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Independent Office of Evaluation

Project cluster evaluation on rural enterprise development

PROJECT CLUSTER EVALUATION





Project cluster evaluation
Rural enterprise development

Photos of activities supported by IFAD-financed projects in Bangladesh, Cameroon and Ghana.

Front cover: Women spreading and picking palm fruits in Tano North District, Ahafo Region, Ghana. Palm oil processing was one of the businesses supported by the Rural Enterprises Programme that often engaged women. ©IFAD/Mathew Awenlemai Ayong.

Back cover, left: A woman farmer in her rice field in Jasore District, Bangladesh. She applied the knowledge from training supported by the Promoting Agricultural Commercialization and Enterprises Project on the use of organic fertilizers and pesticides, which contributed to increased yield. ©IFAD/Khushbu Alams. Back cover, right: A young partially disabled woman in Bonaberi village, close to Douala, Littoral Central Region, Cameroon, who started an animal feed business with support from the Youth Agropastoral Entrepreneurship Promotion Programme. She has employed one full-time and two part-time workers and the business is now the main source of income for her household. ©IFAD/Kum Rene Ebua.

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Foreword

The Independent Office of Evaluation of IFAD (IOE) conducted a project cluster evaluation in 2020-2021 on the theme of rural enterprise development. This is a new type of evaluation introduced by IOE, following a recommendation by the external peer review of IFAD's evaluation function conducted in 2019. The evaluation entails comparative analyses of a small number of projects with common features, with a view to enhancing the learning aspect of project-level evaluations. The choice of the topic "rural enterprise development" for the first project cluster evaluation reflected the focus areas laid out in IFAD's Strategic Framework 2016-2025, which includes diversified rural enterprise and employment opportunities.

This evaluation reviewed four ongoing projects focusing on rural entrepreneurship, enterprise and business development and employment creation in Bangladesh, Cameroon, Ghana and Nepal. These projects supported different types of entrepreneurial activities and enterprises, including new and existing ones, on- and off-farm, and different sizes of operations, mostly at micro level. Projects typically provided interventions involving non-financial services (e.g. entrepreneurship training, business advisory services, technology development and dissemination), access to finance, and in some cases, strengthening institutions and systems to facilitate rural, micro and small enterprise development. Some interventions also aimed to improve the skills of existing or potential employees.

One of the main issues highlighted in the evaluation is the lack of clarity about how supported enterprises would increase incomes and employment, and for whom. Projects generally made an implicit assumption that many participants would grow their enterprises and create jobs for others. However, this was overoptimistic, given that the majority of rural households often engage in multiple micro-scale entrepreneurial activities – out of necessity, rather than choice – driven by an ambition to grow successful businesses. Nonetheless, another key aspect of project impact related to income diversification as a risk mitigation strategy for the supported entrepreneurs, even if they did not create many jobs for others. The evaluation also highlighted the need for longitudinal and granular data for assessing project results and impact on different categories of participants - including employment outcomes.

Creating and growing enterprises requires well-sequenced, targeted and longer-term support, with a combination of business development and financial services, coupled with measures to help address other systemic constraints. There is a trade-off between the quality and adequacy of support to fewer participants with strong entrepreneurial aptitude, especially needed for start-ups and for enterprises to grow, and reaching many to sustain or improve income-generating activities at a very micro level.

The evaluation found that technical skills development and technologies played a key role in improving the productivity and production, both on- and off-farm, and consequently, the revenues of enterprise activities. However, in some cases, greater synergies with financial services could have facilitated a better adoption of technologies. Furthermore, it is important to also address non-technical aspects for upgrading enterprises to facilitate growth, such as improved management practices and marketing, better linking producers or service providers to other market actors.

The findings and lessons presented in the evaluation are largely consistent with the literature on the same topic. I hope this report will be useful to improve the performance of projects supporting rural enterprise development and employment creation.

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Acknowledgements

This project cluster evaluation was led by Fumiko Nakai, Senior Evaluation Officer at the Independent Office of Evaluation of IFAD (IOE). Donna Loveridge, senior international consultant, provided technical inputs throughout the evaluation and contributed to the preparation of the report.

In-country missions were conducted by the following IOE consultants: Sadia Ahmed and Khushbu Alam in Bangladesh; Abdelmajid Benabdellah, Thérèse Moulendè Fouda and Kum Rene Eboa in Cameroon; and Mathew Awenlemay Ayong and Ernest Senyo Dzandu in Ghana. Giulia Barbanente and Boaz Liesdek, evaluation research consultants, supported the desk review in the preparation period. Jeanette Cooke, IOE Evaluation Officer, supported a desk review and contributed to the analysis and report preparation relating to poverty, gender and targeting. IOE evaluation assistants Manuela Gallitto and Nene Etim provided administrative and logistical support.

IOE thanks IFAD Management and staff for their important inputs and comments. IOE is particularly grateful to the country teams in Bangladesh, Cameroon and Ghana, where missions were conducted, for their collaboration, for tirelessly responding to the evaluation team's requests for data and information and for their assistance in organizing the missions. Finally, appreciation also goes to the governments concerned for their support.

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Currency equivalent, weights and measures

Currency equivalent (at January 2022)

US\$1 = BDT (Bangladesh Taka) 85

US\$1 = GHS (Ghanaian Cedi) 6.1

US\$1 = XAF (Central Africa CFA Franc) 580 (Cameroon)

Weights and measures

1 ton = 1,000 kg

1 hectare = 2.47 acres

Abbreviations and acronyms

BAC	business advisory centre (Ghana)
BRC	business resource centre (Ghana)
FEDEC	Finance for Enterprise Development and Employment Creation Project (Bangladesh)
ILO	International Labour Organization
IOE	Independent Office of Evaluation of IFAD
ME	microenterprise
MFI	microfinance institution
MSE	micro and small-sized enterprise
MSME	micro, small and medium-sized enterprise
PACE	Promoting Agricultural Commercialization and Enterprises Project (Bangladesh)
PCE	project cluster evaluation
PEAJ	<i>Programme de Promotion de l'Entreprenariat Agropastoral des Jeunes</i> (Youth Agropastoral Entrepreneurship Promotion Programme, Cameroon)
PKSF	Palli Karma-Sahayak Foundation (Bangladesh)
PO	partner organization (in PACE Bangladesh)
RCB	rural and community bank (Ghana)
REP	Rural Enterprises Programme (Ghana)
RTF	rural technology facility (Ghana)
RERP	Samridhhi – Rural Enterprises and Remittances Project (Nepal)
SME	small and medium-sized enterprise
TSC	technology solution centre (Ghana)

Executive summary

I. Background

1. As approved by the IFAD Executive Board at its 131st session in December 2020, the Independent Office of Evaluation of IFAD (IOE) has undertaken a project cluster evaluation (PCE) on rural enterprise development. The PCE is a new evaluation product, the aim of which is to enhance the learning aspect of project-level evaluations through comparative analyses of a small number of projects sharing common features.
2. **Objectives.** The main objectives of the PCE were to assess the results and performance of selected projects and to generate learning based on an analysis of the findings from different projects on key common issues and questions relating to rural enterprise development.
3. **Scope.** The PCE covered the following four ongoing projects: (i) Youth Agropastoral Entrepreneurship Promotion Programme (PEAJ) in Cameroon; (ii) Rural Enterprises Programme (REP) in Ghana; (iii) Promoting Agricultural Commercialization and Enterprises Project (PACE) in Bangladesh; and (iv) Samriddhi – Rural Enterprises and Remittances Project (RERP) in Nepal, which was restructured and therefore reviewed only for design relevance. These projects were selected among projects scheduled for completion between 2021 and 2023 based on the following considerations: (i) they have a clear focus on rural entrepreneurship, enterprise/business development and employment creation; and (ii) they include support for non-financial services, access to finance and an enabling environment for rural micro and small-sized enterprise (MSE) development.
4. **Rural enterprise: concept and definition.** There is no clear common definition of either “rural enterprise” or “MSE”. National governments and international organizations tend to differentiate micro, small and medium-sized enterprises (MSMEs) by their number of employees, value of turnover and assets. The category of microenterprises alone can cover a wide range of sizes and types of enterprises. In its Rural Enterprise Policy (2004), IFAD defined MSEs based on the characteristics of such enterprises, not their number of employees or turnover. In line with the description provided by IFAD, the enterprises reviewed in this PCE are mostly microenterprises or pre-entrepreneurial activities that are operated by the primary and direct target group that are expected to create jobs for others. Occasionally, they are also small enterprises (as job creators).
5. **Impact pathways around rural enterprise development.** Projects implicitly or explicitly provide for multiple avenues (or impact pathways) to achieve the objectives of income enhancement and employment creation, including the following:
 - **Microenterprises for self- and family employment.** Rural entrepreneurs’ engagement in profitable entrepreneurial activities will enable them to enhance and/or diversify their income sources.
 - **Growth of new microenterprises generating wage employment opportunities.** Some of the new microenterprises with strong entrepreneurship aptitude will grow, supported by adequate non-financial and financial services and will create wage employment opportunities for non-family members.
 - **Growth of existing micro (and/or small) enterprises increasing employment.** Existing micro (and/or small) enterprises are supported to upgrade and expand their businesses and increase profitability and revenues. This will create wage employment for non-family members, as well as market linkages and business opportunities for other microentrepreneurs and smallholder producers.

- **Technical and vocational education, training and apprenticeships** will enhance technical skills (e.g. as welders, carpenters or electricians) of the rural poor (often youth). This will enable those trained to get new or better-paid jobs or to start their own businesses such as workshops.
6. **Methodology.** Since the PCE was a new evaluation product, this evaluation applied some modifications to the existing methodological guidance on project performance evaluations, such as: (i) the use of selected evaluation criteria with no performance ratings; and (ii) presenting lessons without recommendations. These features are now part of the 2022 Revised Evaluation Manual. The project-level assessment was guided by key common questions, with necessary tailoring to specific cases to facilitate comparative analyses. In addition to desk reviews, field visits were undertaken in Bangladesh, Cameroon and Ghana for primary data collection. Mini phone surveys for the financial service component were conducted in Bangladesh and Ghana. Furthermore, evidence from literature was used to check and contextualize the emerging findings.

II. Main findings

A. Relevance

7. **Impact pathways.** Support for rural MSE development and institutional frameworks was overall relevant and aligned with government policies and strategies. However, the projects did not always articulate how different interventions were expected to lead to employment generation or increased incomes. There was insufficient reflection on whether the projects should focus on supporting pre-entrepreneurial activities or microenterprises mainly for self-employment or income diversification and/or creating and strengthening enterprises that would generate more or better wage employment for non-family members.
8. **Employment generation objectives.** All projects had employment creation as part of their objectives, with an assumption that many participants would grow their enterprises and also create jobs for others. This assumption was overoptimistic and is contrary to research that shows that, in many developing countries, much entrepreneurial activity is not a choice but a necessity. Moreover, projects paid little attention to monitoring the types and quality of the wage jobs created. Only one project (RERP in Nepal), which focused on vocational and technical training and apprenticeships rather than enterprise development per se, made efforts to track the job placements and wage levels.
9. **Project scope and strategy.** Overall, the projects' scope and interventions were not sufficiently guided by the potential for rural enterprise development and growth based on sound market analyses. For example, some types of non-agriculture off-farm microenterprises, mainly oriented towards local clients and markets (e.g. hairdressing), offer income opportunities, but are limited in terms of scope for growth and creation of job opportunities. In the agriculture sector, the project support focused more on on-farm production, with less attention to opportunities for off-farm enterprises (e.g. input supply, processing).
10. **Business development services.** Business and technical skills development and advisory services were generally relevant, but the intensity and level of support differed across the projects, and it was not always sufficient for start-up enterprises to progress beyond survival or allow existing ones to grow. The "incubation" approach in PEAJ in Cameroon was suitable to support youth start-ups, with sequenced and focused support over time. The introduction of business coaches during PEAJ's implementation further responded to the specific need for intensive and continuous follow-up support for new entrepreneurs. On the other hand, REP in Ghana provided less intensive support to a greater number of more diverse groups of new and existing entrepreneurs. Across the projects, support for market linkage and improved marketing (e.g. branding) received less attention than aspects of production.

11. **Improved technologies.** New or improved technologies, commodities or practices introduced were mostly relevant to improving production and productivity in agriculture (on- and off-farm) and non-agricultural sectors (e.g. improved equipment for shoe-making in Bangladesh). In some cases, there could have been a more careful assessment of the feasibility and appropriateness of technologies and techniques (e.g. their ease of use, affordability, maintenance, return on investments).
12. **Identification of participants.** Attention to gauging entrepreneurial aptitude to screen and identify participants was inconsistent. For example, in REP in Ghana, which defined the target group broadly as the “entrepreneurial poor”, participation was largely based on self-selection and the payment of token fees, and services were provided to almost anyone living in rural districts who was interested. PEAJ in Cameroon, in contrast, screened potential participants using a sequenced approach, starting with information dissemination and support to interested youths to explore business ideas, combined with an assessment of their entrepreneurial potential during this period, which was introduced during implementation.
13. **Technical/vocational training** in off-farm enterprises was most relevant to improve the employability of participants. Interventions targeting wage job enhancement or creation were suitable when the training was linked to existing jobs (e.g. shoe-making under PACE in Bangladesh) or to clear job opportunities (RERP in Nepal, informed by labour market assessment). With regard to apprenticeship support, there was an overestimation of the capacity, motivation and resources of apprentices to start businesses (REP in Ghana).
14. **Financing for MSEs.** The allocation of credit funds was not sufficient to respond to the needs of rural MSEs, and there was inadequate consideration of financial institutions’ incentives and capacity and of broader constraints (e.g. low capitalization and liquidity of rural and community banks and the prevailing requirement for traditional collateral in Ghana). Where the project’s credit funds were integrated into a larger existing microenterprise loan programme (e.g. PACE in Bangladesh), linkages with other non-financial support were not evident. Furthermore, the value addition in this case was unclear, given that the liquidity of partner organizations (microfinance institutions) was not a critical issue and most borrowers were existing clients accessing loans mostly for working capital. An interesting feature of PEAJ that complemented the project-supported financing facility was its sequenced approach. First, a business plan was partially financed on a grant basis, to be reimbursed into the bank account; then, a bank loan was given – which was appropriate to introduce new youth clients and help them build track records in financial management and develop repayment discipline.

B. Effectiveness

15. **Types of enterprises and entrepreneurial activities** supported in different projects included new and existing on- and off-farm (agricultural and non-agricultural) activities. PEAJ in Cameroon was focused on youth start-ups and REP in Ghana supported both new and existing enterprises, whereas PACE in Bangladesh mainly reached existing businesses. Project participants were mostly concentrated in smaller microenterprises for self-employment or employment of family members. In all projects, women’s participation was high (e.g. 41 per cent in start-ups supported by PEAJ in Cameroon and making up 65 per cent of REP participants in Ghana).
16. **The outreach** achieved through non-financial services varied greatly, reflecting the difference in the intensity of support. The outreach of PEAJ in Cameroon (about 3,800 entrepreneurs receiving incubation support, of whom over 2,600 transitioned to start-up enterprises) was much lower than for REP in Ghana and PACE in Bangladesh, as the level of support per participant was higher, with a more comprehensive, intensive and continuous approach.

17. **A range of factors influenced the results in enterprise creation and survival and the growth of new or existing enterprises.** These included: (i) the selection and screening process, balancing attention given to inclusiveness and entrepreneurship potential; (ii) the sequencing and intensity of advisory and follow-up support, synergy with financial services and support to address other constraints (e.g. land, access to inputs); (iii) the types/sectors of enterprises vis-à-vis the specific context (e.g. markets, growth potential); and (iv) education/literacy level of participants. Furthermore, external factors, such as the COVID-19 pandemic and animal disease (in Cameroon), also affected enterprise performance.
18. **The introduction of new technologies and practices** was effective in improving the performance of existing enterprises through improved productivity, both on- and off-farm (e.g. new seed varieties, soap-cutting equipment). The level of uptake was influenced by observable benefits in a short cycle; their affordability and the profiles of entrepreneurs; and access to finance, among other factors. In some cases, enterprises that were unable to implement new practices due to a lack of access to finance did not grow. There were also missed opportunities to link technology promotion to enterprise development. For example, there were cases where inputs and services associated with new/improved technologies were provided by project implementing partners, rather than being turned into enterprise opportunities (e.g. input suppliers or service providers in the case of PACE in Bangladesh). Across the projects, the adoption of **new or improved routine management practices** (e.g. record-keeping) was lower than the adoption of technical practices.
19. **The formalization of enterprises**, which was promoted under PEAJ in Cameroon and REP in Ghana, had mixed success (60 per cent and 28 per cent of enterprises supported, respectively). Inhibiting factors included entrepreneurs' lack of ambition to grow their businesses, the cost of formalization and fear of taxation. It is noted that, while enterprise formalization can facilitate access to markets and finance, the pros and cons differ depending on the nature, type and size of the businesses and the entrepreneurs' aspirations.
20. **The results for access to loans**, especially for new clients, were modest. The reasons for this included: (i) common challenges and risks in supporting start-up enterprises; (ii) financing facility designs and approaches not adequately taking into consideration contextual issues and incentives and the capacity of partners; and (iii) insufficient deliberate efforts to promote improved or innovative products and services responsive to needs.
21. Support for business plan preparation was useful, and better coordination between business services providers and financial institutions improved the success of loan applications in Cameroon and Ghana. PEAJ in Cameroon succeeded in supporting youth access to bank loans, but the progress achieved at the time of the evaluation was modest (only 28 per cent of 2,605 youth had received start-up fund support) and the repayment performance was unsatisfactory, although it was reportedly improving thanks to the introduction of business coaches. The matching grant facility under REP in Ghana was originally intended to help first-time borrowers build relationships with financial institutions but, in the actual implementation, a good proportion of the grant recipients were relatively well-established enterprises with a credit history. REP's credit facility also underperformed owing to a range of factors, including participants' inability to meet financial institutions' eligibility criteria (e.g. collateral) and financial institutions' reluctance or difficulty to mobilize their own credit funds for their share (20 per cent). PACE in Bangladesh provided additional credit funds to the larger microenterprise loan programme, which mostly served existing clients, and microfinance institutions have increasingly been able to mobilize funds for lending from other sources.
22. **New financial products or innovative approaches** were limited across the projects. PACE in Bangladesh introduced start-up capital loans and lease financing

but they have not advanced beyond the pilot stage. A mini phone survey by the PCE team found that only 16 per cent of start-up capital loans went to new enterprise undertakings. No project explored opportunities for innovations with digital finance.

