each, to be followed by a second round of trial contracts of a more rigorous nature. Those who perform well will be short-listed for standard contracts with various ministries and agencies using labour-based road construction methods.

Lessons Learnt:

- Lack of adequate and accurate data on beneficiaries contributed to inclusion and exclusion errors in the selection of participants in some of the projects.
- Difficulty in reaching certain remote communities was a challenge in some instances.
- Inadequate funding meant that large numbers of potential beneficiaries were omitted.
- Project cycles were also too short in some instances, while lack of coordination among various stakeholders created undue challenges for project manager and administrators.

Employment Sustainability Prospects

Skills development has been identified as one key strategy for ensuring the sustainability of the short-term employment benefits of public works, with beneficiaries expected to transfer their skills to permanent employment after a particular project ends. This strategy, however, assumes the implementation of medium-long term policies and strategies to ensure broad-based economic growth and hence demand for the skills of beneficiaries.

In some instances work groups formed during project implementation remained active as a self-help group after the completion of the project. Generally, this is the result of additional assistance to create the linkages and facilitate the organization by an NGO project. The self-help groups provide labour for agricultural activities as well as social functions in their various communities. This has further helped to enhance social cohesion. In some communities in the south east, some youths reinvested proceeds from the sale of their plantations to buy okada (motorcycles) or open small businesses.

While these outcomes were not incorporated into project designs, in the future, in order to ensure broad-based sustainability, explicit provisions must be made in all projects to ensure employment sustainability beyond project life.

7. Youth Job Creation and Income Generation

In recent years, most youth employment projects focused on enhancing “employability” (mainly skills training) without linking the activities to labour market demand. In addition, the majority of projects have not included business skills development. However, over the last 12 months there has been a shift in strategy and practice towards supporting youth to start businesses.

An inventory of employment projects is now underway. The total figures are not yet collated. Nonetheless it is clear that there are a large number of CSOs and NGOs who state that they are working on some form of employment creation .e.g. there are 79 such organization in Kenema District alone⁸. This exercise has shown that, because there are no standardized definitions, it is not possible to have comparable figures.

Over the last three years the Government of Sierra Leone/UNDP has supported 40 projects (20,000 youths) on a range of interventions from skills training, enterprise development and agriculture production. 17 projects for *Youth Enterprise Development (YED)* to support 11,200 youth in 13 ranging from skills development to enterprise development, agriculture and agro processing with total budget of \$ 3.2m i.e. \$285 per youth.

▪ **Enterprise Development**

About 5,600 youth have been trained (2-3 months) in the establishment and management of private sector enterprises by business skills development (BSD) providers and in skills relevant to the wider labour market through apprenticeship and job training (6 months-1 year). Of these youth, 75% are in some form of paid employment including self-employment, 22% are in apprenticeship programmes with their artisans, and 2% have a micro franchise business.

Employment/income generation through Agriculture:

About 3,500 youth have been trained in the cultivation, processing and marketing of agricultural commodities of which 41% are engaged in agriculture as farmers for their income generation and livelihood, and 59% farmers increased their income levels through commercial agricultural activities. Altogether, some 50 youth farmers groups were established.

From experience, the following are examples of good practices that were indentified in a multi-project review process (details can be found in the annex).

- Adding business development training and mentoring to youth farmers to shift orientation from basic production to business. For example, a project facilitated the linkages between youth farmers groups and WFP. The project enabled local youth group consortium and acted as the honest broker between the youth groups a WFP to be able to sign a contract for five years to supply 50 Mt of rice per year under the WFP Purchase for Progress (P4P) scheme

⁸ District Based Opportunity Mapping; Ministry of Finance & Economic Development/Youth Employment Secretariat, 2010.

with a total annual value of over \$250,000.

- Adding market-based intensive business mentoring. For example, a women's group, with regular and structured business mentoring, turned their first investment in a road-side restaurant into a profit with which they have gained a second business-loan and expanded into a second restaurant.
- Partnering with a private sector business venture. For example, 100 youth established their own business in communication, cosmetics, bakery and ice production based on a micro-franchise model. The franchising company provided the technical training and supplied basic equipment, and the lending bank provided training in accounting. Over 80% of the youth have reported a profit. In another example, a project made the link between youth and a company that provides mobile-phone banking services. Now 150 youth are agents for the company. In addition to learning the roles of the agent they have been given business skills and life skills training.

