

improve competitiveness of entrepreneurs in the selected value chains of agriculture and fisheries. Issues such as the strengthening of the policy and regulatory framework conducive for investment, improving of food quality and safety systems and enhancing access to finance by MSMEs (especially those women-led) will be also addressed. This approach also contributes to food and nutrition security, considering the diversity of the products of the selected value chains and the expected women's income increase.

The action will focus on some specific value chains, with a view to identify and explore the potential of the different parts of each of them, in order to lay the foundations for future targeted investments where opportunities and relevance prove to be bigger. These value chains are in particular: cashew nuts (efficiency and sustainability), rice production (diversification and promotion of transformation), fisheries (safety and development of the value chain, including artisanal fisheries) and tropical products and sub-products (exploring the 'niche'). MSMEs will benefit from services provided by business incubators in the capital and in two regions to be identified to build viable development paths, complemented by networking activities for knowledge sharing and access to business opportunities at national, regional and international level. The action involves three main stakeholder groups as duty bearers: public actors, the private sector and the stakeholders involved in the improvement of the business and investment climate.

The action contributes to the Global Gateway, notably by accelerating the green transition, sustainable growth and decent job creation in the agri-food systems area. It is complementary and can potentially feed into the regional programme on "Regional Value Chains in Sub-Saharan Africa". The following DAC sectors defined by the OECD are involved: DAC 310 – 'Agriculture, forestry, fishing', DAC 250 – 'Business & Other services' and DAC 240 – 'Banking and financial services'. It will contribute to the achievement of SDG 8 – 'Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all', SDG 1 – 'No poverty', SDG 2 – 'Zero hunger', SDG 10 – 'Reduced inequalities', SDG 13 – 'Fight against climate change', SDG 14 – 'Conserve and sustainably use the oceans, seas and marine resources' as well as SDG 5 'Gender equality and women's empowerment' in line with the Gender Action Plan III³.

2 RATIONALE

2.1 Context

Guinea-Bissau is one of the world's poorest and most fragile countries, marked by significant environmental vulnerabilities and exposed to risks related to climate change. An estimated population of about 1.9 million spreads over an area of 36,125 km², mainly concentrated on the coast. The country comprises an archipelago, the Bijagos, of more than 88 islands, listed as a UNESCO Biosphere Reserve. The country's regional integration level is low. From the political point of view, since its independence in 1973-1974, Guinea-Bissau has experienced several major political crises and recurrent institutional instability. Following legislative elections held in June 2023 and won by the opposition party, the Parliament has been re-established after its dissolution by the President Sissoco in May 2022 as a reaction to a coup attempt on 1st February 2022. President Sissoco, currently the chairman of ECOWAS, has been deploying diplomatic outreach with a wide variety of countries on regional and Guinea-Bissau's priorities, including the fisheries sector.

Over the last years, Guinea-Bissau has experienced weak economic growth, however its economic outlook is positive, supported by the cashew sector. Real GDP growth has been negatively affected by lower-than-expected cashew exports, which slowed mainly due to logistical constraints. In 2023, the International Monetary Fund (IMF) Board has approved an Extended Credit Facility arrangement for Guinea-Bissau in the amount of USD 38 400 000.

The structure of the economy in the country is mainly based on agriculture, which accounts for more than 45% of GDP and employs 80% of the labour force, mainly women. Export is concentrated in unprocessed cashew nuts, which represents 90-98% of total export earnings. The poorly diversified economy makes the country highly vulnerable to global shocks and adverse climatic conditions. However Guinea-Bissau has a privileged geographical

³ Joint Communication to the European Parliament and the Council EU Gender Action Plan (GAP) III – An ambitious agenda for gender equality and women's empowerment in EU External Action - {SWD(2020) 284 final}. The EU Gender Action Plan (GAP III) was adopted by 24 Member States through the Presidency Council Conclusion on 16 December 2020.