C. Impact

23. **Employment creation.** The projects reported the number of jobs created (74,677 jobs for REP in Ghana, 10,516 jobs for PEAJ in Cameroon, and 473,218 full-time wage jobs for PACE in Bangladesh through its microenterprise loan component), but the data's basis and accuracy were uncertain. For example, the number of jobs created per enterprise supported (PEAJ) or per microenterprise loan borrower (PACE) seem to have been overestimated. It is also questionable to what extent any job creation effects can be attributed to access to loans when the loans were mostly for working capital and often went to existing clients who had already been borrowing (PACE).
24. The projects have mainly contributed to increasing or improving self-employment. This reflects the projects' targeting strategies: the emphasis on creating or strengthening enterprises operated by the primary target group in place of supporting enterprises that would create wage employment opportunities; the nature and maturity of the entrepreneurs and enterprises supported; and, in general, the limited wage employment opportunities in the rural economies where the projects were located. In most cases, as observed in the field, the activities were largely pre-entrepreneurial, and the entrepreneurs would have multiple sources of income.
25. Full-time and more continuous jobs were more common in non-agriculture sectors in urban or peri-urban areas (PACE in Bangladesh, REP in Ghana). Wage employment opportunities generated in agriculture-related enterprises were often seasonal and temporary. In the projects reviewed, there was little evidence that the adoption of new or improved technologies resulted in reduced potential for job opportunities. In some cases, improved technologies contributed to reducing drudgery and reallocating labour (e.g. a shift from manual labour to operating simple equipment).
26. Technical and vocational training and apprenticeship increased employability and employment opportunities, but not necessarily through setting up enterprises. In REP in Ghana, apprentices were expected to start their own businesses, but only some transitioned, while others were hampered by the inadequacy of the start-up kits provided by the project and a lack of resources to acquire land or rent a space.
27. **Increased incomes** were achieved mainly through improved production and productivity, which in turn were achieved by introducing technologies and better practices (on- and off-farm). The survey conducted by REP in Ghana indicated that 90 per cent of participating enterprises reported increased incomes over the previous three years (compared with 49 per cent among non-REP respondents). The projects also contributed to increased incomes of employees through new wage employment opportunities or better wages due to improved skills (e.g. off-farm wage workers interviewed by the PCE team in Bangladesh reported improved incomes, with an average of US\$116 per month, which is near the upper poverty line in the country). However, across the projects, the evidence on the depth and breadth of changes is incomplete. Most rural entrepreneurs are engaged in multiple entrepreneurial activities, and income diversification and risk mitigation were an important impact for many participants.
28. **Institutional frameworks and support systems for non-financial services.** The projects in Ghana and Cameroon contributed to the development of institutional frameworks and mechanisms to support MSE development. In Ghana, with the long-term substantial investment under REP and its previous two phases since 1995, the structures for decentralized service delivery for MSE support are well-established and institutionalized (e.g. through business advisory centres at district level). However, the ability of various institutions to effectively and efficiently deliver services varies.

PEAJ in Cameroon has made important progress, such as the accreditation of 13 out of 15 incubation centres supported under the project. Within the PEAJ framework, the International Labour Organization has also supported incubation centres to adapt training materials for agropastoral entrepreneurship and for a network of entrepreneurship trainers and advisors.

29. **Financial services.** Generally, projects have had limited influence on financial institutions, their services and systems or related policy issues. REP in Ghana and PACE in Bangladesh envisaged that financial institutions would develop new financial products, but limited progress was made. Nor is there evidence that projects have leveraged additional financial resources for MSE lending. In part, the limited achievements reflect the constraints in each country's financial sector and incentives for financial institutions.

D. Sustainability

30. **Prospects for the survival and future growth of enterprises** are mixed. Most new enterprises remain at their early stages of development, and while there is already some evidence of attrition, it is too early to determine how many will continue beyond project support. That said, given that many participants are likely to be involuntary entrepreneurs, they are expected to continue with some entrepreneurial activity, even if it is not the activity directly supported by the project. In general, economic activities that do not require highly technical knowledge and skills, investment funds or working capital and that provide reasonable returns are more likely to be continued. Some such activities respond to consistent demand by the local populations (e.g. hairdressing, repair services), even if the margin for growth may be limited. Pre-existing enterprises are more likely to be sustained, and a few, including new ones, may grow.
31. The sustainability and growth of some enterprises are at risk where they have weak linkages to value chain actors. To facilitate access to inputs and services, some partner organizations in PACE in Bangladesh took on the role of input suppliers or service providers themselves – or they engaged with and provided grant support to other entrepreneurs to deliver inputs and services, but without appropriate business planning. Uncertainty about the financial viability and sustainability of these operations has implications for the continuation of smaller microenterprises that rely on inputs and services from them.
32. **Institutional frameworks for non-financial services** supported in Cameroon and Ghana are likely to stay, but there are uncertainties about the relevance and responsiveness of service delivery. In Ghana, institutions at sub-national level (e.g. business advisory centres at district level) already faced challenges during project implementation, owing to weak human and management capacity and lack of funds. In Cameroon, there has been good progress in institutionalizing various services supported under PEAJ (e.g. accreditation of incubation structures). Given the intensive and longer-term support required for youth enterprise incubation, and with the challenges in instituting a cost-recovery model for such clientele, government or external funding will be required to continue with a similar type of incubation support.
33. Non-financial services that have not been integrated into institutional frameworks and business models are less likely to be available after the project. This is the case with PACE in Bangladesh, where the implementing agency and the partner organizations (which also provide financial services) rely largely on externally-funded projects to provide non-financial services (e.g. technical skills training) rather than delivering them in a "credit plus" business model.
34. **The continuation of the financing facilities for MSEs** supported by PEAJ in Cameroon and REP in Ghana is likely, but the post-project arrangements were still to be defined at the time of the PCE. In Cameroon, IFAD has been discussing options with the government for institutionalizing the PEAJ-supported financing facilities as

a government-sponsored initiative beyond the project. The latest REP supervision mission in Ghana also revealed that plans in relation to maintaining the Rural Enterprise Development Fund as a revolving fund needed to be clarified. The microenterprise loan programme supported by PACE in Bangladesh is well established and sustainable, but this would also have been the case without PACE.

35. **The likelihood of new clients continuing to access financial services** is unclear. In Ghana, the rural and community banks will most likely continue to work with selected REP clients on a limited basis, given their own capitalization and liquidity challenges. PEAJ in Cameroon has facilitated the training and exposure of financial institutions to agropastoral on- and off-farm businesses, and some of them are moving towards developing specific agropastoral financial departments and products adapted to their clients' needs. The challenge will be to ensure that the repayment performance of youth entrepreneurs is maintained at an acceptable level in order not to lose the confidence of lenders.

III. Conclusions and lessons

A. Conclusions

36. **Projects' objectives to promote rural enterprise development and employment creation were relevant to efforts to reduce rural poverty.** In the countries covered in this evaluation, MSE development is part of the government's development strategies and, generally, these businesses are seen as both an important source of employment and income opportunities for the poor and contributing to local and national economic development.
37. **Interventions lacked clarity about how enterprises were expected to increase incomes and employment and for whom.** Designs assumed that the enterprises created and supported through interventions would generate employment, but lacked clarity on: (i) whether the target enterprises were "survivalist", or one-person enterprises driven by necessity, or opportunity-driven enterprises with growth potential, which were more likely to provide greater wage employment opportunities for others (or a combination); (ii) which strategies were expected to achieve what outcomes for which target groups (e.g. poor, less/non-poor); and (iii) the role of other market actors (e.g. small and medium-sized enterprises) that could serve as intermediaries creating benefits for the intended ultimate target group. Lastly, insufficient consideration was given to the extent to which projects should aim to improve individuals' skills, employability and quality of jobs, as opposed to expecting all participants to operate an enterprise.
38. Project objectives and targets were at times overambitious, and activities did not always match their goals. Projects sometimes underestimated the effort and time required to create, strengthen and sustain entrepreneurial activities and enterprises. Where designs included large outreach targets, projects may have focused on reaching many people rather than providing more support to fewer entrepreneurs and enterprises to increase their likelihood of sustained success.
39. **Overall, project strategies were more suited to creating or strengthening pre-entrepreneurial activities and very small microenterprises than to targeting and supporting enterprises with more growth potential.** The strategies have supported income diversification and risk mitigation for entrepreneurs rather than having a larger employment impact. Overall, the projects' scope and strategies, which focused on improving productivity, were not sufficiently guided by sound market analysis or an assessment of the development and growth potential of rural enterprises or employment generation.
40. Projects often paid inadequate attention to gauging entrepreneurial aptitude in screening and identifying participants. Consequently, most project participants were engaged in pre-entrepreneurial activities or in very small microenterprises that were

already engaged in multiple income-generating activities. Accordingly, income diversification for managing risks was an important impact.

41. **Improved productivity and services through increases in entrepreneurs' knowledge and technical skills were the main drivers in increased revenue from entrepreneurial activities.** In some sectors, the projects successfully introduced participants to new technologies and innovations, knowledge, skills and equipment or tools. Projects increased the level of self-employment among some key target groups, such as youth (most clearly in PEAJ), and created new or improved income opportunities for existing entrepreneurs, diversifying income sources. To a lesser extent, improvements in productivity contributed to the enterprises' growth and increased or improved wage employment. However, the adoption of new or improved routine management and business practices was inconsistent or low and synergies between non-financial and financial support could have been stronger.
42. **Implementation capacity did not fully meet design ambitions.** In both REP in Ghana and PACE in Bangladesh, which were national in scope and covered multiple sectors, different types of support and numerous partners, effective delivery required substantial human, managerial, technical and financial capacity and inter- and intra-organizational coordination and cooperation. Under REP in Ghana, institutions such as business advisory centres and rural technology facilities have faced capacity constraints. Partner organizations in PACE in Bangladesh are experienced and mostly effective in service delivery, but they are more familiar with "traditional" direct delivery or production-oriented support, and have limited practical knowledge and experience in enterprise or value chain development. The facilitating NGOs participating in PEAJ in Cameroon also initially lacked experience and capacity in entrepreneurship development.
43. **The prospects for sustainability of business development and financial services provision by key institutions are mixed.** Key government organizations have been largely responsible for the delivery of non-financial services, supplemented by contracted non-government or private sector organizations. The provision of non-financial services has been nearly 100 per cent subsidized, relying heavily on external funding. Other donors are likely to step in with further funding that will enable some continuation of services. Contracted organizations, such as NGOs or private entities, are less likely to provide ongoing services without grant funds.
44. **Across the projects, there is lack of longitudinal and granular data and analysis (quantitative and qualitative),** which are needed to better understand who participated and who benefited and to what extent, and which project interventions were most effective and for whom. Monitoring frameworks and processes did not seek a more nuanced understanding of target groups, different outcomes and pathways, while external impact studies did not include sufficient analysis of the type and levels of participation to understand causal relationships between what projects did and the effects experienced by different categories of participants.

B. Lessons

45. The following lessons are noted:
 - (i) **Strategies need to consider the profiles, skills, capacity and resources of entrepreneurs, with a clear understanding of how the expected outcomes for those entrepreneurs are to be achieved.** For example, creating or strengthening self-employment requires different approaches to supporting enterprises with greater impact on employment creation. Where better-off entrepreneurs and enterprises participate in projects, there should be a clear rationale for the extent of grant or subsidized project support provided and a clear understanding of how this is expected to impact the rural

poor. The strategy and approach should be informed by market analyses and opportunities for the development and growth of enterprises of different types and sizes.

- (ii) **Creating and growing enterprises requires systematic, longer-term support** using a mixture of business development services and financial services, together with longer-term monitoring of attrition and growth and the reasons for changes. Support for start-up enterprises requires well-sequenced approaches that include intensive and continuous support, taking into consideration entrepreneurship potential when identifying participants. There are trade-offs between being able to provide sufficient support and reaching large numbers of people, particularly over dispersed geographical areas or across different sectors.
- (iii) **Impact assessment requires a holistic understanding of household economic activities.** Most rural households engage in multiple entrepreneurial activities and allocate time and labour to manage cash flows to match their finance needs. Project monitoring that focuses only on specific entrepreneurial activities may overlook how the supported activities complement or replace other income sources and the extent to which they contribute to better management of risks and seasonality. Also, more granular data on wage job creation are needed (e.g. on seasonality, stability, wage levels) to better understand how to improve employment outcomes.
- (iv) **Strategies to improve rural microentrepreneurs' access to finance must be based on understanding their needs, as well as policy and institutional bottlenecks.** A differentiated approach is needed, depending on the stage and maturity of enterprises, their credit histories and perceived creditworthiness (depending on whether they are start-ups or existing enterprises) and the types and terms of financing according to the main purpose (e.g. investment in assets), while exploring the need and room for developing innovative products and services. Allocating credit funds for rural enterprises is insufficient to promote responsive and sustainable financial services if systemic constraints or the incentives for financial institutions to serve different clientele are not also addressed. It may not be realistic to address systemic issues within the project scope and timeframe.
- (v) **The introduction of technology and innovation require sufficient analysis** of: (i) target groups' context and needs; and (ii) the appropriateness of the technology (whether physical equipment, tools or practices), including affordability, access, ease of use (including operations and maintenance), sustainability and contribution to improved profits.
- (vi) **Productivity improvements can contribute to income and revenue increases, but additional support is also needed to upgrade enterprises,** such as improved management practices and marketing and better linkage of producers or service providers to other market actors and functions.

A man working at a sewing machine. The workers in the shoe factories are now better paid as the training provided through PACE project has improved their technical skills and efficiency. Kishoreganj District, Bangladesh.

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Project cluster evaluation on rural enterprise development

I. Introduction

A. Background

1. As approved by the 131st session of the IFAD Executive Board in December 2020, the Independent Office of Evaluation of IFAD (IOE) has undertaken a project cluster evaluation (PCE) on rural enterprise development.¹ The PCE is a new evaluation product IOE introduced in response to the recommendation of the external peer review of IFAD's evaluation function.² A PCE aims to enhance the learning aspect of existing project-level evaluations through comparative analyses, in addition to assessing project performance and results, by clustering projects that have common features (e.g. region, thematic focus, type of country) (IFAD 2020b). For this PCE, four projects on rural enterprise development were selected: in Cameroon, Ghana, Bangladesh and Nepal (see paragraph 9, table 1 and annex VI).
2. The choice of the topic "rural enterprise development" for the PCE "reflects the priority accorded by IFAD to rural transformation in its Strategic Framework 2016-2025" (IFAD 2020a). "Diversified rural enterprise and employment opportunities" is one of the areas of focus under the strategic objective "increase poor rural people's benefits from market participation" in the Strategic Framework 2016-2025. The importance of micro, small and medium-sized enterprises (MSMEs) as a source of employment and livelihoods - not only in rural areas - has been widely researched and discussed in the broader international development community. The growth of MSMEs is also one of the targets³ under the Sustainable Development Goal (SDG) 8 of promoting inclusive and sustainable economic growth, employment and decent work for all.
3. IOE has conducted several evaluations that touch on the topic of rural enterprise development, directly or indirectly.⁴ However, no evaluation has taken the rural MSMEs development as its main theme, which also influenced the choice of the topic.

B. Rural enterprise: concept and definition

4. There is a wealth of research and literature on MSMEs – in the context of developing countries and development cooperation, as well as in developed economies. The majority of them do not distinguish between urban and rural enterprises and there is no agreed definition of rural enterprises. A key differentiation among rural enterprises is on-farm relating to agricultural production, and non-farm⁵ (or off-farm) enterprises, which could be related to agriculture (e.g. input supply, processing, transport) or not. Non-agriculture-related enterprises can include producing goods for local or outside markets (e.g. soap making, dressmaking, handicrafts), providing services for the local population (e.g. carpentry, welding, car repair, hairdressing,

¹ The evaluation "will cover IFAD projects working on the development of on- and off-farm enterprises and may cover projects that share similar characteristics such as geographic region, similar stage of implementation and linkages to value chains." (IFAD 2020a).

² "(...) a small number of individual project-level evaluations could still be produced in cases where projects present design and performance issues of wide institutional interest and value. However, the general project-level evaluation should be of a cluster of similar projects allowing for cross-country insights and more generalizable findings." (IFAD 2019a).

³ SDG Target 8.3 "Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services."

⁴ Including: corporate-level evaluation on IFAD's engagement in pro-poor value chain development (2019); evaluation synthesis on smallholder access to markets (2016); evaluation synthesis on inclusive financial services for the rural poor (2019); and corporate-level evaluation on IFAD's private-sector development and partnership strategy (2011).

⁵ Off-farm is also referred to as non-farm enterprises. The publication by the Independent Evaluation Group of the World Bank Group (2017) describes as follows: "Rural non-farm activity is defined both spatially, by activity that takes place in rural areas, and functionally, by a set of activities that do not constitute primary agricultural production. Rural non-farm activities include value chain activities, such as agroprocessing, transport, distribution, marketing, and retail, as well as tourism, manufacturing, construction and mining, plus self-employment activities (handicrafts, bakeries, mechanics, kiosks, and so on).

rural restaurants), as well as services catering for local or non-local clients (e.g. transport services, ecotourism).

5. There is no universal definition of MSMEs. National governments and international organizations tend to differentiate micro, small and medium by their number of employees, value of turnover and assets. However, the category of microenterprises alone can cover a wide range of sizes and types of enterprises, from those consisting of only one person (self-employment) or with one or two family members, often informal without a legal status, to those with up to 10 employees and total assets up to US\$100,000 (International Finance Corporation).
6. Box 1 provides a general description of rural enterprises and employment/jobs considered in the PCE, along with the IFAD's rural enterprise policy, while country/project-specific descriptions and their comparison are provided in annex V. Enterprises reviewed in the PCE are mostly microenterprises or "pre-entrepreneurial activities" (as termed by IFAD in its rural enterprise policy) that are operated by the primary and direct target group and/or that are expected to be a job creator for others – and occasionally small enterprises as a job creator. Pre-entrepreneurial activities are included in the scope of the evaluation especially when they are intended to lead to more predictable and regular income sources (in contrast with ad hoc and very minor household income sources). The PCE – and the projects reviewed – do not cover medium-scale enterprises, which IFAD may incentivize or partner with as intermediaries or conduits⁶ with expected benefits for the primary target group (rural poor), for example, by linking smallholder farmers to them or by making value chains more efficient. Annex IV provides an overview of IFAD policy and strategy on rural enterprise development and supported operations.