Lessons Learned regarding the projects:

- Projects need to link youth into a network
- Projects have to play a facilitating role between the youth and the business idea and play the interlocutor role
- Most projects are more effective where there is a good social organization, normally in the form of preexisting natural groups
- Life skills is an essential component
- There must be at least 6 months of mentoring to enable the enterprise to get established
- Not all implementing agencies have the necessary technical background to undertake the necessary roles. They do not have the business acumen and often are biased to social service provision. Therefore it is necessary to provide technical capacity development alongside knowledge of best practices. This training/orientation will professionalize this area of work.

▪ **Technical and Vocational Training (TEVT)**

TVET is extremely important but, given the current state of the institutions, the system, and the quality of training, it can only be considered to have an impact in 10 years or more. There is a new policy drafted that recognizes the challenges faced the TVET sector to achieve its goal to be more demand sensitive and able to respond to changing needs.

The proposal to establish four centers of excellence (Freetown, Magburaka, Koidu and Kabala) that specialize on mechanical engineering, Teacher Trainer for TVET, civil engineering and Agriculture, respectively, is a good pragmatic compromise for the short term. This initiative is likely to be supported by the Islamic Development Bank.

8. Small Business Development and the Growth of the Private Sector:

Several donors actively support small business development. Some of this support is for Small and Medium Scale Enterprises (SMEs) which are in the formal sector, some of it is for micro enterprises and individuals that are in the informal sector. In this area, a clearer definition and differentiation between these two very different kinds of enterprises is needed to better design project interventions.

One of the key challenges for the donors is to effectively coordinate and to create linkages between different programmes that relate to private sector development. For instance, EU experience but also that of other donors has shown that youth employment schemes do not always necessarily connect with SME development programmes. This can result in situations where newly trained youth find no employment opportunities in their specific sector, while so-called "donor-driven" SMEs in other sectors continue to struggle in attracting the skilled labour they need. Also, young people that graduate from employment schemes should be able to benefit much more from access to finance programmes that are being promoted by donors.

However, the creation of linkages between donor programmes should go much further. Even projects in infrastructure and agriculture need to be connected with youth employment programmes to hire skilled labour. While projects have only a limited life span and do not provide full time employment, they can be a necessary and complementary stage for on-the-job skills development that the private sector is looking for. As such, coordination between youth employment schemes and other programmes in general therefore needs to be enhanced. Indicators measuring the ratio of local youth being employed should be seen as a major component of projects in infrastructure and agriculture. Finally, private sector actors need to be invited to fora where employment issues are discussed.

Small business development is hampered among other reasons by lack of access to credit. How important access to credit really is for enterprise development and especially at what stage of enterprise development (at the start-up or for enterprise expansion) it is critical is an open question. Some argue that anyone interested in starting a business should be eligible for credit, while others caution and suggest that only those that already have a small business should be eligible, since otherwise the repayment risk is too high. The employment effect of credit is difficult to quantify and no data showing the relationship between credit granted and number of jobs created are available.

When GDC/KfW and UN prepared the joint microfinance project in 2003, analysis indicated that Sierra Leone had a thriving informal sector with limited access to financial services. Despite numerous microcredit NGOs, projects and programs there was a significant unmet demand. The analysis estimated that there were only around 13,000 active microfinance credit clients at that time.

The multi-donor project MITAF (Microfinance Investment and Technical Investment Facility) began in July 2004 and was initiated by GDC/KfW, UNCDF, and UNDP. The dutch NGO

Cordaid joined in 2005. The total budget spent until July 2010 (end of MITAF I) amounted to approximately USD 11 million.

By June 2010, the total number of active clients reported by the 16 MITAF partner microfinance institutions that benefitted from the project by receiving grants or loans (or both) was 138,449 (97,452 borrowers and 40,997 savers with no loans). Because it adhered to and promoted internationally-recognized good practice, MITAF has served as a catalyst for developing not just quantity but quality throughout the sector as a whole (MITAF's interventions are on the micro, meso and macro level; e.g. the current guidelines for MFI have been drafted with the assistance of MITAF). International microfinance institutions like BRAC from Bangladesh and LAPO from Nigeria have been attracted by the significantly improved framework conditions of the microfinance sector. Both institutions have a particular focus on rural areas and will play a pivotal role in expanding access to finance to remote areas where the demand is still unmet.

▪ **Experience of Brac**

In Sierra Leone, Brac finds it difficult to work with credit groups, which is normally their standard operating procedure. The reason for this is that people in urban areas are extremely mobile and frequently change their places of residence. In Freetown and the larger regional cities, many current residents came from villages and consequently there is little social cohesion and bonding. Group solidarity is weak. Therefore, Brac uses as one of its selection criteria for credit customers that they provide proof that they have lived at a given place at least for five years.

Brac does not give loans to people who want to start a business, but only to existing enterprises. To these customers, Brac provides: a) financial training, b) skill development, and c) social capital related interventions such as bringing people together in groups.