Box 1

Description of rural enterprise and employment used by IFAD adopted in PCE

Rural enterprises, in the context of the PCE, are rural entrepreneurs and micro and small-scale enterprises (MSEs), as described in IFAD's Rural Enterprise Policy (2004) below, who are targeted or supported by IFAD-financed projects:

Pre-entrepreneurial activities: usually referred to as income-generating activities (e.g. small crafting, petty trading) by people who have limited knowledge of the basic principles that guide business activity and who lack basic assets.

Microenterprises: semi-structured activities, including limited fixed assets, and observing some basic management principles.

Small enterprises: structured businesses that usually have a well-defined market niche and physical location, an acceptable turnover, some business skills, regular access to market-based business advisory services and a number of part- or full-time employees.

"Employment" or **"jobs"** refer to self-employment, employment of household members (normally unpaid), or paid employment of non-household members. Depending on the nature of enterprises, employment may be full-time, part-time (continuous), or recurrent/seasonal (full or part-time). Temporary and one-off jobs for only a limited period are not considered.⁷

Source: PCE team elaboration based on IFAD 2004, IFAD 2021b.

7. The projects assessed in the PCE covered a wide array of enterprises and entrepreneurial activities, both on-farm and off-farm (agriculture and non-

⁶ IFAD has also developed other initiatives to directly support private sector players, such as the Agri-Business Capital (ABC) Fund, which was set up as an independent private investment fund to provide "loans and equity investment adapted to the needs of rural SMEs, farmers' organizations, agripreneurs and rural financial institutions", targeting "commercially viable ventures that can help create employment" (<https://www.ifad.org/en/abcfund>).

⁷ The understanding of "employment" is largely in line with the description given by IFAD (IFAD 2021b). The PCE analysis considers different types of employment.

agriculture) (see tables 5 and 6 in section III.B for the types of enterprises supported in the projects selected).⁸

C. Evaluation objectives and scope

8. **Objectives.** The main objectives of the PCE are to assess the results and performance of selected projects and to generate learning from analysing the findings from different projects on key common issues and questions around rural enterprise promotion.
9. **Scope.** The PCE covered four ongoing mature projects in Cameroon, Ghana, Bangladesh and Nepal that were designed to support rural enterprise development (table 1). These projects were selected based on the following considerations: (i) a clear focus on rural entrepreneurship, enterprise/business development and employment creation; (ii) they included support for non-financial services, access to finance and an enabling environment for rural MSE development; and (iii) project completion between 2021 and 2023 (see annex III for more details). For RERP Nepal, the PCE reviewed only its design and relevance, since the project was restructured and the interventions of common features (e.g. access to finance, business development services) were dropped or significantly scaled down. Key data and information on the project and country context as well as a comparison of the main features of project interventions are provided in section II and annex VI.

Table 1
Cluster of projects selected for the PCE

<i>Country, project (implementation period)</i>	<i>Project goal/objective</i>
Cameroon: Youth Agropastoral Entrepreneurship Promotion Programme (PEAJ) ⁹ (2015-2023)	<p>Development objective: give young men and women the means to increase their income and improve their food security through developing profitable businesses, integrated into promising agro-pastoral sectors and offering viable employment opportunities in rural areas.</p> <p>Specific objectives: (i) support young people in creating and managing successful agropastoral businesses; and (ii) promote a policy, organizational and institutional framework conducive to the creation and development of agropastoral businesses among young people.</p>
Ghana: Rural Enterprise Programme (REP) (2012-2022)	<p>Overall objective: improve the livelihoods and incomes of entrepreneurial poor people in rural areas.</p> <p>Specific objective: increase the number of rural MSEs that generate profit, growth and employment opportunities.</p>
Bangladesh: Promotion of Agricultural Commercialization and Enterprise Project (PACE) (2014-2022)	<p>Goal: enhance livelihoods (by generating higher income from self-employment, business profit and wage employment, and food security) for the moderately and extremely poor project participants in a sustainable manner.</p> <p>Objective: increase sales and incomes from existing and new microenterprises and create new wage employment opportunities for extremely and moderately poor people.</p>
Nepal: Samridhi – Rural Enterprises and Remittances Project (RERP) (2015-2022)	<p>Goal: contribute to poverty reduction and sustainable peace through employment-focused, equitable and inclusive economic development.</p> <p>Development objective: support viable rural micro, small and medium-sized enterprises, in both farming and off-farming sectors to provide sustainable sources of income to poor households, migrant families and returnees.</p>

Source: project design documents and financing agreements; RERP restructuring paper.

⁸ The results management framework for the Twelfth Replenishment of IFAD's Resources (IFAD12) includes an indicator "900,000 rural enterprises accessing business development services" and its definition excludes on-farm production activities. However, IFAD-funded projects supporting rural enterprises often cover both on-farm production activities as well as non-farm entrepreneurial/enterprise activities, as was the case for the projects reviewed in the PCE. Hence, the PCE does *not* exclude on-farm activities mainly intended for marketing and generating sales.

⁹ From the French project title, *Programme de Promotion de l'Entreprenariat Agropastoral des Jeunes*.

D. Methodology

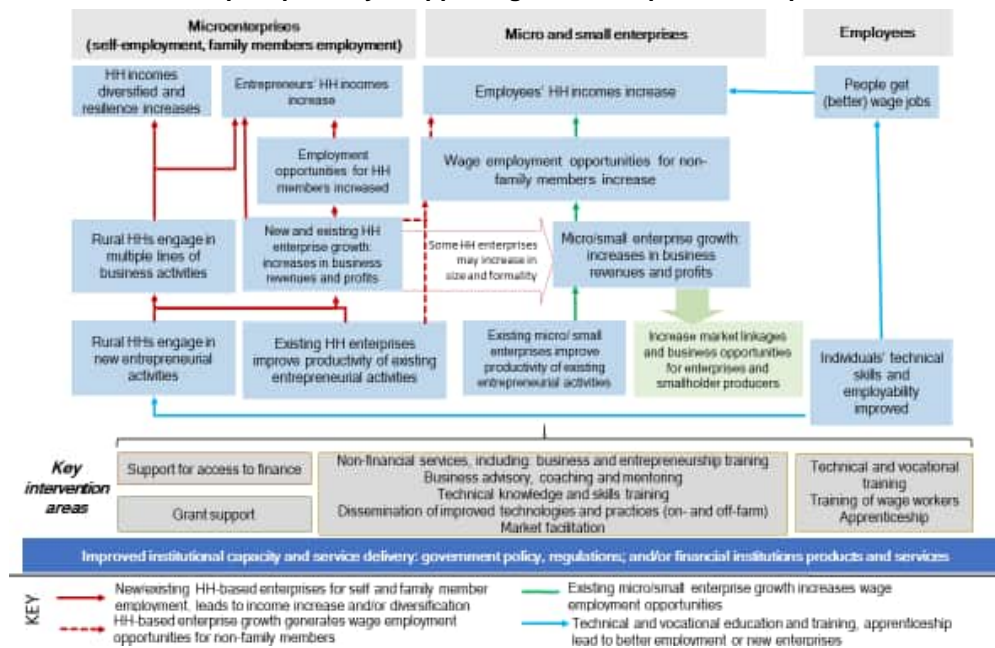
10. The PCE was undertaken in line with the IFAD's Evaluation Policy (IFAD 2021a). The PCE was newly introduced in 2021, following the IOE's note on revised evaluation products (IFAD 2020b) (see paragraph 1). The methodological approach for this evaluation took into consideration the existing guidance on project performance evaluations in the IOE's Evaluation Manual (second edition, 2015).¹⁰ Given the emphasis on the learning aspect through comparative analyses of multiple projects, some modifications were needed. These included the use of selected evaluation criteria rather than an entire set of standard criteria normally applied in project performance evaluations, as well as providing no performance ratings. The evaluation does not make recommendations but offers lessons. The project-level assessment was guided by key common issues and questions specifically around rural enterprise development, with necessary tailoring to specific cases to facilitate comparative analyses and the synthesis of project-level findings.
11. **Key overall evaluation questions** for the PCE included the following:
 - To what extent have the projects contributed to generating different types of employment opportunities, increasing and/or diversifying the incomes of the rural poor? How are the strategies and approaches differentiated according to expected outcomes and impact pathways, target group profiles, or the context?
 - Which approaches are effective in reducing key barriers to entry for start-up non-farm microenterprises and for existing microenterprises to grow?
 - What lessons can be learned with regard to attrition, resilience or growth of rural MSEs?
 - Which interventions are most effective in strengthening support systems and policy and institutional frameworks to promote rural MSE development?
12. To explore these overarching questions, the PCE had four interrelated areas of inquiries: (i) targeting, social inclusion and poverty impact; (ii) contribution to increased employment; (iii) access to finance and non-financial services; and (iv) institutional capacity-building, support systems and the enabling environment (see annex I for specific evaluation questions in each area). These questions were also linked to one or more of the following standard evaluation criteria applied by IOE in its evaluations: relevance, effectiveness, rural poverty impact, sustainability of benefits; and gender equality and women's empowerment. RERP Nepal was covered only for the criterion of relevance.
13. **Impact pathways.** At the time of the approach paper preparation, a generic theory of change for rural enterprise development was developed and it served as an overarching analytical framework for the PCE. Projects aiming at rural enterprise and entrepreneurship development and employment creation implicitly or explicitly cover multiple avenues (or "impact pathways") to achieve their objectives. These are summarized below.
 - **Microenterprises for self and family member employment.** Through support for non-financial services for entrepreneurship and technical skills development and having access to finance, the rural poor would be enabled to engage in profitable entrepreneurial activities and start-up microenterprises. This would enable them to enhance and/or diversify their income sources.
 - **Growth of new microenterprises generating wage employment opportunities.** Some of the new microenterprises with strong entrepreneurship aptitude would grow, supported by adequate non-financial and financial services, and would create wage employment opportunities for non-family members.

¹⁰ The Evaluation Manual (second edition, 2015) was being revised at the time of conducting the PCE.

- **Growth of existing micro and small enterprises increasing employment.** Through the provision of non-financial services (e.g. business planning, improved technology, market facilitation) and with access to finance, existing micro and/or small enterprises can upgrade and expand their businesses and increase profitability and revenues. This would create wage employment for non-family members, as well as market linkages and business opportunities for other microentrepreneurs and smallholder producers.
- **Technical and vocational education, training, and apprenticeship** would enhance the technical skills (e.g. welding, carpentry, electrical) of the rural poor (often youth). This would lead to those trained getting new or better-paid jobs, or being able to start their own business or open workshops.

Figure 1

Presentation on impact pathways supporting rural enterprise development



Source: PCE team elaboration based on project documents and literature.

HH: household.

14. **Sources of evidence.** On the selected projects, in addition to the desk-based review of relevant documentation,¹¹ the evaluation obtained data and evidence from multiple sources including: (i) interviews with IFAD staff and consultants, project staff, government officials, implementation partners (virtual or in-person in the capital or in the field), other resource persons and key informants (see annex IX for a list of key persons consulted); (ii) interviews and focus group discussions with beneficiaries; (iii) direct observations during field visits (e.g. observing business activities of beneficiary entrepreneurs, bookkeeping records or set-up of service providers); and (iv) phone surveys with beneficiaries of matching grants (REP Ghana) and users of new financial products (PACE Bangladesh). Evidence from literature was also used to check and contextualize the emerging findings. Annex II presents the key issues highlighted in the literature.
15. In Bangladesh, Cameroon and Ghana, in-country missions were conducted between October and December 2021, each for approximately two weeks. These missions, including field visits, were undertaken by national consultants in Bangladesh and Ghana, and a team of national consultants with an international consultant in Cameroon, all under the supervision of IOE. Sampling the project sites for field visits

¹¹ Including project-specific data and documentation (e.g. design documents, mid-term review, supervision mission reports, reports on sub-projects, monitoring and evaluation data, impact assessment reports), previous IOE evaluations in the same country, external literature or evaluations on the thematic areas and/or the countries).

was done based on a number of factors, including: diversity within the project (e.g. agroecological zones, socio-economic contexts, types of trades, characteristics of value chains, types of partner organizations), and significance of project investment. The sampling approach and information on the project sites visited are provided in annex III.

16. **Evaluation process.** IOE finalized the approach paper in July 2021. In addition to virtual meetings, in-country missions with field visits were conducted between October and December 2021. In the case of Cameroon, the evaluation mission took place at the same time as the PEAJ supervision mission organized by IFAD, which also provided the opportunity to have a more direct exchange between mission members. In light of the data gap observed from the field visits, phone surveys were organized in Ghana and Bangladesh (see paragraph 14). In each country, debriefing meetings were organized to share preliminary findings with IFAD and country stakeholders.¹² The teams on different projects continued with additional meetings and further analysis of primary and secondary data obtained, and prepared written inputs, which were then synthesized in an overall PCE draft report with comparative analyses around the common evaluation questions. After the peer review within IOE, the draft was shared with relevant IFAD regional divisions and concerned governments. Comments received were integrated into the final report.
17. **Qualifications and limitations.** The PCE covers four projects designed to support rural enterprise development. The projects selected are not intended to be representative of the whole IFAD portfolio, and the evaluation does not claim to provide findings that can be generalized across IFAD operations in this thematic area. Rather, by looking at projects with similar objectives and comparable sets of interventions in different contexts based on common questions, the focus is on providing some insights on key design and implementation issues.
18. The main limitation related to data availability and accuracy, in particular on outcomes and impacts such as: the performance of entrepreneurs/enterprises (longitudinal data on attrition, survival and growth), job creation, and impact data (including revenues and incomes). Even though employment generation is part of the expected outcomes in all projects reviewed, the data on types of employment (e.g. who the jobs are for, full-time, part-time, seasonality), and the quantity and quality of jobs created were generally scarce.¹³ This lack of data reflects challenges in various aspects, such as systematically collecting and analysing data over time beyond input/output figures with sufficient granularity; delays or inadequacy in setting up systems; inadequate supervision of or weak collaboration with implementing partners responsible for data collection and entries; and insufficient or inadequate human resources from project management teams to provide guidance and quality assurance. In order to address these limitations to the extent possible, the available data from different sources, including the primary data collected by the evaluation team, were triangulated. In some cases, raw data files from the project management information system were obtained, although the format did not always allow data manipulation and analysis. After the field missions, follow-up data collection was also conducted to fill the gaps (e.g. mini-surveys, focus group discussions). Where projects had insufficient information needed to interpret the emerging findings or to explain enabling or constraining factors, the team also reviewed relevant research to support the analysis.
19. Whether for enterprise creation or growth or for employment outcomes, the data analyses and interpretation also needed to take into account ambiguities as to what should be considered a rural MSE (e.g. smallholders/producers vs. on-farm

¹² Debriefing meetings were organized with IFAD and the project teams in all three countries. In Cameroon and Bangladesh, separate meetings with the concerned ministries were also organized, and in Ghana, with key implementing partners.

¹³ Only in RERP Nepal was there an effort to trace and record the employment outcomes for trainees of technical and vocational training, including wage levels. However, as noted, the PCE's review on RERP Nepal was limited to relevance.

enterprise, or income-generating activities vs. off-farm enterprise). Most rural households manage multiple income sources and the income from a particular line of entrepreneurial activities is only one of them. The notion of “self-employment” or “establishing an enterprise” is clearer when the business is registered (e.g. with a sole proprietor) and has a physical location, among other things, but otherwise, what types of entrepreneurs or entrepreneurial activities should be considered as an enterprise or self-employment is also vague. In line with the IFAD’s Rural Enterprise Policy (see also paragraph 6, box 1), the PCE adopts the concept of pre-entrepreneurial activities and includes them in the scope, but some ambiguity still remains on whether and when certain income-generating activities are to be considered an enterprise.

Key points

- The PCE is a new evaluation product of IOE, which aims to enhance the learning aspect of project evaluations through comparative analyses by clustering projects that share common features. For the first PCE, the theme of rural enterprise development was selected. The evaluation seeks to provide insights on some project design and implementation issues by looking at a limited number of projects based on common questions.
- There is no clear common definition of a rural enterprise, nor MSEs/MSMEs. National governments and international organizations tend to differentiate micro, small and medium-sized enterprises by their number of employees, value of turnover and assets. The category of microenterprises alone can cover a wide range of sizes and types of enterprises. IFAD has defined MSEs based on their characteristics, not on the number of employees or turnover.
- The PCE covered four projects supporting rural enterprise development in Cameroon, Ghana, Bangladesh and Nepal, which had common objectives of enterprise development, entrepreneurship development and employment creation. Field missions were conducted except for Nepal, for which only a light desk review was conducted in relation to design and relevance, since common sets of interventions for rural enterprise development were dropped or significantly downscaled after its restructuring.
- The PCE had four areas of inquiries: (i) targeting, social inclusion and poverty impact; (ii) contribution to increased employment; (iii) access to finance and non-financial services; and (iv) institutional capacity-building, support systems and creating an enabling environment.
- To the extent possible, the available data from different sources, including the primary data collected by the evaluation team, were triangulated. However, some limitations remained related to the data’s availability and accuracy, in particular on outcomes and impact, such as enterprise performance or employment creation.

II. Summary of project descriptions and comparative overview of key features

20. This section provides summarized project descriptions for the selected projects and a comparative overview of their key features, with an emphasis on the main three projects/countries other than Nepal, which was given a light review. Subsection II.B presents a further comparison of project scope by geographical coverage and sector focus, target groups, impact pathways and project approach and interventions for non-financial services and financial services.

A. Summary of project descriptions

21. **PEAJ Cameroon (2015-2023, total cost US\$73 million, IFAD financing US\$50 million).** PEAJ has an exclusive focus on young agropastoral entrepreneurs, aged 18-35 years old. It covers four regions out of the country's 10 administrative regions. The programme has three main components: (i) development of viable agropastoral enterprises (non-financial services); (ii) access to financial services; and (iii) improving the organizational, policy, institutional and legal frameworks.
22. The programme offers non-financial services based on an incubation approach, starting with a process of information dissemination leading to the identification of potential young entrepreneurs to be taken into the programme. The incubation programme supports participants to develop initial business ideas into business plans, with skills assessment, personalized training and technical support over 6-9 months, followed by further coaching. Business plans prepared during the incubation period are used to link the new entrepreneurs to financial institutions (classified as microfinance institutions, [MFIs]) which can access the credit refinancing and risk-sharing facilities funded by PEAJ. Throughout the preparation, start-up and initial business stages, business coaches engaged by the project also provide periodical advisory and follow-up services. Furthermore, PEAJ also supports the strengthening of institutional frameworks, for example by providing incubation support for agropastoral entrepreneurs.
23. The lead implementing agencies are the Ministry of Agriculture and Rural Development and the Ministry of Livestock, Fisheries and Animal Industries. The national programme management unit and the regional advisory units are established. Key partners have included: four facilitating NGOs (for information dissemination and sensitization); 15 training centres-cum-incubating structures (some public, some private); the Société Générale de Cameroun (managing the PEAJ-supported financing facility); and about 10 partner financial institutions. The programme has also partnered with the International Labour Organization (ILO) and PROCASUR (the latter facilitated by another IFAD regional grant programme)¹⁴ for technical assistance.
24. As of December 2021, it was reported that 29,400 youth had been taken through the sensitization and information stage, and 3,813 youth had gone through the incubated programme (against the target of 3,700), of whom 2,605 started businesses. About 78 per cent of IFAD funds had been utilized.
25. **REP Ghana (2012-2022, total cost US\$250 million¹⁵, IFAD financing US\$71 million).** REP is the third phase programme supporting MSE development, targeting

¹⁴ "Development of Tools to Engage Youth in Agriculture and Agribusiness" ("Youth Tools" in short) (2018-2022). The programme's objectives are "to identify (stocktaking), further develop and improve tools then test them with the rural youth to finally disseminate them and upscale them in sub-Saharan Africa through policy and design of new investments" (grant agreement). The programme works in Cameroon, Madagascar, Mali and Senegal.

¹⁵ Including cofinancing by the African Development Bank in the amount of US\$70 million. According to the initial REP appraisal report by the African Development Bank, 68 per cent of the Bank's resources was allocated for the component on development of agricultural commodity processing infrastructure (the second programme component titled differently by IFAD as "technology promotion and dissemination") and this was to finance civil works, RTF machinery/equipment,

the “entrepreneurial poor”. The first phase (1995-2002) operated in 13 districts, and phase II (2003-2012) operated in 66 districts. The coverage of REP (phase III) was to be national, covering over 160 rural districts. The main building blocks in all phases of REP are: (i) business development services through district-based business advisory centres (BACs) (providing REP component 1 business development services); (ii) technology transfer through technical skills training and demonstrations, mainly delivered by rural technology facilities (RTFs) and technology solution centres (TSCs)¹⁶ (supporting REP component 2, technology promotion and dissemination); and (iii) access to finance through linkages with financial institutions, including rural and community banks (under REP component 3, enabling MSE environment).¹⁷

26. During implementation, with a renewed priority on industrialization, the government has introduced business resource centres (BRCs), which are an upgraded version of BACs (but not in every district) and are to function as a one-stop shop.¹⁸ The REP’s funding has also been directed to support the establishment of BRCs. About 28 per cent of the IFAD funds¹⁹ are allocated to civil works, vehicles and materials to establish or improve infrastructures at BACs, BRCs, RTFs/TSCs and equip them better.
27. The lead programme agency is the Ministry of Trade and Industry, under which a programme coordination and management unit is established. The key implementing partners are: the Ghana Enterprise Agency (formerly called National Board for Small-Scale Industries) with its network of BACs (as well as recently created BRCs); the GRATIS Foundation²⁰ for technology development and support through RTFs/TSCs; and the ARB Apex Bank²¹ under the supervision of the Bank of Ghana.
28. As of June 2021, 63,164 new businesses were created under the current phase of REP (181 per cent of target), while 23,452 existing businesses were strengthened (39 per cent of target) (REP October 2021 supervision mission report). About 59 per cent of IFAD funding had been disbursed as of October 2021.
29. **PACE Bangladesh (2014-2022, total cost US\$130 million²², IFAD financing US\$58 million).** PACE aims to increase sales and incomes from existing and new microenterprises and create new wage employment opportunities for extremely and moderately poor people.²³ The programme supports three technical components: (i)

training, small office equipment and furniture and operation and maintenance. With the Government’s industrialization plan, the Bank’s resources were also reallocated to the cost of setting up BRCs.

¹⁶ RTFs and TSCs are set up to promote the establishment and growth of technology based MSEs, by improving their access to appropriate technologies. They are equipped to perform as hubs for technology promotion, dissemination and transfer to the informal sector as well as to provide skills training to master crafts persons and apprentices. The original technology centres were known as RTFs and largely served rural areas. TSCs perform the same function except they are better equipped and could serve clients beyond the rural districts where they operate. The removal of the “R” (Rural) is to help make this broader focus even more pronounced. RTFs have been upgraded to reach the level of TSCs.

¹⁷ In addition, REP was also to support the establishment of 58 factories for youth groups under the government’s “One District One Factory (1D1F)” Initiative as well as five Common User Facilities. The latter are expected to be owned by farmer organizations in various value chains, whose members will use the facility and pay users’ fees into a fund.

¹⁸ BRCs were recently introduced to cater to the needs of medium and large enterprises which can fully pay for services and their operations are to be franchised to the private sector. Such arrangements are expected to reduce the burden on government budget, improve the focus on entrepreneurial skills and linkages to markets and innovation, as well as the sustainability prospects for business development services. The intention is that BACs would continue to provide subsidized services to micro (and small) enterprises.

¹⁹ SDR (Special Drawing Rights) 13.29 million out of SDR 48.05 million from the original and additional loans.

²⁰ GRATIS Foundation is a technology transfer, training and manufacturing organization, established in 1999. It evolved from the Ghana Regional Appropriate Technology Industrial Service (GRATIS) project which was established in 1987 by the Government of Ghana with support from the European Union and the Canadian International Development Agency to promote small-scale industrialization in the country. It is an agency under the Ministry of Trade and Industry. (<http://gratis.gov.gh/index.php/about/>).

²¹ The ARB Apex Bank Limited is a “mini” central bank for the RCBs. The Bank was registered as a public limited liability company in January 2000. Its shareholders are the RCBs. It was granted a banking licence in June 2001 and was admitted to the Bankers Clearing House as the 19th member in August 2001. (ARB Apex Bank website).

²² Cofinancing almost exclusively by PKSF and POs, most likely in terms of the use of own credit funds.

²³ PACE development objective as per the design.

financial services for microenterprises; (ii) value chain development (in agriculture and non-agricultural sectors); and (iii) technology and product adaptation, with each component oriented to different target groups (with some overlaps). Component 1 provides credit funds for the existing microenterprise loan programme (ME loan programme) operated by the Palli Karma-Sahayak Foundation (PKSF), which provides wholesale lending channelled through its partner organizations (POs).

30. PKSF, the main implementing agency for PACE, is an apex development organization, established by the Government of Bangladesh in 1990 and registered as a not-for-profit company. It mainly works with and through its POs (NGOs), and this was also the case in PACE. PACE is the fourth IFAD-funded project implemented through PKSF.
31. As of late 2021, PACE reported that the outreach under component 1 was 355,185 people through over 180 POs. As the PACE funds were added onto the existing (and much larger) ME loan programme (see box 2), this figure was an estimation based on a proportion of the entire ME loan programme portfolio (see also paragraph 86 and footnote 108 in section III.B). Component 2 works through POs that come forward with proposals on different value chains/subsectors: 74 subprojects across 16 agriculture sectors and 15 non-agriculture sectors²⁴ have been implemented through 46 POs, reaching 311,610 people (80 per cent in agriculture/on-farm sectors) (PACE September 2021 supervision mission).
32. **RERP Nepal (2015-2022, US\$25.2 million²⁵ , IFAD financing US\$18.5 million²⁶)**. The RERP's objective is that viable rural MSEs, in both farming and off-farming sectors, provide sustainable sources of income to poor households, migrant families and returnees. The original project design included business development services through "enterprise service centres" to be established at district level, vocational training and apprenticeship and support for improved access to financial services. However, the project underwent a restructuring process (including a significant reduction in the project budget) after poor project performance, and as a result, the project currently focuses on technical and vocational training for decent jobs (mainly for youth) and agricultural supply chain development. The main implementing agency is the Ministry of Industry, Commerce and Supplies with the NGO Helvetas and the Agro-Enterprise Centre²⁷ as the main implementing partners. The project implementation performance is reported to have improved substantially. In the decent job subcomponent, 5,002 people were trained and 4,400 were additionally enrolled as of April 2021.

B. Comparative overview of key project features

33. This subsection presents a comparative overview of the selected projects in the following aspects: (i) geographical and sector focus; (ii) target group and impact pathways; and (iii) intervention approaches for non-financial and financial services.
34. **Geographical coverage and sector focus.** Except for PEAJ Cameroon, the projects covered diverse sectors and trades. REP Ghana and PACE Bangladesh were national in scope (table 2). For the sizes of enterprises and more examples of enterprises supported, see tables 5 and 6 in section III.B.

²⁴ The project performance evaluation on the predecessor project to PACE (the Finance for Enterprise Development and Employment Creation Project, FEDEC) conducted by IOE in 2014 recommended PACE should refocus on a smaller number of pro-poor value chains as opposed to the 30 value chains planned in the original design. The implementation did not reflect this recommendation.

²⁵ After restructuring in 2020. The total project budget reduced from the original estimate of US\$68 million.

²⁶ After restructuring and partial loan cancellation. Originally US\$38.6 million.

²⁷ It is the agricultural wing of the Federation of Nepalese Chambers of Commerce and Industry. (<https://fncci.org/agro-enterprise-centre-141.html>).

Table 2

Geographical coverage and sector focus in selected projects

	<i>Geographical coverage</i>	<i>Sector focus</i>	<i>Notes</i>
PEAJ Cameroon	Four regions (out of ten)	Agropastoral sector (on- and off-farm)	Results show a predominant emphasis on on-farm enterprises
REP Ghana	National (over 160 rural districts)	Agriculture (on- and off-farm) Non-agriculture (e.g. soap making, welding)	Coverage of diverse trades/sectors
PACE Bangladesh	National	Agriculture (on- and off-farm) Non-agriculture (e.g. shoe and garment manufacture)	Coverage of diverse sectors mostly under value chain development component
RERP Nepal (Redesign)	16 districts in Eastern and Central Development Regions	Agriculture (on- and off-farm) Non-agriculture (vocational training)	Vocational training for decent jobs – not necessarily for enterprise development

Source: project documents.

35. **Target group and impact pathways.** Table 3 below provides the definitions of target groups for each project. Apart from PEAJ Cameroon, which defined only the age range (youth) and the sector (agropastoral), other projects provided a definition covering a range of poverty profiles and levels of vulnerability. PACE Bangladesh and RERP Nepal were explicit in noting non-poor and better-off enterprises as part of the target group as job creators and/or to provide market linkages with microenterprises. Projects also differed in the extent to which they targeted potential entrepreneurs.

Table 3

Target group definition (as per project documents)

	<i>Target group definition</i>
PEAJ Cameroon	Young men and women aged between 18 and 35, already investing or not, in agropastoral activities as well as holders of individual or collective projects aiming to create or develop small and medium-sized enterprises in the agropastoral sector. Three categories of youth were envisaged: (i) rural youth without specific training in agriculture; (ii) young graduates wishing to create/develop agropastoral enterprises; and (iii) young entrepreneurs engaged in agropastoral activities and related trades with growth potential but encountering technical or financial constraints.
REP Ghana	Entrepreneurial poor, which are mostly members of poor rural families that are able to convert the capacity-building support from the programme into productive assets without or with limited additional investment support. They include: (i) rural poor people interested in self-employment or wage jobs but who lack the skills and/or start-up capital; (ii) rural poor people with some basic skills but who may require upgrading, entrepreneurship training and financing to improve and expand their businesses; (iii) identified vulnerable individuals or groups such as the physically challenged or the socially excluded; and (iv) young people.
PACE Bangladesh	Microentrepreneurs who are borrowers of the ME loan programme (non-poor), moderately poor and extremely poor persons. In terms of professional identities, the project will target marginal and small-scale farmers involved in field crops, horticulture, fisheries, livestock production, non-farm microentrepreneurs, and professionals in service sectors.
RERP Nepal	Primary beneficiaries include: (i) existing rural MSEs; (ii) poor households; (iii) returnee migrants and remittance-receiving households; and (iv) small enterprises. Secondary target group: medium and large enterprises as well as service providers, who will be engaged to provide support to the primary target group through the development of business partnerships, vocational training, apprenticeship packages and job placements.

Source: project design documents.

36. Projects had similar objectives to develop enterprises, entrepreneurship and employment, and increased income (see table 1 in section I). Table 4 below outlines each project's key impact pathways to achieve these objectives (see also paragraph 13 and figure 1). Some are explicit in design and implementation documents, while others are implicit. The number of 'ticks' denotes the extent to which a specific pathway is reflected in the project's work and level of effort according to the PCE's

review. At times, projects expected that multiple pathways may be followed: for example, apprentices may first get wage employment to work for a supervisor and then later set up their own business or workshop. A subset of the first two impact pathways is on improved on-farm production for producers (on-farm enterprises). This is found to a great extent in PEAJ Cameroon (as new enterprises) and PACE Bangladesh (existing small and marginal farmers)²⁸, and to a lesser extent in REP Ghana and RERP Nepal.

37. In summary, PEAJ Cameroon had a focus on youth start-up enterprises, whereas REP Ghana intended to support a mix of new and existing enterprises. The objective of PACE Bangladesh referred to both new and existing microenterprises, but their implementation strategies had a much stronger focus on existing activities than on new enterprises (see also box 2, paragraphs 86-87). REP Ghana and RERP Nepal supported technical and vocational education training pathways, while PEAJ Cameroon did not use this approach at all. PACE Cameroon, REP Ghana and PACE Bangladesh planned to support employment creation or enhancement - for self and household members more than for non-household members.

Table 4
Impact pathways covered in projects ^a

	PEAJ Cameroon	REP Ghana	PACE Bangladesh	RERP Nepal (original)	RERP Nepal (revised)
Start-up microenterprises for self and family employment for household income enhancement	✓✓✓	✓✓✓	✓	✓✓	
Existing microenterprises sustained or upgraded for self/family employment for household income enhancement	✓	✓✓✓	✓✓✓	✓✓	✓
M(S)E growth for wage employment opportunities for non-household members	✓	✓✓	✓✓ ^b	✓✓✓	
Technical and vocational education and training and apprenticeship for: (i) setting up enterprises; and/or (ii) improved employability and employment		✓✓✓ (i)	✓ (ii) (comp 2, non-farm)	✓✓✓ (i)(ii)	✓✓✓ (ii) ^c

Source: PCE interpretation based on the review of project data.

Note: Number and size of ticks (✓) indicates the level of focus as assessed by the PCE team.

^a Reflecting implementation experience, except for RERP Nepal (original) based on the design.

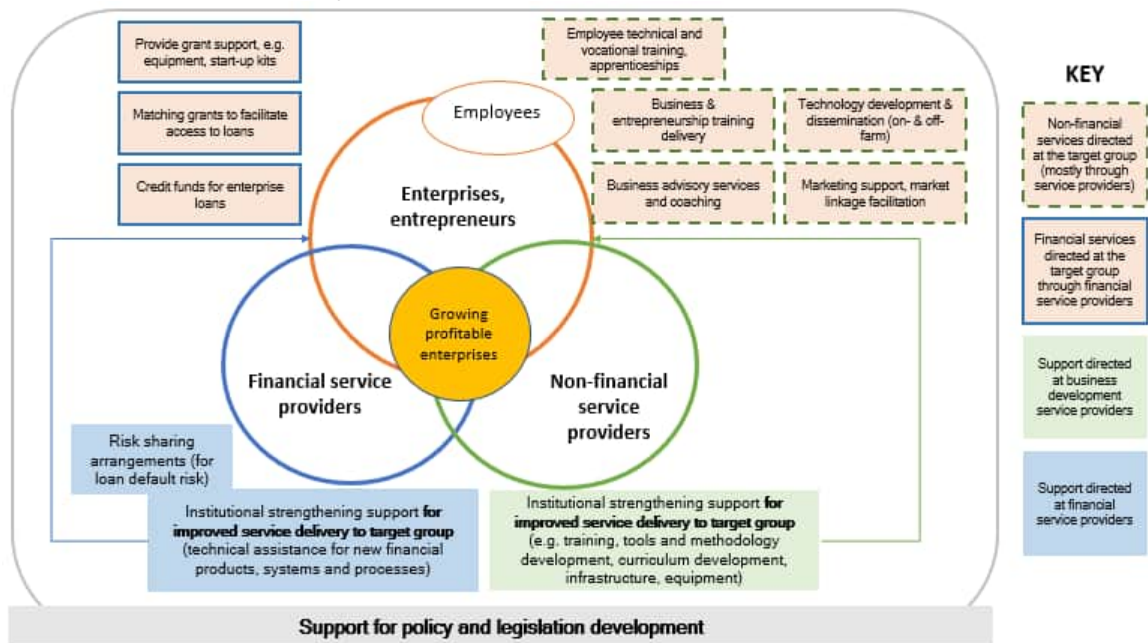
^b The enterprises were supported in: (a) a financial services component as borrowers (explicitly categorized as “non-poor”); and (b) a value chain component, in particular, off-farm enterprises.

^c Some trainees and apprentices set up enterprises, but the focus of the project is on decent jobs and not enterprise creation.

38. **Key project intervention approaches.** The figure below presents key interventions aimed at enabling access to non-financial and financial services by rural entrepreneurs. These are further elaborated in the subsequent paragraphs.

²⁸ Producers were labelled (micro)enterprises or entrepreneurs in PEAJ Cameroon and REP Ghana along with those engaged in off-farm entrepreneurial activities. In PACE Bangladesh, producers – categorized as small and marginal farmers in Bangladesh – participated in the agricultural value chain subprojects but were not necessarily or consistently called microenterprises. In PACE, the term microenterprise was mainly used in conjunction with borrowers under the ME loan programme (see box 2).

Figure 2
Schematic presentation of key intervention areas



Source: PCE team elaboration based on project documents and literature.

Note: One project does not necessarily include the whole set of interventions.