At the moment, Brac has 25 branches, some 800 groups and about 16,700 borrowers, of which about 40 % are youth. Average loan size is US\$ 167. Their plan is to expand primarily into rural areas where there are larger villages and where social cohesion is still intact. Their goal is to have 65 branches with 100,000 clients within 5 years. However, they are aware of the risks of a too rapid expansion and are watching the repayment situation carefully. So far their portfolio at risk is below 5%. The monitoring component is very intensive, with weekly visits to clients made possible by the fact that all lending is confined to a 4 km radius.

Brac's priorities are: focus on women, organizing the poor and unleashing the human potential. Brac believes that there are many underlying causes of poverty, and all these causes are interlinked. The organization therefore develops support services in many areas, including education, health care, social and economic empowerment, agriculture and finance and enterprise development.

Brac considers micro credit primarily as a community mobilization tool. In their view, micro credit doesn't work for the poorest of the poor. It helps people to cope with vulnerabilities and has some other intangible benefits. But it is not a powerful tool for wealth generation and its

employment impact is limited. To develop the micro finance sector, accompanying measures in skill development are necessary, as is comprehensive support of mentoring or coaching of groups through other interventions. People need to be made fit for micro finance.

9. Importance of Agriculture for Employment,

The agricultural sector - livestock, fisheries and forestry - accounts for 50% of the country's total GDP and provides livelihood to nearly 75% of the country's population, i.e. there are more than 450,000 farming households cultivating nearly 600,000 ha of land. At the same time, productivity is low and the country has still large areas of arable land with favourable climatic conditions that are un- or underutilized. The sector is therefore central to addressing long term employment, economic growth, and poverty reduction.

There is evidence that the agricultural sector is responding to the investments over the past several years. Rice production – the most important staple - is up and rice imports are down. It is expected that if current trends continue, the country will be again self sufficient in rice within 5 years... Exports of tree crops, especially coffee and cacao are also on the rise (figures). Not only is quantity of output increasing, but as importantly, quality which leads to higher prices at the farm gate and export level. At the same time, the scopes for smallholders to further improve the performance of their farming systems is very high, as yields are very low by international standards.

▪ Employment trends in agriculture and related agro-industries

Agriculture is still primarily subsistence oriented, although this is beginning to change. Commodity chains and entrepreneurial activities in rural areas are fragmented and often inefficiently connected. This hampers the economic development of the agriculture sector, notably at the level of small-scale farmers. Primarily because of the civil war, people fled the countryside to seek refuge in cities. Since then, many internally displaced people returned to their villages of origin. However, although reliable data are lacking, the migration from rural to urban areas seems to have resumed as rural people move towards perceived productive and daily wage paying sectors, especially diamond mining.

One critical question is whether over the coming years on balance agriculture will add new jobs because of intensification and diversification, accompanied by value chain development, or lose jobs because of rural – urban migration, and the application of labor saving technologies, especially mechanization. It is clear that over the long run, the number of people employed in agriculture (primary production) will decline as everywhere else in the world. However, while this will be happening, the number of people employed in agriculture related industries (production, distribution and maintenance of agricultural machinery and other agricultural inputs, and processing, grading, storage, transport and finance of agricultural output) can be expected to increase significantly. These jobs will require a well trained, specialized workforce.

- **The potential and need for additional man power in rural areas**

Because rural areas are in vast need of infrastructure building, from roads to buildings, partly as a consequence of the civil war, there is a huge employment potential for the youth, both female and male. In addition, rehabilitation of tree crop farms and development of inland valley swamps are highly labor intensive. These employment opportunities could raise incomes for and could empower the youth.

- **Labour Shortages in Rural Areas⁹**

Peeters et al, World Bank, point out that “farm owners face labour market constraints, including the cost and availability of labour. Unlike urban firms, the cost of labour is perceived as one of the top constraints faced by agricultural producers, especially small producers. More than 10% of the farmers cannot find the workers they need for the general cultivation of their farms or the additional workers they need during peak seasons. Young men are often preferred as hired labour by agricultural employers, but there is a shortage of young men in rural areas as a result of urban migration.” The same experience of labour shortages in rural areas has been made by development projects that tried to improve physical infrastructure and couldn’t carry them out because of lack of able bodied youth in the villages.