39. **Non-financial services.** Types of non-financial services supported in the projects included the following (see also annex VI):

- **Business and entrepreneurship skills training** was one of the most predominant types of support. PEAJ Cameroon offered such support to youth as part of the longer-term incubation programme through training-cum-incubation centres engaged, whereas in REP Ghana, BACs organize much shorter training for groups of entrepreneurs with their own staff or engaged consultants. In PACE Bangladesh, business and entrepreneurship skills training is less emphasized compared to REP and PEAJ. RERP Nepal's original design was strong on this aspect, but it was then dropped in redesign.
- **Business advisory services, coaching and mentoring** were also provided by the training-cum-incubation centres in PEAJ Cameroon and by BACs in REP Ghana, although a less intense offering in REP.²⁹ Both projects also include support for the development of business plans, mainly for the purpose of accessing loans.
- **Off-farm technology development and dissemination** were supported in REP Ghana in collaboration with RTFs/TSCs (e.g. agricultural processing equipment) and PACE Bangladesh (through POs). Also in non-agriculture sectors, PACE Bangladesh, through its POs, provided support for the introduction of improved technologies and technical training (e.g. operation of machines and equipment, such as power looms for weaving). These were for both the enterprises (which, in the non-agricultural sectors, are all relatively well-established and can be considered between micro and small enterprises), as well as the workers.
- Support for **on-farm production technologies and practices** was particularly visible in PACE Bangladesh, including some new and improved practices, and PEAJ Cameroon, with a focus on the agropastoral sector. REP Ghana also supported on-farm activities by providing start-up kits for trainees

²⁹ New BRCs are expected to provide more coaching and mentoring support to enterprises, but this had not been operationalized at the time of the evaluation.

from the Farm Institutes under the Ministry of Food and Agriculture, for example, for poultry, piggery, and mushroom production.

- **Technical and vocational skills training and apprenticeships** are seen in REP Ghana (in collaboration with RTFs/TSCs) and RERP Nepal (in collaboration with Helvetas). As mentioned earlier, there are two expected outcomes: participants get (new or better) wage employment; and/or start a business for self-employment (e.g. opening a workshop). Also in PACE Bangladesh, the training of existing workers in non-agriculture enterprises (e.g. making shoes or garments, automobile servicing) is considered a similar type of support (offering the potential for increased wages).
 - Other types of support included market facilitation and improved marketing (e.g. branding, advertising).
40. In PEAJ Cameroon, these interventions were integrated under the framework of the incubation programme, through the training centres-cum-incubators³⁰ (public, private, NGOs) supporting participants from the initial development of ideas to creating and consolidating an enterprise, to providing coaching on technical skills, financial education, and business management.
41. **Financial services.** Main project interventions in support of improved access to financial services by supported rural entrepreneurs and enterprises include the following (see also annex VI):
- **Provision of credit funds.** This was the most common form of support. All projects include support for access to finance and allocated funds for credit/refinancing to MSEs through financial institutions except for RERP Nepal when redesigned. PEAJ Cameroon and REP Ghana provide funds for lending at a subsidized rate to entrepreneurs who, in principle, receive non-financial services under the projects. Loans are channelled through MFIs in PEAJ, and in REP mostly through rural and community banks (which also provide own credit funds for 20 per cent of the loan value). The funding facilities were managed by Société Générale de Cameroun, the Bank of Ghana and the ARB Apex Bank, in accordance with the terms and conditions set up in the projects. PACE Bangladesh provided credit funds to be integrated into larger and existing PKSF wholesale financing for the ME loan programme (see box 2 below) to be disbursed through POs, without linkage with PACE's other components.
 - **Provision of grant support to facilitate access to loans.** PEAJ Cameroon and REP Ghana have provided grants to facilitate access mainly to start-up/investment funds through financial institutions, but in different ways. In REP, grants were to be matched by loans from partner financial institutions and the recipients' contributions. In PEAJ Cameroon, matching different sources of funds was like REP Ghana, but it was sequenced: opening a bank account and mobilization of own contribution, followed by a "start-up credit"³¹ (a grant), which is to be reimbursed by the entrepreneur, to be followed by a loan (called a "productive credit")³² when the "start-up credit" was fully reimbursed.
 - **Risk sharing for financial institutions** (to cover defaulted loans) was included in PEAJ Cameroon. A loan guarantee mechanism was also intended in the original design of RERP Nepal, but this was dropped.
 - **Support for new financial products development.** All project designs indicated the intention of introducing new/innovative financial services and products, such as start-up loans, lease financing and term loans.

³⁰ Original target was 25.

³¹ *Crédit de démarrage* in French.

³² *Crédits productifs* in French.

- **Building capacity in financial institutions.** All projects also included support for training and capacity-building in financial institutions, intended to improve the understanding and orientation of services to better serve the needs of microentrepreneurs and microenterprises.

Box 2

Operation modality of PKSF and NGO-MFIs and microenterprise loan programme in Bangladesh

MFIs (often referred to as “NGO-MFIs”) in Bangladesh are an established part of the financial sector and are regulated under the Microcredit Regulatory Authority, which operates under the Bangladesh Bank. PKSF and NGO-MFIs typically offer wholesale and retail lending, respectively, under different programmes (windows) targeted at different clienteles each with a specific focus, e.g. ultra-poor programme, rural/urban microcredit, agriculture loans. Compared to other mainstream microcredit programmes, the microenterprise loan programme (ME loan programme) has a higher loan amount ceiling (over US\$10,000, with a minimum amount of around US\$350). The assumption is that as the borrowers under microcredit programmes improve their economic status (as they “graduate”), they would need a higher level of loan. Since NGO-MFIs normally use group guarantees for microcredit lending and not hard collaterals, ME loans tend to be channelled to repeat borrowers with credit histories (World Bank Group, 2019). The ME loan programme started in the early 2000s. NGO-MFIs are allowed by the Microcredit Regulatory Authority to have up to 50 per cent of their portfolios allocated to ME loans.

According to the definition for eligibility of microenterprises used by PKSF in the context of the ME loan programme, a borrower: (i) must have a visible business with investments (excluding land and buildings) ranging from BDT 40,000 (US\$470) and BDT 1.5 million (US\$17,500); (ii) (is expected to) create employment for family members and other poor people; and (iii) may take a loan between BDT 30,000 (US\$350) and BDT 1 million (US\$11,650) for agricultural and non-agricultural businesses. This definition differs somewhat from the government’s definition of a cottage enterprise (having fewer than 15 employees and the value of fixed assets less than US\$11,800) and microindustry enterprise (with employees numbering between 16 and 30 and fixed assets between US\$11,800 and US\$88,300).

Source: PACE design document; PKSF annual reports; World Bank Group 2019.

Key points

- All projects selected have objectives relating to enterprise and entrepreneurship development and employment creation, but with some differences in scope and focus. PEAJ Cameroon has an exclusive focus on youth agropastoral entrepreneurs. Building on its previous two phases since the mid-1990s, REP Ghana targeted the entrepreneurial poor through decentralized business advisory services and technical training in over 160 districts nationwide, combined with support for financial services. PACE Bangladesh sought to support new and existing microenterprises and create wage employment opportunities through its credit, value chain development and technology development components. RERP Nepal was initially designed to provide a range of non-financial and financial services for rural enterprise development, with additional support to migrants and their families, but after restructuring, some of the key features for enterprise development were dropped, and the focus has been on creating decent jobs and agricultural supply chain development.
- Descriptions of project target groups included: people at different poverty levels (ultra/moderate poor, less/non-poor); youth (with different skill/education levels); ethnic groups; women; people with disabilities.
- The projects involved multiple impact pathways to achieve the objective of employment creation and increased incomes: some focused on start-ups or existing microenterprises more for self-employment, while others were oriented to job-creating microenterprises.
- All projects (except for Nepal) offered the support of both non-financial and financial services. Some activities were directly targeted at rural entrepreneurs and enterprises, whereas others were directed at service providers (e.g. financial institutions, business development service providers) to strengthen their capacity to better serve target clients, as well as influencing institutional and policy frameworks to promote an enabling environment. Non-financial services included: business advisory services, business skills training, coaching and counselling, technical training, technology development and dissemination and market linkage. PEAJ supported an incubation programme for youth. Projects (except for Nepal) included financing facilities.

III. Main evaluation findings

42. In this section, the main findings across the four projects are presented. These findings are based on a comparative analysis of the projects reflecting the evaluation questions and are organized by evaluation criteria (relevance, effectiveness, impact and sustainability). The section focuses on key issues identified from reviewing the projects (including designs and implementation experiences), their similarities and differences – rather than presenting the findings on each project separately.

A. Relevance: overall project strategies, non-financial services, financial services

43. This subsection first discusses the relevance of overall project strategies aimed at ultimately impacting the rural poor through rural enterprise development. This includes considering the clarity and coherence of project objectives, and the relevance of the target groups, overall strategies and theories of change. This is followed by a discussion of the relevance of more specific intervention approaches to achieving improved access to non-financial and financial services.

A.1. Relevance of overall project strategies

44. **Projects did not always clearly articulate how the various interventions were expected to lead to employment generation and/or increased incomes and by whom.** In particular, there was a lack of clarity on how the pathways to achieve the impact might vary for different types of entrepreneurs, employees and sizes and maturity of enterprises and their positions within different value chains and contexts. While they shared broad common objectives of employment creation for improved incomes through rural enterprise development, there was insufficient reflection on whether the project intended to focus on supporting pre-entrepreneurial activities or microenterprises mainly for self-employment or income diversification, or creating and strengthening enterprises which would generate (more or better) wage employment for non-family members (and how). Consideration of such issues and how to generate benefits for the primary target group would have implications on the types of sectors or trades and the characteristics of enterprises to be supported.
45. For example, the design of PACE Bangladesh explicitly stated the intention to support the “non-poor” with the aim of generating wage employment, but how this was to be realized was not clear. Non-poor people were mostly to be the borrowers of ME loans, who had been accessing loans from POs through mainstream microcredit programmes, as well as some relatively better-off enterprises in selected value chains. PACE did not assess which types of enterprises or value chains had a higher likelihood of creating wage employment. There was also little attempt to link ME loan borrowers with other components (such as value chain development or technology transfer) to increase the chance of enterprise growth (see also paragraphs 77, 81, 86-87).³³ In REP Ghana, a broad definition of the target group (“entrepreneurial poor” in “rural districts”) and lack of clarity on possible multiple impact pathways led to some confusion amongst BACs and the project team as to whether and how the non- or less poor should be supported by the project. The original design of RERP Nepal was explicit about different target groups and multiple impact pathways,³⁴ but

³³ The project performance evaluation on the predecessor project to PACE, Finance for Enterprise Development and Employment Creation Project (FEDEC) had a similar finding: “[through access to ME loans] there was an expectation that more labourers would be employed which actually happened in only a few cases. The additional finance was mostly consumed in working capital rather than expanding production capacity. As a result, new employment creation was much less than anticipated. Selecting microenterprises with prospects to grow with better linkages with value chain actors could actually have created more new jobs”. (IFAD 2016b).

³⁴ For example, it recognized the need to target small (not micro) enterprises, which are likely to be above the poverty line, in view of their role to link microenterprises to inputs, services and market and also to generate employment. The design also proposed different levels of grant support depending on the size/maturity/resources of different types and sizes of enterprises.

its broad scope, scale and the complexity of multiple approaches and modalities proved to be challenging, as noted in the initial RERP supervision missions.

46. **Projects' objectives, particularly on employment generation through enterprise growth, were too ambitious** considering the country contexts, the target groups, and research on entrepreneurship, enterprise creation and growth. The objectives implied an overoptimistic assumption that most participants would grow enterprises (or at least would aspire to grow) and many of them would also create jobs for others. The assumption is contrary to research that argues that in many developing countries, and particularly rural areas, much entrepreneurial activity is not a choice; it is a necessity (see also annex II for key issues highlighted in the literature). Projects paid little attention to the type and quality of wage employment and jobs or how to track achievements in this regard, although all projects had employment generation as an objective or expected outcome. After its restructuring, the focus of RERP Nepal has been on vocational and technical training and apprenticeship rather than enterprise development per se: it was the only project which attempted to track the job placement and wage levels.
47. **Overall, the scope and interventions of projects were not guided by sound market analysis and assessments of the development and growth potential of rural enterprises or employment generation.**³⁵ The scope of REP Ghana was broad geographically and sector-wise,³⁶ making it challenging to orient interventions based on local situations. Some types of non-agriculture off-farm microenterprises mainly geared to the needs of local clients and markets (e.g. hairdressing, catering) offer income-earning opportunities but with limited scope for growth and creating job opportunities in the rural space. Some trades (e.g. shoe-making) favoured entrepreneurs located near urban areas with markets and appropriate infrastructure available, rather than those in rural areas.³⁷
48. In PACE Bangladesh, subprojects supported in the value chain development component mostly focused on addressing production issues, with less attention given to opportunities for off-farm enterprise development in the agriculture sector (e.g. input supply, service provision, processing) (see also paragraphs 77, 109). In RERP Nepal, which also had a broad scope, the original design envisaged conducting mapping and assessments of business potential at the onset of implementation, but the initial 2017 supervision mission noted that "a lack of reliable analysis in the design document of the real economic opportunities in project locations" posed challenges, in addition to the design complexity. In comparison to other projects, PEAJ Cameroon had a clearer focus on the agropastoral sector with indicative commodities and areas ("production basins") within the selected four regions. Studies on the production basins were conducted during implementation but the project could have used value chain and market analyses on potential commodities to identify opportunities for off-farm enterprises and promote them in a more strategic manner.
49. **Project support for strengthening institutional frameworks and support systems for MSE development was aligned with relevant government policies.** REP Ghana and its previous phases have invested in strengthening the capacity of subnational public institutions to support MSEs through non-financial services. REP also incorporated support to BRCs in line with the government's new industrial transformation plan that was introduced during implementation (see paragraph 26). Investment in setting up a network of BACs (and later BRCs), as well

³⁵ For example, a set of more systematic interventions to support enterprise development may involve engaging entrepreneurs along certain value chains e.g. processing raw products, setting up a cooperative structure to increase production volumes and benefit from economies of scale, supporting rural-based input suppliers linked to companies. Such interventions may be then combined with technological innovations and worker skills development.

³⁶ REP covered six trade sectors: (i) farm-based; (ii) agroprocessing; (iii) agroindustrial; (iv) traditional craft; (v) welding and fabrication; and (vi) services.

³⁷ Although agriculture-related sectors (e.g. on or off-farm) would offer more opportunities in more rural areas, there were also other challenges e.g. BACs' logistical capacity constraint to cover areas far from district capitals.

as RTFs/TSCs (including support for infrastructure, vehicles and equipment) nationwide was fully aligned with government policy to promote MSEs with decentralized district-based service delivery. However, the issue of sustainability remains (see also section III.D.2).

50. PEAJ Cameroon intended to establish and strengthen the support systems for incubation programmes for youth, through public and private institutions - including adapting training materials for agropastoral entrepreneurs, curriculum development and accrediting incubating structures in collaboration with ILO. The project aimed to set up a framework for a network of incubation structures and have them accredited in collaboration with the ministry responsible for MSMEs.³⁸ This approach is relevant to enhancing sustainability and promoting scaling up.
51. **Partnerships with organizations which could provide the required knowledge, skills and experience helped fill implementation capacity gaps.** All projects partnered with numerous institutions that are also the direct stakeholders in MSE development (e.g. non-financial service providers, financial institutions), but a couple of cases stand out as examples of bringing in competent external institutions to provide technical assistance: ILO and PROCASUR³⁹ in PEAJ Cameroon, and Helvetas in RERP Nepal. The mobilization of technical assistance from these organizations was proposed at the design stage, in light of an assessment of their experience in the relevant fields in the respective countries (i.e. entrepreneurship and enterprise development with ILO in Cameroon;⁴⁰ technical and vocational education and training with Helvetas in Nepal). In both cases, a memorandum of understanding or contract was drawn up in the initial stage of the implementation to facilitate collaboration over a period (rather than one-off and short-term engagement) although there were some delays. Partnerships with these institutions contributed to filling institutional capacity gaps in the lead agencies and the project management teams, as well as increasing the opportunities to influence the institutional frameworks and support systems with policy-related inputs.

A.2. Non-financial services

52. The projects mainly provided: (i) technical and business skills development training, and advisory support to rural micro entrepreneurs; (ii) the development or introduction of new/improved technologies (on-farm, agriculture-related off-farm, and non-agricultural sectors); and (iii) vocational and technical training and apprenticeships although not necessarily for enterprise development (see also section II.B and annex VI). Projects differed in that some types of interventions, or combinations of interventions, were used more than others. The main findings relating to the relevance of these approaches are discussed in the subsequent paragraphs.
53. **Project support for business-related skills development and advisory services was not always adequate or sufficient for start-up enterprises to go beyond survival nor for existing ones to grow.** The projects largely relied on group-based training with a mix of follow-up mentoring, coaching or advisory support, often linked to input provision or obtaining access to grants, matching grants or loans. PEAJ's approach (Cameroon) was suitable to support start-ups, with sequenced and focused incubation support over time for cohorts of screened youth with similar levels of capabilities and facilitating the processes from enterprise idea through to

³⁸ Ministry of Small and Medium-Sized Enterprises, Social Economy and Handicraft or *Ministère de Petites et Moyennes Entreprises, de l'Economie Sociale et de l'Artisanal* (MINPMESSA) in French.

³⁹ PROCASUR was engaged in the context of the regional grant programme (see also paragraph 23).

⁴⁰ PEAJ Cameroon's design document refers to training tools and approaches by ILO for entrepreneurship development that can cover a wide range of potential entrepreneurs (from micro and start-ups to growth-oriented SMEs). It also noted the ILO's analytical work in 2013 proposing the actions required for a better enabling business environment in Cameroon.

fruition.⁴¹ The introduction of business coaches during PEAJ implementation responded to the need for relatively intensive and continuous follow-up support for new entrepreneurs. Business coaches were first introduced in 2017 on a small scale, then increased after the PEAJ mid-term review in light of their positive contribution to the performance of youth entrepreneurs. REP Ghana provided less intensive support to a greater number of more diverse groups of new and existing entrepreneurs.

Box 3

Different approaches for business-related skills development and advisory services

In **PEAJ Cameroon**, the incubation programme, supported by training centres-cum-incubators, involves sequenced support for training and counselling at incubation centres and at home/prospective business sites. When starting the incubation programme, the youths are allocated into groups of 25-30 people with similar levels of skills, experience and education.⁴² While almost all participants were to be start-ups, such grouping allows differentiated support so for example, the project can increase support to youth with less education and experience.⁴³ During this incubation period, the participants receive business and technical training and business ideas are developed into business plans. Throughout the preparation, start-up and initial business stages, business coaches engaged by the project also provide periodic advisory and follow-up services. In the early stages of enterprise development, business coaches visit the youth entrepreneurs on a weekly basis, and later, once or twice a month. At present, a total number of 62 business coaches and 11 head coaches are employed by PEAJ.

In **REP Ghana**, BACs provide counselling and training to entrepreneurs (their clients). Training has largely been group-based, both for management and income-generating activities. These groups would include enterprises at different stages of growth and experience, which makes it challenging to tailor responses to different needs, although BACs explained to the PCE team that the trainers would also give attention to unique needs. The duration of training varies: around 3-5 days for management-related topics, and 5-10 days for technical training, and conducted at one time (rather than spread over a period). Training is to be followed up with a minimum of two sessions of coaching per year (PCE interview).