Youth are moving to towns mainly for better or higher education. The search for work opportunities and more social amenities are the second and third reasons.¹⁰ A quarter or more of the youth in a district now live in the district headquarter town.¹¹

- **Possible ways of addressing the rural labour shortage**

The first order of priority is to get a better quantitative and especially qualitative understanding of the labour market situation in rural areas (a labour market survey is under preparation):

- To what extent do traditional patterns of work sharing at the village level impede use of paid work?
- To what extent are the chiefs and rural elite (landowning families) still in a position to demand unpaid labour services from youth and thereby impede the development of a well functioning rural labour marker with paid work
- How can owners of neglected tree crop farms and undeveloped inland valley swamps be influenced in such a way that they manage their land in a more socially responsible manner and with good agricultural practices which would require much higher labour inputs
- What is the extent of and what can be done to bring abandoned and neglected tree crop farms back into production?

⁹ Peeters et al. (2010), page 76

¹⁰ Youth Urban Migration in Sierra Leone, Peace & Conflict Studies, University of Sierra Leone, 2010

¹¹ District Based Opportunity Mapping , Ministry of Finance & Economic Development/Youth Employment Secretariat, 2010.

Two strategies seem possible to increase labour availability in rural areas:

- a) Stem the rural-urban migration flow and assist all those young people who want to return to their villages of origin to do so (example: German Development Cooperation - GTZ Employment Promotion Program – Rural Development Component with focus on youth). This would permanently increase the work force in rural areas. For this to succeed the overall living conditions in the affected villages need to improve rapidly. For a more detailed description of this program see Annex 5.
In general, the *Local Government Act (2004)*, the ongoing decentralization efforts, the growing number of community planning exercises throughout the districts and the building-up of community organizations should prove valuable means to make the social structure in rural areas more open, dynamic and democratic. In essence, social inclusion efforts are critical in community development because they are the only option to capitalize on the innovations and the drive of so many female and male youth and women, who, so far, do not feel engaged in local development and do not find opportunities to apply their skills and to conduct their development initiatives.
- b) Design policies and put in place mechanisms whereby during the time of peak labour demand for certain crops (mostly harvesting) young people are mobilized and given the opportunity to work and earn an income as seasonal agricultural labourers. Such schemes would have to be carefully managed to work to the satisfaction of the land owners and youth labourers.

These strategies should be accompanied by the introduction and diffusion of labour saving technologies to overcome labour bottlenecks, increase labour productivity, and enable the expansion of agricultural area under cultivation.

Typically, projects in agriculture do not estimate their global labour impact but limit themselves to ensuring there is enough labour available to make the proposed farm investments feasible. These projects usually have a geographic area focus and seek to empower the rural poor to increase their food security and livelihoods. Specific objectives are: (i) to improve smallholder farmers' access to land; irrigation, technical skills, and markets; and (ii) to increase the participation of the rural poor in the management of local decentralised institutions.

As mentioned above, the GDC/GTZ Employment Promotion Program with its Rural Development Component which focuses on youth is one of the few projects, if not the only one, to deal directly with the twin issue of youth unemployment in urban areas and lack of labor in rural areas (for more information on the VYRR see Annex 5). This project deserves to be evaluated by independent, external evaluators to see whether it can serve as a model and should be replicated on a much larger scale to deal with the shortage of labor in rural areas.

Newer approaches that are being taken to stimulate production, and create employment and income in rural areas within the small holder sector are value chain development and outgrower schemes, i.e. contractual partnerships between growers or landholders and a company, whereby

the out growers deliver their production to a processing facility. However, these initiatives are still at a very early stage and do not yet have a major employment impact. More information on value chain development and out grower schemes is in Annex 4.

There are also possibilities for creating employment in agriculture and agro-processing industries by encouraging multinational enterprises (MNE) to set-up operations in Sierra Leone.

Foreign direct investment (FDI) in agriculture is expected to grow, but not without adequate infrastructure, including roads, electricity, water, and telecommunications. Further expansion of production into arable areas is also required to enable sufficient growth and diversification. Such improvements could lead to increased exports as well as moving up the value chain into food processing.

At present, there are a total of nine MNEs operating in agriculture, mainly producing primary commodities and raw materials for export, with very little processing done in the country. These companies are headquartered in various countries and production ranges from sugar, flour, and beverages to palm oil, cocoa, and bio energy. They vary a great deal by size; ranging from few employees to several thousand employees and laborers. Altogether, for the time being, MNEs in agriculture only employ a few hundred workers but this number is expected to increase significantly in coming years. As more and more MNEs start operations in Sierra Leone, the need for experienced and skilled labour will increase. Sierra Leonean supervisors, agronomists, and heavy equipment operators will be in demand if the necessary skills become more available. And it is anticipated that more advanced skills will be needed in research and design, sales, management, and manufacturing, depending on the future development trends in the sector. However, university graduates typically view agriculture as a sector for unskilled workers. The understanding of the sector and existing opportunities need to be improved. Equally, measures will have to be taken to change the poor perception around a career in agriculture, particularly amongst the youth.

Main lessons learned from agriculture-based interventions for youth:

- Projects in rural areas have to be part of the decentralization process and the strengthening of local state structures and institutions. They have to be designed with the objective of economic, political and social empowerment of youth in mind, who should get the possibility to participate in the political decision making in their communities and contribute to local development. A “bottom-up” state development approach needs to be adopted in all these rural/agriculture development projects.
- Since there are many entry points for development interventions in agriculture and agriculture related industries, it is important for donors to specialize in certain activities and to set for themselves clear and very limited number of priority areas for interventions. This could best be done through a value chain approach for specific commodities. At the same time, rural project interventions need to strengthen the capacity of districts to prepare their own development plans into which donor financed projects can fit.

Since under the Government's Smallholder Commercialization Programme (SCP) large amounts of resources (US\$ 403 million for 2011-2014) will be invested in a basket of several donor financed projects, concomitant investments in institution building, especially in agricultural education (vocational and university level), agricultural extension and agricultural research are needed to provide the "soft" investments in human and organizational capacity building without which the physical capital investments will not be effective.

10 Looking Forward

The National Strategy for Youth Employment remains valid as a general framework. It needs to be set within a National Employment Policy and it will need to be progressively strengthened through sector-specific analytical assessments.

Agriculture would be the first sector for such an employment assessment. In addition, it will be good to give particular emphasis to the development of a capacity at district level to prepare labour intensive economic development plans and the identification of value chains for commodities. GDC/GTZ and IFAD have started to provide support to district councils in Kailahun and Koinadugu districts. Improving value chains from production to export needs to be highly participative and takes time to materialize. However, this process allows to identify mutually reinforcing activities without which the potential of a given commodity (example cacao) cannot be unlocked. Most employment would only come over time. As primary production increases, example of cacao, new employment opportunities arise along the value chain. Issues such as access to land, estate farm development versus out-grower schemes, and development of an appropriate mechanization policy for rural areas need to be included in an assessment of employment in agriculture.

Cash for work programs need to be very flexible to fit with the employment/livelihood development needs. They should not only be used for creation of public goods (rural roads) but also for the brushing, clearing and new planting of privately owned tree crop farms. In this case, agreements would have to be reached with the private owners about the sharing of benefits at the time of harvest. Without such measures, the pace of tree crop rehabilitation will be very slow and the country's agricultural potential will remain underutilized. Opportunities to add an employment/skills training component to the large scale infrastructure projects should be explored. Under such projects there should be a requirement that 5% of total project cost be set aside as a training fund.

There can be enormous gains in effectiveness of existing interventions and identification of real opportunities through better linkages. This will include:-

- Analysis of the sectors with the most employment potential – agriculture, minerals and infrastructure - from an employment perspective
- Systematic data collection, analysis and dissemination

- Coordination between those concerned with the technical side of development projects with those concerned with employment promotion,
- Linking district economic development planning with planning for public works, value chain analysis, projects on employment and national macro-economic planning.

In the short term interventions to create employment opportunities/livelihoods will be undertaken through individual projects. There are a number of actions taken in the very short term that would greatly improve the effectiveness of these projects. Projects need to have a social organization element and include life skills in the basic training. They must provide good quality business skills development and long term mentoring for business start-up. Overall, the sector needs to be professionalized.

At the same time, critical services such as Careers Advice and Placement (starting at the universities) and Business Skills Development need to be established. At the start the service providers can be specialist agencies.

Overall, all these improvements in the system and expansion of employment activities will require significant leadership at the national and provincial level. The National Youth Commission will need to bring all the relevant MDAs and NGOs into the process of research, identification of best practices, policy making and planning.

Annex 1

Best Practices of youth employment projects

Supporting Farmers Groups to establish business ventures:

The initial phase of the project shares the characteristics of many agricultural programmes such as sensitisation of existing Youth, distribution of agricultural inputs (seeds, cuttings, tools) for cultivation of crops of their choice, training to ensure maximisation of crop yields delivered by MAFFS extension officers, basic literacy and numeracy and life skills, conflict management and HIV/AIDS awareness. COOPI then embark on two further phases which reinforce the message of agriculture as a *business* rather than a small-scale income-generating endeavour. A seven day intensive BDS training is delivered to two representatives of each youth group. These trainees are then supported to return to their communities to lead the collective development of an agro-business plan for the cultivation and/or processing plus marketing of additional agricultural commodities. Selection is based upon the results of a market survey of local demand commissioned by COOPI. Next, youth groups receive the agricultural inputs and any additional training required for the implementation of their business plans. Funds permitting, field staffs continue to provide mentoring for the second agricultural cycle.