PACE Bangladesh had limited support for business-related skills development or advisory services, while it had a much stronger focus on improving on-farm/off-farm production-related technologies and practices. This was also because the project support for financial services (component 1 of the ME loan programme) was stand-alone, with minimal linkage with other components or non-financial services.

Source: PCE team based on project documents and interviews.

54. **Support for marketing and market linkages was relatively limited.** Projects offered support for market facilitation and improved marketing (e.g. trade fairs, branding, advertising),⁴⁴ but in general, these areas received less attention than production aspects.⁴⁵ A range of factors are likely to have contributed to this, such

⁴¹ PEAJ Cameroon used the International Labour Organization's 'Start your own business' manual to support youth, in which an initial activity is for participants to self-assess their entrepreneurial abilities, such as goal orientation, making decisions, commitment, motivation and problem-solving.

⁴² There were three categories: (i) out-of-school youth without specific training in agriculture and those with experience in agricultural activities; (ii) young graduates from vocational technical training centres, general education or incubation programmes; and (iii) young entrepreneurs engaged in agropastoral activities and related professions with specific capacity-building needs.

⁴³ 13-14 weeks of group-based training compared to 9-10 weeks for youth who were graduates or had existing businesses and both were followed by individual business coaching.

⁴⁴ For example, PEAJ Cameroon business mentors shared market knowledge and helped youth secure contracts with retail outlets, while REP Ghana organized some participants to attend marketing events such as trade fairs. REP Ghana also supported the development of an e-commerce platform which is expected to enable enterprises to market their products at lower costs, but this was still to be operationalized at the time of the latest REP supervision mission (September 2021). PACE Bangladesh POs supported input supply enterprises and marketing activities in the tourism and honey production sectors. PEAJ Cameroon also supported the development of websites by youth entrepreneurs.

⁴⁵ For example, under its value chain and technology transfer components, PACE Bangladesh provided relevant technical support to existing enterprises (or farmers), but less on other aspects that would be needed for expansion and upgrading

as: (i) participants' existing knowledge, skills, experience, interests and assets; (ii) relatively low barriers to entry; and (iii) implementing organizations' experience in the private sector, enterprise and value chain development.⁴⁶

55. **PEAJ Cameroon and REP Ghana rightly paid attention to the issue of access to land.** This is one of the main constraints for start-ups – the need to secure a place for productive activities (on-farm or off-farm), and also as collateral in some countries. PEAJ Cameroon worked with key stakeholders to obtain land certificates and titles for entrepreneurs.⁴⁷ Similarly, REP Ghana sought to liaise with district assemblies to secure plots in light industrial sites.⁴⁸ However, the land issue is also challenging to address due to contextual factors. For example, in Ghana, the nature of the land tenure system in the country does not give assurance of permanent occupancy, especially for start-up businesses.⁴⁹
56. **New or improved technologies were more relevant when their suitability relative to enterprises' needs, capacity and resources were carefully assessed.** In PACE Bangladesh, POs identified and introduced new or improved technologies, commodities or practices which were mostly relevant to improving production and productivity, principally in agricultural sectors (on- and off-farm) but also in non-agricultural sectors (e.g. improved equipment for shoe-making). At the same time, in some cases in PACE, there could have been a more careful assessment of the feasibility and the appropriateness of technologies/techniques (e.g. the ease of use, affordability, maintenance, return on investments).⁵⁰ In REP Ghana, while there were some useful technologies (e.g. processing machines), overall the institutional arrangements were not optimal to facilitate the introduction of new or innovative technologies that would respond to the needs of rural microenterprises. Concerns about the RTFs' capacity, performance and sustainability were raised in the IOE's evaluation on the previous phase of REP⁵¹ and repeated in the supervision missions and mid-term review (MTR).⁵² The PCE mission in Ghana noted that the situation had not changed much, and there were also missed opportunities to develop and introduce technologies (e.g. processing machines, equipment) that would be especially relevant to improving the performance of some enterprises.
57. **In general, inadequate attention was paid to gauging entrepreneurial aptitude to screen and identify participants.** REP Ghana relied on the payment of BAC registration fees⁵³, self-selection and participation in training (with partial contribution in some cases)⁵⁴ as a signal of an entrepreneur's commitment and

(e.g. management, marketing). The PCE Bangladesh mission found that those participating in component 2 and 3 could not recall having received business management training from POs.

⁴⁶ PACE POs recruited staff skilled in production e.g. agronomists, but have not yet recruited enough staff skilled in marketing, sales and business development to support MSEs. (PACE Mid-Term Review, 2018).

⁴⁷ PEAJ pursued the strategy of supporting young people to be organized into networks/groups to advocate for the issue, in addition to direct sensitization of land owners and youth's parents and relatives. Furthermore, specific studies were carried out with support from the International Land Coalition. Lastly, PEAJ Cameroon also supported activities for which access to land is not a major constraint, such as livestock.

⁴⁸ REP 2016 Annual Report: In 2015, 14 graduates from the Goaso RTF were supported with start-up kits. According to the RTF manager, of these, 7 have set up their own workshops and are fabricating and repairing agroprocessing equipment and other metal products in their communities. Those yet to set up have faced the problem of land acquisition and efforts are made by the assembly to settle them at their light industrial site.

⁴⁹ According to the IFAD Ghana country team, IFAD is starting to pay attention to the land tenure issues through supporting policy engagement in the country.

⁵⁰ For instance, black pepper spice required a high, upfront two-year investment and profits were unlikely to be generated until the third or fourth year of production. Profits were also dependent on farmers' processing knowledge and skills. The initial inputs, such as fertiliser, for Barhi dates cultivation were high, while the payback period was long.

⁵¹ The interim evaluation of the Rural Enterprise Project Phase II (2011) noted the concerns on mixed performance and sustainability of RTFs and recommended the restructuring of the model.

⁵² The REP MTR (2015) noted as follows: "While there has been some new product development and improvements to existing (enterprises) through the operations of RTFs, overall the degree of innovation, technology promotion and transfer is relatively low, compared to the level of investment in RTFs. The majority of them had little to show except for the fabrication of gas stoves, corn/cassava millers or graters, gari processing machines and palm-nut expellers".

⁵³ The fee is GHS50 (US\$10) for registration and GHS30 as an annual payment.

⁵⁴ The level and form of contribution ranges from in-kind contribution of up to 20 per cent for basic training and up to 30 per cent for more advanced training (PCE mission interviews).

business orientation. But, in practice, BACs generally facilitated access to services for almost anyone who was interested.⁵⁵ PEAJ Cameroon, in contrast, screened potential participants using a sequenced approach, starting with information dissemination and support during the exploration of business ideas by interested youths. The assessment of entrepreneurial potential during this period was introduced during the implementation.

58. The projects also did not sufficiently reflect on the possible tension between being pro-poor and inclusive (in supporting enterprises owned/managed by the poor) and the pressure to be efficient (i.e. directing project resources to those participants with greater entrepreneurship potential). Research shows that levels of education, networks, risk appetite, commitment and access to capital are amongst positive factors influencing entrepreneurship (Amin 2022), but many rural poor may have less of these attributes, and greater efforts and support would be needed to nurture entrepreneurial aptitude and make the project support inclusive. This is an issue which is not clearly considered in formulating project strategies. Moreover, it appears that prospective participants who already had enterprises were automatically considered entrepreneurial, but this assumption overlooks research that finds many people often start microenterprises out of necessity and for subsistence and fewer seek to grow and expand enterprises. To what extent the entrepreneurship development potential and growth aspiration should be taken into consideration concerns the question of whether the focus is to support pre-entrepreneurial activities and microenterprises mainly for self-employment, income diversification and risk mitigation, and/or to support those enterprises with growth potential to be job creators (see also paragraphs 44-45, 47). The latter type of enterprises can also mean the need for greater investment and more risk, which the rural poor may not be willing or cannot afford to take.
59. **The technical and vocational training in non-agriculture off-farm enterprises was most relevant to improving the employability of participants**, which included apprentices and existing employees. The focus of RERP Nepal was on job placement (and not enterprise creation).⁵⁶ On the other hand, the main expectation of REP Ghana was that apprentices⁵⁷ would set up their own businesses or workshops after the apprenticeship period. REP also trains master craft persons⁵⁸ to upgrade their technical skills and their capacity to support apprenticeship.⁵⁹ PACE Bangladesh provides training to existing wage employees in non-agriculture sectors (e.g. shoe-making, automobile workshops) with the primary purpose of improving their skills (e.g. having a better ability to operate certain types of machines) or productivity (e.g. where workers are paid by piece) and in turn their wages. This area of intervention was particularly relevant when the training is closely linked to existing jobs (PACE Bangladesh) or clear job opportunities (RERP Nepal support based on the labour market analysis; see also box 4). In REP's case, there was an overoptimistic expectation about the capacity, motivation and resources of apprentices to start businesses: in reality, start-up kits were often not sufficient to set up a business or workshop, due to their standard nature not matching individual needs, circumstances or other constraints (e.g. lacking a fixed location).

⁵⁵ REP's geographic targeting was broadly focused on the rural districts and it was assumed that people in rural districts wanting to access REP services could be considered as "entrepreneurial poor" to set up or operate rural enterprises. In reality, there are also urban and peri-urban areas in rural districts, around district capitals and other towns.

⁵⁶ In RERP Nepal, the trades covered included: automobile, construction, electrical/electronics, health, mechanical, textiles, garments, tourism and hospitality. REP Ghana was mostly supporting engineering-type trades, metal works, etc.

⁵⁷ REP Ghana supported: (i) technical apprentices - literate youth enrolling at a RTF/TSC for training usually for three years; and (ii) traditional apprentices – who are trained under master crafts persons (see below).

⁵⁸ Master crafts persons are artisans in any of the common trades such as welding and fabrication, auto mechanics, tailoring and dressmaking, hairdressing, carpentry, masonry, and electronic equipment repairs, who have opened shops where they practice their trade. They may be providing training to apprentices who are generally youth learning a chosen trade under the supervision of a master crafts person usually for a period of between two to three years.

⁵⁹ The training of master crafts person was to include: (i) general knowledge and skills relevant to the trade; (ii) product-based skills upgrading training; (iii) business skills; and (iv) improving technical training methodology.

RERP Nepal's approach for vocational and technical training and apprenticeship support for decent jobs

After the restructuring, RERP Nepal focuses on decent jobs through vocational and technical training and apprenticeship rather than enterprise development or strengthening. There are several features in RERP which enhance the relevance of this intervention to promote decent job creation:

- Programming is guided by labour market analyses.
- This subcomponent is managed by a competent partner well-experienced in the technical and vocational education and training sector in Nepal (Helvetas).
- Organizations providing training are given performance-based contracts, with the main performance indicator being the level of job placement of trainees.
- Apprenticeship is pursued in collaboration with the private sector and industry.
- The project monitors achievement in job placement as well as wage levels.

Source: RERP Nepal supervision mission reports; interviews with IFAD consultant.

A.3. Access to finance

60. Projects allocated funds for credits/refinancing which were: (i) earmarked for lending to targeted enterprises (those receiving non-financial services under the projects) through financial institutions (PEAJ Cameroon and REP Ghana); or (ii) added to an existing larger lending programme for microenterprises (PACE Bangladesh; see also box 2). PEAJ Cameroon and REP Ghana also provide grants to facilitate access mainly to start-up/investment funds through financial institutions but in different ways (see below). This subsection also refers to one-off grant support aimed at providing equipment or machinery (PACE Bangladesh, in some cases, on a cost-sharing basis), although it is not linked to financial services but rather replaces the need for investment funds. See also section II.B.
61. **Interventions to increase access to finance responded to entrepreneurs' needs, but did not always adequately consider financial institutions' own incentives, capacity and broader constraints.** PEAJ Cameroon and REP Ghana included a financing facility intended for entrepreneurs, many without a credit history (especially youth start-ups in Cameroon), who also receive non-financial services support from the projects. On the demand side, PEAJ and REP adjusted their approach (e.g. the introduction of business coaches in PEAJ Cameroon; better coordination between BACs and financial institutions in REP Ghana) during implementation to better support the development of quality business plans to increase the likelihood of successful loan applications. PEAJ's sequenced approach was appropriate to introduce new and inexperienced youth clients and help build track records in financial management and repayment discipline (see box 5). The training and follow-up support in financial education was introduced in PEAJ Cameroon to enhance financial discipline and financial inclusion for its youth participants. These interventions reflect the important need for intensive support over time to facilitate access to finance and its continuation for start-ups. Also, the risk-sharing mechanism introduced during PEAJ's implementation was relevant to bring financial institutions on board.⁶⁰

⁶⁰ This was introduced in 2020. The financial institutions can subscribe to the risk-sharing arrangements to have 50 per cent of the unpaid loans guaranteed, by paying the fees of 2.5 per cent of the guaranteed portfolio.

Sequenced approach in facilitating access to credit for young entrepreneurs in PEAJ Cameroon

PEAJ Cameroon paid attention to the process of new youth entrepreneurs gaining experience in financial transactions and management. At the end of the incubation process, when business plans are approved by PEAJ and partner financial institutions, a client will open a bank account and is expected to mobilize and deposit their own contribution (10 per cent of the business plan budget – though sometimes in-kind contribution was also considered). After this, PEAJ disburses 40 per cent of the business plan budget (termed a “start-up credit”) to the bank account so that clients could initiate their business. As some revenues are generated from the business, the client will reimburse the start-up credit to their own bank account (in reality similar to a matching grant) – and only then will a loan (termed as “productive credit”) be disbursed. The initial steps are seen as important for the client to demonstrate their financial management capacity before accessing real credit. However, partial financing of the business plan budget at the initial stage may not be suitable in some cases, e.g. businesses which require higher upfront investments, such as agroprocessing, storage, and transport facilities. Hence, there may be a need to explore options to cater for different financing needs, while managing financing start-ups risks.

Source: PCE team based on project documents and interviews.

62. REP Ghana mainly relied on rural and community banks to operate the Rural Enterprise Credit Facility, but it fell short of considering the issue of low capitalization and liquidity that these banks face, which constrains them from adding their own funds (20 per cent) to credit funds or providing repeater loans.⁶¹ In some cases, these banks are also not particularly interested in the project funds or lending to the MSEs, in part also due to their past negative experience with project or government-sponsored loan schemes. The proposal to diversify the types of financial institutions (e.g. considering commercial banks, savings and loans companies), as discussed in the supervision missions, was also not feasible due to different geographical coverage or preference for different clientele. In the financial sector in Ghana, in general, there are also issues of government securities (low risk, high returns) crowding out credit to the private sector by financial institutions. Furthermore, without alternative arrangements for the traditional collateral required by banks, neither good quality business plans nor training can in practice unlock access to finance for many clients.
63. The value addition of the PACE Bangladesh microenterprise loan component was not evident: PACE planned to inject additional credit funds into a larger existing ME loan programme called “Agrosor” (see also box 2 and figure in annex VII showing the growth of the programme), but the liquidity of POs has not been a critical issue (box 6). Most borrowers were expected to have already been POs’ members/clients, which also reflects the importance of relationship building and credit histories (in place of hard collateral) in the NGO-MFIs lending modality in Bangladesh (see also box 2). Also, the component was not linked to other non-financial support (see also paragraphs 77, 86). The PACE design recognized the opportunity to develop new financial products, but the activity in this regard remained small and a pilot status, without a critical assessment of the implementation experience (see also paragraph 87). Apart from small pilot activities, the continuation of the ME loan programme as it has been operated for mostly existing clients without linkage with non-financial services meant that there have been little deliberate efforts and adjustments to support new microenterprises or enterprise upgrading/growth.⁶²

⁶¹ In relation to this issue, the project performance evaluation on the Root and Tuber Improvement and Marketing Programme (implemented from 2006-2014) by IOE (IFAD 2018) found that low disbursement of the Micro Enterprise Fund was due to, amongst other reasons, the insufficient liquidity of partner financial institutions (mostly rural and community banks) to provide contribution funds for a term loan (i.e. longer than one year) and many clients’ difficulties in meeting the bank criteria.

⁶² IOE evaluation on FEDEC (2016) found that the project funds for the ME loan programme were mostly consumed in working capital rather than expanding production capacity. According to the phone survey conducted by the PCE team, even the piloted start-up capital loans were apparently used mostly as working capital.

Box 6

PACE Bangladesh adding credit funds to the existing microenterprise loan programme

Under component 1, PACE credit funds were added to the pool of funding for the existing ME loan programme operated by PKSf (which provided wholesale funding) and its POs (NGOs-MFIs) (see also box 2). This window for ME loans was introduced in the early 2000s. At the start of PACE (2014), the number of borrowers under the PKSf/PO-operated ME loan programme was 590,000, which increased to 1.586 million in June 2020. The amount of ME programme loans outstanding as of June 2014 was approximately US\$119 million for the wholesale lending from PKSf to POs and US\$357 million for retail lending from POs to clients. These figures increased to US\$182 million and US\$1.56 billion, respectively, as of June 2020. This shows that the POs' lending under the ME loan programme increased substantially regardless of the funding from PKSf. Available data show that the major sources of funds for NGO-MFIs have changed significantly over the years: now, 60–70 per cent of NGO-MFI credit funds come from cumulative surplus (profits) and clients' savings, while funds from PKSf, other donors, and other sources have decreased, even though these may still be an important source for smaller NGOs-MFIs. This trend of POs' declining reliance on PKSf funding was already seen even before the PACE period: the volume of ME loans disbursed by POs to clients increased by 240 per cent between 2009/10 and 2013/14, whereas that disbursed from PKSf to POs increased by 65 per cent in the same period. See also figure in annex VII showing the growth of the ME loan programme over time.

Source: PKSf annual reports; Microcredit Regulatory Authority.

64. **Rationale and criteria for providing grants to new or existing enterprises were not always clear.** In REP Ghana, the rationale and the eligibility criteria for the matching grant facility were not consistent (see box 7). In contrast, PEAJ Cameroon has straightforward eligibility criteria for providing partial grants for business plans to facilitate access to credit – the incubated youth enterprises who successfully reimbursed their start-up credit (see box 5 above).