The approach will be strengthened with the addition of:-

- Demonstration/farmer field school sites
- Locally sourced organic fertilizer and pesticide
- A representative team of youth equipped to maintain and repair agro-processing equipment
- Drying floors and storage facilities (latter only where requested)
- Agro-forestry techniques to minimise deforestation
- Supported access to Micro-Finance
- Radio discussion programmes to disseminate key messages re cultivation, processing and marketing

The project facilitated the linkages between youth farmers groups and WFP. The project formed a consortium of youth groups and acted as a broker between the youth groups a WFP to be able to sign a contract for five years to supply 50 Mt of rice per year under the WFP Purchase for Progress (P4P) scheme with a total annual value of over \$250,000.

Enterprise Development:

In the first phase, beneficiaries are provided with basic BDS and mentoring plus a soft loan to establish or expand an existing enterprise. In the second phase, at the end of the repayment period of six months, the credit rating of the beneficiaries is transferred to the Micro-Finance Department of HELP-Sierra Leone who then reassesses the business for areas of expansion and consequently provides a second, larger loan.

The Development Department of HELP-SL thus takes the gamble in the absence of collateral to service the loan and delivers the intensive support required in the early days of the business. Once skills have been consolidated, the enterprise has built a reputation and rhythm to its operations, the micro-finance institution (in this case a second department of the same organisation) steps in, confident that the young entrepreneur is a good credit risk and therefore should be facilitated to move his/her business into the next stage of growth. It is anticipated that eventually some businesses will be equipped to transfer across to the formal banking sector for yet further expansion.

Enterprise Development through a Micro-franchise model:

The project begins with a mapping of potential franchise partners and assessment of the value chain. Selection is based upon current success, simplicity of the business model and local accessibility of goods. So far, six types of items have been traded under the scheme: bread; mobile phone top-up cards; fish; ice; cosmetics.

The micro-franchise model includes a ready-made business plan for the Youth which encompasses approved suppliers, task lists and performance indicators. The Youth are trained in concepts such as: customer service; budgeting; profit and loss; market demand and competition; key aspects of the product offered. They receive life skills and mentoring to enable appropriate responses to dilemmas as and when they arise plus support to open savings accounts. It is anticipated that the skills and experience acquired are readily transferable if/when the franchisee elects to establish alternative enterprises. IRC also provide BDS as and where required to the franchisors, monitoring and supporting local suppliers to ensure timely payment and provision. The latter ensures the youth a level of protection in the early days of operation.

100 youth established their own business in mobile phone top-ups, cosmetics, bakery and ice production. Over 80% of the youth have reported a profit. The project has expanded to an additional 400 youths of which 154 have undergone training and now established their businesses. Experience has shown that the youth need at least 3 months of training and mentoring to support the business start-up.

ITC-based enterprises

The project was designed to provide professional training to 445 youths within Bo, Freetown, Makeni and Kono in modern multimedia and ICT skills for self employment. Of which 216 are now in self-employment e.g. 62 became IT tutors.

Importantly, the project worked with the community in which the youth live. When i-EARN initiated the project in Koidu town in Kono, the perception of community was not supportive because of their negative attitude to the youth. However as the outputs of the project unfolded, the number of youth participation increased and the project was gradually accepted by the community as the local-based educative centre for the youth in Koidu town.

As a result, i-EARN was awarded by the Kono District Council (sponsored by IBIS West Africa) of a contract worth Le. 40,000,000 (USD10,362) to document civic education for development programmes undertaken by the Council and the Kono New Semberhun Town Council (KNSTC). In Freetown, the i-ERAN centre was contracted by the Art and Humanity Research Council (UK) to produce thirty five minute cultural documentations depicting the Sierra Leone culture.

Annex 2

Examples of links between access to microfinance and youth employment promotion

The following examples of MITAF try to illustrate direct links between access to finance/microfinance and youth employment promotion. Please note that there are numerous indirect links and synergies with other donor interventions, e.g. the GTZ Employment Promotion Program with its youth reintegration component (reintegration of youth who want to start a business and need seed capital/ working capital → apply for a loan);

- In Sierra Leone, the microfinance institution HELP Micro targets one of the principal obstacles to youth entrepreneurship, namely lack of access to finance, *in a progressively staged approach*. In the first phase, beneficiaries are provided with basic business development services and mentoring plus a soft loan to establish or expand an existing enterprise. In the second phase, at the end of the repayment period of six months, the credit rating of the beneficiaries is transferred to the Micro-Finance Department of HELP-Sierra Leone who then reassesses the business for areas of expansion and consequently provides a second, larger loan.
- Another example from Sierra Leone is IRC's (International Rescue Committee) experience of piloting youth micro-franchising which suggests that it is both a viable and fruitful strategy for youth employment and livelihood development. For the 100 youth enrolled in the Sierra Leone pilot, 100% were still engaged in their micro-franchises seven months after start-up, 83% of youth reported making a profit and 16% of youth reported breaking even seven; 100% of youth in Freetown and 48% of youth in Kenema opened savings accounts with local retail banks; and, 43% of youth reported saving money as their primary investment for profits.
- In Sierra Leone, Senegal, and Niger, Plan International runs its Youth Microfinance Project, a four year project, launched in 2010. The goal is to increase economic opportunities for poor youth through financial literacy and skills training, access to financial services and linkage with local support networks. The project seeks to empower youth socially as well as economically, enabling them to realize their rights and become change agents to take their country forward. Under this project Plan has organized 157 village savings and loan associations (VSLAs) with a youth membership of 2,619, which it seeks to expand to 70,000. Lessons learned from this experience in pooling in youth among common and proven savings group modalities could benefit others in Côte d'Ivoire, Guinea, Guinea Bissau, Liberia and Sierra Leone.

Annex 3

The value chain approach

Value chain analyses have been carried out by several donors for cocoa, oil palm, cassava, vegetables (cabbage), rice, ginger, poultry (focusing on eggs). In all cases, very little value addition takes place, with the chains being limited, very short and often confined to only two or at best three stages along the chain. Unfortunately, most of them are academic and without the direct participation of the stakeholders.

The findings of these studies are that in all cases, investments need to be made in training, infrastructure, in setting up agro-processing centers that can convert the products into higher value commodity, in food quality assurance and food handling, in storage, warehousing transport and packaging. Rice mills, feed mills, pulping plants for fruits and other agro industry needs to be encouraged to ensure that financial benefits accrue at the end of the value chains.

A successful example of a good participatory value chain analysis is cocoa. There, a cocoa summit was held on June 22-23, 2010, organized by GoSL to analyze the cocoa value chain. It was attended by a wide array of stakeholders in the cocoa sector. This summit reviewed the current situation of the cocoa sub-sector from production to exports. It covered topics such as inputs, production, in country processing, quality control, in country trading, and export. The summit developed a vision and comprehensive action plan for cocoa, consisting of numerous activities that need to be tackled simultaneously to achieve results. A power point presentation prepared by GDC/GTZ of the outcome of this summit is available from GTZ. The summit did not estimate the new jobs that can be created along the value chain if the cocoa sub-sector is developed, but it should be in the tens of thousands and all the existing cocoa farmers would need to double their labor inputs if they want to apply sound agronomic practices and achieve high yields and quality.

Annex 4

Outgrower schemes:

Pilot outgrower schemes have been started on their own by various private companies e.g. Nedoil, Marika Enterprise etc, but more consistently in public-private-partnership arrangements, as used by GDC/ GTZ and also IFAD. Both work with Goldtree Ltd. in Daru, Kailahun to provide support to farmers for the rehabilitation of their oil palm farms. Farmers will be trained in rehabilitation, replanting, plantation management, harvesting and post-harvest handling. Afterwards, they will deliver Fresh Fruit Bunches to Goldtree for processing. This would provide smallholder farmers with access to inputs, secure markets and fair prices and be a stimulus to produce high quality products, which would, in turn, increase the reputation of Sierra Leonean exports in international markets, in particular in the cocoa trade.

Annex 5

The GDC/GTZ – Employment Promotion Program –Rural Development Component with focus on Youth Why this component seems to be so successful

The youth transfer from urban and mining areas to their villages of origin has its origin in the GDC/GTZ Food Security and Reconciliation Project (FSRP), during which it became apparent that there was a serious shortage of youth (ages 15 – 35) in beneficiary communities which affected all project activities, while un- and underemployed youth both in Freetown and in the artisanal diamond mines of Kono District were expressing their desire and willingness to return to their villages of origin. After a number of pilots and based on consultations with both returnees and host communities, GTZ/FSRP developed a set of procedures for a successful approach. These procedures consist of six steps including:

- 1) Identification and registration of returnees (groups of an approximate size of 40 -60 heads of families
- 2) Verification of returnees
- 3) Negotiation and arbitration between villagers and returnees
- 4) Transportation of returnees to their villages and welcome by the village
- 5) Resettlement kits for male returnees, their families and recipient community
- 6) Livelihood support activities for returnees but also the entire community and follow up.