Box 7

Rationale for REP Ghana matching grant facility - design intention and operationalization

According to the REP design, a matching grant was intended for women's groups and youth who would be first-time borrowers and it was to accompany a loan from the financial institution. The ratio planned was to be a 10 per cent contribution by the borrower, a 30 per cent matching grant, and a 60 per cent loan from a partnering financial institution. This was meant to reduce the high cost of funds for the borrowers, to reduce the risks borne by financial institutions as well as to foster relationships between financial institutions and clients which could be continued on commercial terms in the future. However, the eligibility criteria in the available operational manual on the matching grant fund were left too general and untargeted (i.e. being clients of a BAC/RTF in a REP district, ability to provide own contribution, being creditworthy, and operating diverse types of microenterprise). Furthermore, during the implementation (around 2019-2020), due to a low uptake (and later also due to COVID-19), the grant portion was increased from 30 to 60 per cent and grant applicants were no longer expected to get a loan. This meant that the matching grant facility was no longer relevant as a tool to help the clients build relationships with financial institutions and demonstrate creditworthiness.

Source: REP design document; operational manual on matching grant facility (2019); supervision mission reports.

65. There were cases where PACE Bangladesh provided grant support under its value chain component to better-off enterprises, for example, giving them free or subsidized equipment. While the intention to generate benefits for the poor (e.g. workers in off-farm enterprises or small/marginal farmers) worked well in some cases (e.g. a shoe-making enterprise getting cost-sharing support for improved equipment which led to improved productivity and increased employment, see

paragraphs 77, 93), in other examples the approach lacked any analysis of business interest, commercial feasibility and sustainability issues (e.g. bean drying).⁶³

B. Effectiveness: enterprise creation and development, non-financial and financial services

66. This section first presents the project achievements in establishing or strengthening types of rural enterprises, project outreach (including women and youth), as well as the factors influencing the results and enterprise performance. This is followed by the assessment of the effectiveness of project support for non-financial services and access to finance.

B.1 Creating and growing rural enterprises

67. There is generally a lack of accurate – and longitudinal - data on the types, status and performance of enterprises, enterprise survival and growth, including what entrepreneurs do if enterprises do not survive (e.g. seek wage employment, or start another enterprise).⁶⁴ REP Ghana was the only project that put in place efforts to categorize and record the stage of enterprise development (in four categories, start-up, survival, normal growth and rapid growth) from the beginning as intended in its design. PEAJ Cameroon recently developed a “business performance monitoring barometer” to regularly monitor the performance of enterprises and to analyze data to help guide the support activities. The discussion on enterprise creation and growth is informed by the available data, complemented by the PCE missions and interviews.
68. An overview of results in terms of sizes/types of enterprises and entrepreneurial activities supported in the three focus projects is provided in the tables below. In light of the definition of microenterprises in different countries, the project participants were mostly concentrated at the smaller end of microenterprises mainly for self-employment or the employment of family members, or what IFAD terms “pre-entrepreneurial activities” (see box 1). Box 8 below provides an overview of the profiles of participants supported in the projects.

Table 5
Size/types of enterprises and participants reached

	<i>PEAJ Cameroon</i>	<i>REP Ghana</i>	<i>PACE Bangladesh</i>
New microenterprises (in particular, youth)	✓✓✓ (youth)	✓✓	✓
Existing microenterprises (off-farm)	✓	✓	✓✓ (component 1, 2)
Existing small enterprises (off-farm)	✓	✓	✓ (component 2)
Farmers/producers, on-farm enterprises*	✓✓✓ (overlap with start-up category)	✓✓	✓✓✓ (component 1, 2, 3)

Source: PCE elaboration based on the review of project data; PCE field visits.

* In PEAJ Cameroon, youths engaged in on-farm production with business plans are considered agropastoral entrepreneurs (or enterprises), whereas in PACE Bangladesh’s component 2 and 3, those engaged in on-farm activities were categorized as marginal or small farmers.

⁶³ For example, in the bean sector a processing/drying machine (costing approximately US\$875) was given to a local businessperson because he was prominent in the village and would have sufficient funds to buy beans directly from farmers and not because he was interested in investing in developing this business. The PO continues to fix and maintain the machine, which he uses to process more beans produced by him (6,000-7,000 kg) than those bought from other farmers (total 2,500 kg). He has no specific business plan for the future, which raises questions about the sustainability of benefits to farmers growing beans. (PCE mission in Bangladesh).

⁶⁴ This section does not cover RERP Nepal, but this was the only project that planned to track job placement, including the wage/earning level, over the long term. After restructuring, RERP Nepal has mainly focused on creating decent jobs through Technical and Vocational Education and Training (TVET) and apprenticeship, mostly for the youth.

Table 6
Sectors/trades of enterprises and entrepreneurial activities supported (with non-financial services)

	<i>PEAJ Cameroon</i>	<i>REP Ghana</i>	<i>PACE Bangladesh (component 2 & 3)*</i>
Agriculture: on-farm production	✓✓✓ (about 80%)	✓	✓✓✓
Agriculture: off-farm	✓ (processing, packaging)	✓✓ (e.g. gari/cassava processing, input supplies)	✓✓ (e.g. input suppliers, processing, services)
Non-agriculture: production, manufacturing, artisans – local or outside markets	-	✓✓✓ (e.g. shoe-making, welding, crafts, soap, bead-making, Kente weaving)	✓✓ (e.g. shoe-making, garments, jewellery)
Non-agriculture, services and trade mainly for local markets	✓ (e.g. restaurants)	✓✓✓ (e.g. beauty care, hairdressing, catering, auto mechanic, trading)	✓ (e.g. automobile workshop)
Others	Business advisory service providers (business coaches)	Business advisory service providers, master crafts persons	Tourism-related businesses, transport service

Source: PCE elaboration based on the review of project data.

* The main target group in the agricultural value chains in component 2 and component 3 were marginal and small-scale farmers, with the possibility of generating on-farm wage employment.

Overview of participants' profiles and social inclusion

In PEAJ Cameroon, most of the youth entrepreneurs were new to business and the project data indicates that 80 per cent of them worked in on-farm enterprises. About 40 per cent are women. Among PEAJ participants, 30 per cent were in the most vulnerable category (with the lowest education and experience levels), whereas 60 per cent were in mid-category (young graduates from vocational technical training centres, general education or incubation programmes).

Both REP Ghana and PACE Bangladesh covered diverse sectors, including agriculture and non-agriculture. REP Ghana maintained data on the number of new businesses (MSEs) created (63,134 as of June 2021) and the number of existing businesses strengthened (23,452 as of June 2021), but it did not differentiate between micro and small enterprises.⁶⁵ REP reported that 45 per cent of enterprises created (28,671 out of 63,134) were run by youth, slightly more than the target, and an increase from 26 per cent in 2018.⁶⁶ Data from different sources, such as the matching grant recipient survey, PCE field visits and the REP outcome and impact survey, indicate that some enterprises that would be categorized as small enterprises probably benefited to a limited extent, even though they are not "entrepreneurial poor". Similarly, REP beneficiaries often included the non-poor and clients located in peri-urban areas,⁶⁷ for example, including those with already thriving businesses or fully employed.⁶⁸ The degree to which their inclusion was intended to be a mechanism to create indirect benefits for the poor and vulnerable was mostly unclear (see also paragraphs 44-45, 47).

In PACE Bangladesh, well-established microenterprises and possibly small enterprises were mostly supported as part of the value chain development interventions, including giving technical support to their employees. Agricultural value chain subprojects also reached small-scale and marginal farmers (who are not necessarily termed microentrepreneurs). In PACE, component 1 provided additional funds to the PKSF/POs' ME loan programme. The distribution across different business categories of the borrowers was reported as follows: (i) 35 per cent agro-farming; (ii) 36 per cent trading; (iii) 15 per cent processing; and (iv) 15 per cent service (PACE mid-term impact assessment). In PACE, these ME loan borrowers were considered as non-poor.

In all projects, women's participation was high. Among the businesses created, the proportion of women entrepreneurs was: 41 per cent in PEAJ Cameroon (start-ups) and 65 per cent in REP Ghana. In PACE Bangladesh, there is no data on the number of enterprises established (or strengthened). PACE reported that 78 per cent of the ME loan borrowers were women – but it is the norm in Bangladesh that women are the predominant clientele in microfinance. Evidence suggests that most women accessing ME loans also handed over the money to men in the family who owned and ran the businesses.⁶⁹ This is not uncommon in Bangladesh as there are some distinctive challenges to female business ownership acceptance in rural Bangladesh (Chowdbury 2009).⁷⁰ Men are often in charge of financial decisions, and when women borrow money, it is often their husbands who control it (Jahan 2021). (See annex VIII for PCE assessment on gender equality and women's empowerment).

Source: Project data, PCE field visits.

69. Projects did not adequately monitor enterprise survival and growth. REP Ghana supported nearly double the number of new enterprises compared to its target

⁶⁵ In Ghana, a small enterprise as defined as having 6-30 employees, turnover of US\$25,000-1 million and assets of US\$25,000-1 million.

⁶⁶ PACE Supervision Report, June 2018.

⁶⁷ The 2019 outcomes and impact survey on REP stated: "field level evidence indicates that, in terms of geographic coverage, the beneficiaries of REP were largely located in district/municipal capitals and the peripheral communities neglecting remote communities where the poorest entrepreneurs might be".

⁶⁸ Observations from the PCE Ghana field interviews: the team met participants who had existing profitable enterprises or full-time jobs (such as teachers, civil servants). The 2019 outcomes and impact survey found that the average income of REP beneficiaries prior to the project in 2012 was much higher than that of non-beneficiaries (GHS17,111 compared to GHS6,025). The survey noted that there was the possibility of entrepreneurs who were relatively 'not poor' being included in the project.

⁶⁹ PCE interviews in Bangladesh 2021; PACE mid-term review 2018.

⁷⁰ PCE interviews in Bangladesh in 2021.

(over 63,000 as of June 2021 against the target of 37,000), while supporting only a third of the targeted number of existing enterprises (23,452 against the target of 70,000). REP Ghana made efforts to collect data on the survival rates of new enterprises or the growth of supported enterprises (see paragraph 67), but they were not comprehensive.⁷¹ In line with the IFAD guidelines on core indicators, both projects have an indicator, “enterprise in operation after 3 years”. PEAJ does not report on this, possibly because most of the new enterprises were established relatively recently. REP reports 50,604 as the number of MSEs “in operation after 3 years”, but it is not clear whether they are new or existing enterprises that REP supported.⁷² While it was reported that 78 per cent of the REP participants have expanded their business by introducing new products or services (REP outcome and impact survey 2019)⁷³, BACs in Ghana estimated approximately half of the new enterprises created dropped out between the start-up and survival phases.

Table 7

Summary of enterprise growth paths for new enterprises (PEAJ Cameroon and REP Ghana)

	<i>Supported</i>	<i>Start-up</i>	<i>Survival / remain operational</i>	<i>Normal / rapid growth</i>
REP Ghana	78 162 ^a (Target 250 000)	63 134 (Target 37 000)	Roughly estimated at 50%	2 995 (Target 20 000)
PEAJ Cameroon	3 813 incubated (Target 3 700)	2 535 accessed start-up “credit” (Target 3 700)	737 accessed production ^b [subsequent] credit	

Source: PCE elaboration based on the project data.

^a The indicator is “number of persons receiving services”. The reliability of this figure (78,162) is uncertain: other data suggest the number may be higher and REP reportedly do not count drop-outs so it could be that services have been provided to around 120,000 and include existing enterprises.

^b It was explained that some were still in the process of reimbursing the start-up credit and not reached the production credit stage (i.e. not having accessed production credit does not mean that they dropped out).

70. The PEAJ Cameroon impact study (2021) found participants had approximately 25 per cent higher production volume and sales than non-participants and were also more likely to invest in their enterprises than non-participants. These factors may be positive signals for potential growth compared to non-participants. The outcome and impact survey on REP Ghana (2019) reported that 78 per cent also expanded their business by introducing a new product or service.
71. Factors affecting the creation of new enterprises, their survival and growth included: (i) the selection and screening process, balancing attention to inclusiveness and entrepreneurship potential; (ii) sequencing and intensity of advisory and follow-up support (also affected by the capacity of supporting organizations), synergy with financial services and support to address other constraints (e.g. land, access to inputs); (iii) types/sectors of enterprises vis-à-vis specific contexts (e.g. markets, growth potential); and (iv) low education/literacy among some participants. Many of these were reflected upon in PEAJ Cameroon, for example, in designing the initial facilitation process prior to the identification of youth participants in the incubation programme, with sequenced and intensive support also differentiated according to the educational background and experience of the participants. REP Ghana took on almost anyone based on their demand, and because of its broad scope (geographical and sectoral), high outreach as well as resource constraints of BACs, it was challenging to provide the intensive and continuous support needed for new and inexperienced entrepreneurs.

⁷¹ REP Ghana expects more and better quality data to be collected through tracer studies being launched in 2022.

⁷² REP does not record how many of these businesses are new businesses nor at what stage of growth these enterprises are.

⁷³ The sample of REP participants was relatively small (200) and the sampling frame used is not clear. Although the sampling methodology refers to grouping sampled participants according to different level of support received, the results and analyses are not presented accordingly.

72. **Introducing new technologies and practices for productive activities was effective in improving the performance of existing on- and off-farm enterprises.** This was particularly noted in PACE Bangladesh under its value chain development and technology transfer components. In about 60 per cent of the value chain subproject assessment reports supported in PACE, the participants increased their investment either by obtaining machinery or higher worker numbers in the non-agricultural sector, or by increasing livestock or cultivation areas in the agricultural sector.⁷⁴ The enterprises that were unable to implement the new practices due to a lack of affordability and lack of access to finance did not grow (see paragraph 63, 77; annex VII), while some others who received grant support (e.g. equipment), despite a lack of interest and motivation in growing their businesses, were unwilling to invest further on their own (see paragraphs 65, 109; footnote 64).
73. **External factors, such as the COVID-19 pandemic and livestock disease, affected enterprise performance.** Commonly, many enterprises have been negatively affected by the COVID-19 pandemic, facing direct health issues as well as lockdowns and depressed economic activities. For example, in Bangladesh the pandemic adversely affected the domestic vegetable value chain as well as export-oriented crab value chains.⁷⁵ But conversely, the pandemic boosted the local tourism sector in Chittagong in Bangladesh and diverse economic activities around ecotourism supported by PACE,⁷⁶ while depressing international tourism. In Cameroon, youth enterprises in the livestock sector were negatively affected by the prevalence of the African swine flu, as well as the lack of availability of day-old chicks. Some youth with good relationships with the financial institutions obtained loan extensions enabling them to pivot their activities, but others have not survived or are struggling to find the capital to restart their business operations.⁷⁷
74. **Projects had mixed success in formalizing enterprises.** Formalization can take different forms, with different authorities (at the local or national level), depending on the nature/sector of business. Among the projects reviewed, PEAJ Cameroon and REP Ghana made efforts to promote enterprise formalization. In PEAJ Cameroon, nearly 60 per cent of the enterprises supported have been formalized⁷⁸ despite youth reports that it is complicated and time-consuming.⁷⁹ In REP Ghana, the rate of formalization⁸⁰ for new enterprises was lower at 28 per cent (17,471 out of 63,164).⁸¹ While BACs informed entrepreneurs about the benefits of formalization, uptake remained low due to entrepreneurs' lack of aspiration and ambition to grow their business (i.e. being satisfied with what they already have); the cost of formalization (despite subsidized support provided); and/or fear of taxation.⁸² Interviews in the field indicated that, even though enterprise formalization can facilitate access to markets and finance, the pros and cons differ depending on the nature, type and size of businesses and entrepreneurs' aspirations. When enterprises are formalized, there are better chances that permanent employees are placed on

⁷⁴ Based on the PCE team's analysis of available value chain subprojects reports (30 reports).

⁷⁵ In addition, excessive rainfall in Bangladesh reducing the salinity in coastal areas has also negatively affected crab and carp-prawn value-chains.

⁷⁶ Such as those operating home stay for tourists, restaurants, photography, boat operators, tour guides.

⁷⁷ PCE Cameroon field interviews.

⁷⁸ According to the project data, predominantly in the category of "crafts/artisans" (close to 68 per cent recorded as formalized), followed by "single member public limited company" (20 per cent). The former is a category of enterprises that are registered at a local council. The PCE mission did not meet any that would belong to the latter.

⁷⁹ PCE Cameroon field interviews.

⁸⁰ Formalization involves formal registration with the Registrar General's Department and other statutory bodies such as the Ghana Standards Authority and Food and Drugs Authority.

⁸¹ As a comparison, a survey by the Ghana Statistical Service (2015) found that 10 per cent of enterprises were formal. The survey defined formalization as being registered with the Registrar-General and having formal accounts.

⁸² PCE Ghana field interviews; REP outcome and impact survey (2019). The latter survey found that registered enterprises had higher incomes than unregistered businesses, but it may be that better-established enterprises are more likely to be formalized.

the statutory pension plan and contributions made on their behalf, as noted in the REP Ghana field mission.

B.2. Non-financial services

75. Business and technical skills training was the most common form of non-financial services, resulting in high outreach. Such support was generally aimed at developing entrepreneurs' technical skills and knowledge to improve production and productivity (on or off-farm) or to provide better services; and/or business planning and management; or, less frequently, to build the technical skills of employees. Key outreach data in relation to these interventions are reported in the table below.⁸³ PEAJ Cameroon's outreach through incubation support was much lower compared to REP Ghana and PACE Bangladesh,⁸⁴ but the level of support per participant was higher with comprehensive, intensive and continuous support, including coaching and periodical follow-ups. During implementation, projects (PEAJ Cameroon and REP Ghana) made some adjustments to make the delivery of non-financial services more inclusive to better reach women and ethnic groups (box 9).

Table 8

Key output and outreach in entrepreneurship and technical training reported by projects

	Achievement reported	Target
PEAJ Cameroon		
Youth incubated	3 813 (40% women) ^a	3 700 (30% women)
REP Ghana		
People trained in business/entrepreneurship	84 316 (70% women)	205 050 (50% women)
People trained in income-generating activities	132 300 (74% women)	103 880 (5% women)
People receiving vocational training	34 288 (29% women)	140 330 (67% women)
Master crafts persons trained	14 266 (15% women)	30 320 (50% women)
Apprentices supported	9 921 (27% women) ⁸⁵	51 216 (50% women)
PACE Bangladesh		
People trained in income-generating activities or business management (agricultural value chains)	222 726	200 000
People trained in production practices and/or technologies (agricultural value chains)	175 270	
People trained in income-generating activities or business management (non-agriculture)	261 445	
Rural enterprises accessing business development services (non-agriculture)	311 619	

Source: latest project supervision mission reports, data shared by the project teams.

^a Percentage of women incubated each year increased over time from 33 per cent in 2015/16 to 51 per cent in 2021.

⁸³ It is however not clear whether these figures may have double-counting (e.g. the same people in different training sessions).