GDC/GTZ has complemented this rural development program with focus on youth with further technical assistance for moving away from subsistence into commercial agriculture. This is being done through the development of value chains of some agricultural products. In addition, the GDC/KfW's Growth for Peace Consolidation Programme (GPC) supports this rural development effort. The aim is the creation and improvement of infrastructure for local economic development, mainly through the use of labour intensive methods.

Likely reasons for success:

- The approach matches supply and demand for labor as well access to land. Without project intervention, the sociological barriers to returning back to the villages of origin would be too high.
- It constitutes a win-win situation. The returnees escape deplorable living conditions in Freetown or the mining areas, and the villagers gain from the labor of their family members which allows revitalizing village life.
- Many of the conditions that lead to the rural-urban exodus no longer apply or are mitigated. The youth return as an organized group, are more emancipated given their experience of city life and the projects helps them to participate in decision making within the village. Conditions that led to the civil conflict, especially the

marginalization and exploitation by elders are openly discussed and remedies put in place (youth representatives are included in village decision making).

- Through food or cash for work to rehabilitate some of the tree crop farms of the elderly in the village, the returnees gain initial income while the tree crop owners benefit from the tree crop maintenance work.
- The project, in collaboration with extension agents of MAFFS and private extension agents, provides opportunities for inland valley swamp development and the development of value chains and thereby higher incomes.
- GDC/GTZ proceeded in a very low key manner so as not to raise expectations and made it clear from the beginning, that the support returnees would receive would be modest. It kept all its promises vis-à-vis the returnees and provided them with continuous support over a 2 year period (?).
- The returnees, even while their education level is very low and they are not skilled in agricultural activities, become part of village groups where they learn from their peers the basics of agriculture.
- The overall Employment Promotion Programme focuses on a two-pronged approach – on economic community-based development as well as on value chain development of agricultural products. These complementary approaches, with a strong private sector orientation, are at the heart of the success of the program.

The initial direct cost of this rural development intervention is US\$ 350.- per farm family.

What is the likely scope for up-scaling? It is clear that this approach cannot be applied at a very large scale and does not constitute a remedy for the unemployment problem of the country and the problems of a dysfunctional rural labor market. Since it is voluntary it takes people willing to go back to their villages of origin and it takes communities willing to take them back and provide them with the necessary access to land and other support. Nevertheless and only when it is tried on a larger scale, will it become clear what the potential is. Based on surveys of GTZ “scouts” that try to identify who wants to return to his village of origin, it is estimated that there are several thousand heads of households interested and willing to move from Freetown and the mining areas around Kono to where they came from. This would be many times the size of the present GDC/GTZ VYRR project and could have a substantial employment impact.

Who should undertake the up-scaling? Given its political dimensions and susceptibilities (the transfer of sizable number of young people from one place to another) this program needs the full backing of GoSL at the highest level and the involvement (even if only symbolic) of NaCSA that is normally the government’s executing agency for this kind of activities.

If probably would best succeed on a larger scale if it were equally seen as an undertaking sponsored by the UN family and executed by selected NGOs. GDC/ GTZ should be used as the technical advisory body. A step-by-step guide and reference manual for these activities has been prepared by GTZ.

Annex 6

Lessons learned for successful micro finance lending

- **Always check whether the money has been given to the right people or not:** This is fundamental in terms of sustainability from the perspective of both beneficiaries and the organization itself. In operational term it has to do with the "selection criteria". In general MF tends to work with the poorer segment of the community rather than the poorest of the poor. The latter group needs a different intervention and more intensive care rather than exclusive micro finance services. So the target group for MF should be the group who is often bypassed by traditional banking system but yet productive enough to make use of the loan given.
- **Women** are the most reliable group for micro finance lending.
- **Credit** should be given primarily for enterprise expansion, rather than start-ups. Start-ups need a different approach and much more basic life skills and coaching and mentoring.
- **Ensure regular repayment of installments:** The idea is to make sure of productive use of the money lent which should result in regular repayments.
- **Make sure that the profit of the micro financing institution is going back for expansion of lending.**
- **.Involve youth in market research and product development.** Attention to the particularities of the youth market and involvement of youth in the development processes may result in simple, yet important changes to existing—and in critical elements for new—products and delivery channels.
- **Develop products and services that reflect diversity of youth.**
- **Ensure that youth have safe and supportive spaces.**
- **Provide youth complementary non-financial services** (see example of Brac).
- **Focus on core competencies through partnerships** if you cannot provide them yourself, like Brac. Assess institutional capacities and complement strengths and weaknesses by collaborating with schools, training institutes, and other entities, particularly for safe spaces and non-financial services.