⁸⁴ This also takes into consideration the difference in budgets and cost structures. For example, the REP programme cost was much higher (at US\$250 million) than other projects, but US\$70 million in REP Ghana, about 28 per cent of IFAD funds, is allocated for civil works, vehicles and materials.

⁸⁵ 5,903 traditional apprentices, 1,519 technical apprentices and 2,499 graduate apprentices (REP logframe as of June 2021).

Box 9

Measures to enhance the outreach and inclusiveness of non-financial services (REP Ghana and PEAJ Cameroon)

PEAJ Cameroon adjusted its training approach to account for the low literacy of participants and deliver its support using local languages. The project developed image-based toolboxes and used role plays and stories to increase the youth's knowledge and skills. In working with the Mbororos (indigenous community) in the North West region, PEAJ also incorporated measures to respect religious practices by ensuring the availability of worshipping areas. In the relatively conservative Mbororo communities, business has traditionally been led by men while women stay at home. Consequently the facilitating NGO working in the area organized targeted awareness-raising sessions to encourage husbands and wives to view project activities as a family business. Young Mbororos who were already supported by the project were also brought in as role models to explain the advantage of being part of PEAJ and serve as interpreters. This peer-to-peer approach was effective in encouraging the participation of new entrants from the conservative society. The PCE field visit noted how young Mbororo women had become more active and were involved in family decision-making and undertaking economic activities.

REP Ghana found that women's participation in technology training was low (which perhaps reflected the traditional labour profile in engineering-related sectors) and in response established hostels, with separate units for men and women, were located to accommodate apprentices of the TSCs. Despite these efforts, the data on results (table 8 above) still show relatively low figures of participation.

Source: PCE team based on project documents and interviews.

76. **Projects enhanced the productivity of on- and off-farm enterprises through technical skills development and technology promotion.**⁸⁶ The projects reported that a majority of participants adopted new or improved practices.⁸⁷ It is not possible to verify the accuracy of data on adoption rates, but the PCE field visits confirmed that the results from the adoption of new or improved practices and technologies (their identification, dissemination and training) were visible, especially in terms of improved productivity. PACE Bangladesh has numerous examples (in components 2 and 3) and reported 63 new practices were adopted in the agriculture and non-agriculture sectors (see box 10). In REP Ghana, examples were mainly off-farm agroprocessing or other equipment and machines (e.g. gari processing, soap cutting machines, palm oil extraction). In general, the level of uptake was influenced by: observable benefits in a short cycle; affordability; required investment; profile of entrepreneurs; and access to finance.

Box 10

PACE Bangladesh: examples of the improved technologies and practices promoted

PACE reported 63 new practices in both agriculture and non-agriculture sectors contributing to improved productivity and many were directly observed in the PCE field visit. These can be categorized as follows: (i) simple new practices (e.g. rearing goats on perch, which was brought in from Thailand); (ii) new varieties of seeds (mung bean, rice, onion); (iii) new services (water testing services in the carp-prawn and crab sectors); and (iv) new machinery (power looms, machinery for automobile workshops, bean drying machines). Some of the on-farm practices were clearly visible and also easy for indirect beneficiaries (non-participants) to copy.

Source: PACE reports and PCE field visits.

77. There were, however, also missed opportunities which could have improved the contribution of technology to enterprise development. For example, in REP Ghana, RTFs/TSCs could have identified technological innovations that would better respond

⁸⁶ A full assessment of a project's effectiveness is constrained by the ineffective monitoring of individual strategies (to improve business knowledge, skills and practices) and lack of disaggregated data on the characteristics of people who participated in training and/or who benefited from it.

⁸⁷ For example, REP Ghana reported the adoption rate for training by participants was between 57 per cent (pre- and post-harvest sector) and 75 per cent (agroprocessing sector).

to the critical needs of rural MSEs, e.g. for soap-making which is one of the most popular enterprises supported in REP. PACE Bangladesh could have better integrated new or improved technologies into value chain development interventions and turned them into enterprise opportunities for potential input suppliers or service providers: instead, in many cases, the associated inputs and services were provided by POs (acting as a value chain actor rather than a facilitator)⁸⁸, or where local entrepreneurs were engaged, they were engaged more as a service delivery channel rather than a business.⁸⁹ Furthermore, better linkages between financial services and technology promotion could have resulted in a better uptake in PACE: a combination of financial and non-financial services (whether funded by the project or not) was provided in only half of the sectors (in 50 per cent of agricultural/farm value chain subprojects, and 40 per cent of non-farm value chain subprojects).⁹⁰ For example, only 500 of 3,200 weavers trained by PACE to use new machinery have been able to purchase machines and apply their new skills (90 per cent of them accessed loans from the PO to purchase machines). In the shoe-making sector, the enterprises that received cost-sharing support from the PO were able to upgrade their machinery, while those that did not continue to follow their old production processes.⁹¹

78. **Projects increased entrepreneurs' access to loans by helping them develop business plans to support loan applications.** PEAJ's support resulted in 90 per cent of youth in incubation programmes converting their business ideas into business plans.⁹² In REP Ghana, BACs supported the preparation of business plans by those entrepreneurs who completed at least three BAC workshops and were interested in applying for loans, although this was only for a small number of clients. The REP's partner financial institutions reported that the quality of business plans was high and that the repayment rates for these BAC-supported borrowers were higher than for the banks' other clients. REP and its partner financial institutions also monitored participants more closely, which likely also aided good repayment rates.⁹³ However, it is also important to note that the availability of quality business plans was only partially considered by the banks, which also review other aspects of creditworthiness (e.g. risks associated with types of business, collateral).
79. **In general, the adoption of new or improved routine management practices was inconsistent or low.**⁹⁴ In REP Ghana, low adoption may be because: BACs were more focussed on business planning support rather than the regular ongoing support required to influence change in more routine practices; BACs' capacity constraints limited the ongoing support they could provide to clients; and some participants had low levels of literacy impacting their general management skills like record-keeping.⁹⁵ Although PACE Bangladesh had generally limited support for

⁸⁸ The project performance evaluation by IOE on the previous PKSF-implemented project, Finance for Enterprise Development and Employment Creation Project (FEDEC) (IOE 2014) had a similar finding and provided a recommendation as follows: "PACE should have a clear strategy on how to develop the business/non-financial service markets around the selected value chains (...) To ensure sustainable impact, it is essential to develop/strengthen the service providers of the selected value chains instead of the project directly providing those services. PACE, therefore, needs to have a clear strategy to identify the service market gaps in selected value chains and build their capacity through facility activity with a clear exit plan". Thus, this recommendation has not been fully implemented in PACE.

⁸⁹ For example, in PACE, the PO set up local service providers for water-testing services. But these service providers were not linked with the provider of the water testing kits and they faced difficulties in sourcing the kit from input suppliers. The local service providers were told by POs to charge the cost which is not profitable.

⁹⁰ PCE Bangladesh field interviews.

⁹¹ PCE Bangladesh field interviews.

⁹² Compared to 10 per cent in the control group from PEAJ's 2021 impact study.

⁹³ PCE Ghana field interviews.

⁹⁴ For example, PCE Ghana field visits found that few participants applied new management knowledge and skills. Many enterprises the PCE team met in the field received training in record-keeping but are still not keeping records or are doing so inconsistently. This finding is also in line with the 2019 outcome and impact survey which noted that the beneficiaries "are able to adopt the hard/technical skill training more than the managerial skills" and that they "attributed this to their low level of formal education".

⁹⁵ BACs planned to provide a minimum of two follow-up coaching sessions to participants each year but were unable to meet this level of support due to a lack of resources (PCE Ghana field interviews).

management skills, some good examples were noted: a 10-day management training course for honey processors (covering record-keeping, price setting and sales) which led to improved management practices in: inventory management and quality assurance; aligning prices to market rates; and attracting new customers and increasing sales. In another example, 15 per cent of automobile workshops improved their marketing by using advertising boards and mass marketing.⁹⁶

80. **Participants who received non-financial services did not necessarily also access financial services.** Differences across projects were influenced by: (i) the clarity of impact pathways and intervention approaches making links and complementarities between both elements of support (non-financial and financial services); (ii) the projects' geographic and sectoral scope⁹⁷; (iii) implementation arrangements and coordination issues; and (vi) whether participants needed financial support or could access this support elsewhere. PEAJ Cameroon had a focused and sequenced approach, and all participants incubated were provided with opportunities to access credit subject to their performance – although only a minority has been successful so far (see paragraph 83) mainly due to implementation delays and the time it takes to progress through incubation and subsequent processes. In the case of REP Ghana, only a minority of the participants in business training and counselling accessed finance supported by the project, possibly also because not everyone wished to obtain loans. In both PEAJ Cameroon and REP Ghana, synergy was improved during implementation, based on enhanced support for business plan preparation and better coordination with business development service providers and financial institutions.
81. Even though PACE Bangladesh supported both non-financial and financial services, PKSF and POs did not often leverage the opportunity to meet participants' needs for complementary services. Different departments within PKSF and POs did not always communicate well, partly affected by staff arrangements. In line with their core business, financial services staff were permanent and paid through revenue earned from providing services. This contrasted with the temporary staff contracted to deliver project activities, such as the value chain development subprojects, which are not core business and are reliant on external grant funding.⁹⁸ There were cases where the participants in the PACE value chain development component accessed loans under other credit windows rather than under the ME loan programme (e.g. small and marginal farmers), but the PCE interviews also revealed examples of entrepreneurs not being able to adopt improved technologies due to a lack of access to finance (see paragraph 77).

B.3. Access to finance

82. In the context of this evaluation, assessing improved access to finance focuses on identifying the following changes: (i) the previously un/under-banked can access financial services, in particular credit for enterprise activities, and importantly for investment activities; and (ii) the types and quality of available financial services and products become more responsive to the needs of rural entrepreneurs.
83. **The projects' efforts to facilitate rural entrepreneurs' access to loans achieved modest results.** The reasons for this included: (i) common challenges and risks in supporting start-up enterprises; (ii) financing facility designs and approaches did not adequately take into account contextual issues and incentives and the capacity of partners (see also paragraphs 61-62); and (iii) insufficient deliberate efforts to promote improved or innovative products and services

⁹⁶ PCE Bangladesh field interviews.

⁹⁷ PACE Bangladesh and REP Ghana were implemented nationally and included multiple sectors and subsectors, increasing the challenges to building synergies and relevance for the multiple specific subgroups needs, as well as geographic dynamics and characteristics. PEAJ was more focused on a main subgroup, youth, principally start-ups; on- and off-farm agropastoral sectors; and did not have a national scope.

⁹⁸ PCE Bangladesh field interviews.

responsive to the needs of rural entrepreneurs. In PEAJ Cameroon, out of 2,605⁹⁹ youth who received a “start-up credit”, 28 per cent (737 youths, 44 per cent women) obtained the second stage “productive credit” (see also box 5). Over 1,000 loans were disbursed including repeater loans, averaging about US\$1,280 per loan. It is likely that most of those borrowers had no bank account and no credit history prior to PEAJ support. The PEAJ impact study (2021) indicated that PEAJ participants had better access to formal financial services compared to the control group.¹⁰⁰ Nonetheless, the progress was made only in the last three years since the PEAJ’s financing facility did not gain momentum until 2018-2019. Even though pilot activities commenced in 2016 with the first cohort of youth, there were delays in setting up the institutional arrangements (eventually with the Société Générale de Cameroun) (see paragraph 23). Most (90 per cent) of the productive credits issued so far were provided after 2019.¹⁰¹ Furthermore, although the repayment performance of borrowers reportedly improved owing to the introduction of business coaches, the available data and reports indicate performance remains unsatisfactory.¹⁰²

84. In REP Ghana, the matching grant facility was originally intended to provide first-time borrowers with an opportunity to build relationships with financial institutions, but the implementation approach did not reflect this rationale (see also paragraph 64, box 7). As of late 2021, nearly 3,000 participants (50 per cent women) had accessed 1,500 matching grants (some to groups).¹⁰³ The mini phone survey conducted by the PCE team indicated that a high proportion of the grant recipients seemed to be relatively well-established enterprises (see also annex VII for the survey results). REP’s other credit facility (the Rural Enterprise Development Facility) reached 15,160 MSEs, of which 71 per cent were women¹⁰⁴, but less than half of the target (37,000) due to a range of factors including: participants’ inability to meet partner institutions’ eligibility criteria (e.g. collateral, risk profile); and financial institutions’ lack of interest.¹⁰⁵ There were also cases of delays in processing applications from partner institutions through the ARB Apex Bank and Bank of Ghana.

⁹⁹ Out of 3,813 incubated, i.e. 68 per cent of those incubated.

¹⁰⁰ The study found that 28 per cent of the participants use credits compared to 14 per cent in the control group. Among those who access credit, 44 per cent got a loan from MFIs among the project participants, compared to 22 per cent in the control group. For 54 per cent of the control group, informal lenders were the main source, compared to 27 per cent for the project participants.

¹⁰¹ Data shared by PEAJ team.

¹⁰² The December 2021 supervision mission for PEAJ noted the loan portfolio showed a significant deterioration, with 41.5 per cent of the total outstanding credit overdue. The reasons mentioned included: arrears from operations in the early years when there was still insufficient experience, the COVID-19 pandemic, scarcity of day-old chicks and swine fever (see also paragraph 73). New enterprises can also be vulnerable to market price fluctuation (inputs or outputs), which can affect the profitability of enterprises with implications on their repayment capacity. The underperformance due to external factors indicates the need to proactively consider risk management strategies for these young enterprises.

¹⁰³ The size of the grant varied widely, from US\$400 to US\$3,500. Some grants were for groups.

¹⁰⁴ Average US\$600.

¹⁰⁵ Out of over 80 partner financial institutions accredited for the Rural Enterprise Development Facility, only about 43 were found to be active.

REP Ghana: PCE mini-survey on matching grant recipients

According to data collected in the mini phone survey on the matching grant recipients (82 respondents) conducted by the PCE team, a sizable proportion of matching grant recipients had run businesses for quite some time and were likely to be relatively well-established.¹⁰⁶ Twenty-eight per cent had accessed bank loans before the matching grant. About half started in business before 2012. Sixty-two per cent of the respondents reported that their business was registered (90 per cent of which as sole proprietorships) and 80 per cent with business registration (or 44 per cent of all respondents) had been registered/formalized before the matching grant. These data indicate that relatively well-established enterprises benefited to a greater proportion than smaller clients. The average length of business operations at the time of matching grant was 10 years. Of 32 per cent of the respondents who did not have relationship with the partner financial institution before the matching grant, only 19 per cent maintained the relationship.

Source: PCE team mini phone survey.

85. In both PEAJ Cameroon and REP Ghana, the projects' credit financing facilities were also complemented by other interventions (non-financial and financial services) to raise effectiveness. In both projects, the quality of support for business planning improved over time (by BACs in REP, incubator plus business coaches in PEAJ), which was appreciated by the financial institutions. PEAJ Cameroon also supported capacity-building of the financial institutions in assessing business plans for agropastoral enterprises; an area in which these institutions had little previous experience. In addition, PEAJ provides an option for risk-sharing arrangements for financial institutions. On the borrowers' side, follow-up support by business coaches (after loan approval) reportedly improved the business performance and the subsequent repayment performance, which had been highly unsatisfactory for the earlier cohorts of youth. But the repayment performance appears to remain at an unacceptable level.
86. The extent to which PACE Bangladesh made a difference in terms of providing access to finance and financial services is not evident. PACE reported outreach under the ME loan programme to 355,185 (as of June 2021), but what this figure means is uncertain, as it was based on a proportion of the whole ME loan borrowers through PKSf's POs (i.e. PACE funds integrated into the existing ME loan programme).¹⁰⁷ Most of the clients had previously borrowed from POs¹⁰⁸, the ME loan programme portfolio showed a steady growth (including the mobilization of other sources of funding by POs) and it is unlikely that PACE's contribution to the funding made a significant difference. PACE funding for the ME loan programme was not linked to other components. Some participants in the other components (value chain development, technology transfer) may have had access to finance from POs or other NGO-MFIs, not necessarily under the ME loan programme, but the PCE mission's interviews found cases where lack of access to finance constrained the participants from adopting certain important technologies or practices (see paragraph 77).

¹⁰⁶ About half started business before 2012 and over 40 per cent had been registered/formalized before the matching grant. 41 per cent were aged over 46 at present. The average length of business operations at the time of matching grant was 10 years. (matching grant recipient survey by the PCE team).

¹⁰⁷ The basis for the figure was explained by PKSf as follows: an increase in ME loan borrowers in the first two years was solely attributed to PACE (79,411+238,853=318,264) and in the subsequent years, PACE was considered to have contributed only a small percentage of the increase in borrowers, initially 9.7 per cent, then most recently 2.25 per cent. The rate of increase of number of borrowers is higher between 2014/2015 and 2015/2016 (33 per cent increase), followed by a 22 per cent increase. However, it is not clear why the increase in the first two years would be attributed only to PACE. In 2013/2014, the amount disbursed from PKSf to POs for the ME programme was over US\$60 million and the disbursed amount from POs to borrowers about US\$650 million.

¹⁰⁸ POs also preferred to lend to existing borrowers, either their own or from other institutions. Across POs only 1-20 per cent of ME loan borrowers are entirely new, so it seems that if existing customers were demanding larger loans, PKSf and POs would have been able to meet this need without PACE. According to the mid-term impact evaluation (2018), 37 per cent of the borrowers (sampled as PACE beneficiaries) were following the weekly repayment schedule and 62 per cent monthly.

87. **Overall, projects created few new financial products or innovative approaches.**¹⁰⁹ The projects could have maximized outcomes with a more thorough analysis of the constraints to identifying opportunities for more responsive financial services, combined with systematic testing of possible solutions and scaling up. PACE Bangladesh was expected to introduce new loan products for MEs, but the start-up capital loans and lease financing have not advanced beyond their pilots.¹¹⁰ A phone survey conducted by the evaluation team found that only 16 per cent of start-up capital loans went to new enterprises, whereas lease financing helped clients purchase new fixed assets. Weak synergies across PACE's components contributed to missed opportunities to link enterprises to relevant financial products, with some exceptions based on the POs' own initiatives.¹¹¹ The difference between the ME loan programme and other microcredit programmes was unclear, except for the loan amount ceiling. The term of repayment is mostly weekly or monthly,¹¹² regardless of business needs. In REP Ghana, micro-leasing was introduced but apparently was discontinued (see section III.C.3). The potential of other products, such as insurance, especially for agriculture-related enterprises, was not explored either.¹¹³ Lastly, no project explored the opportunities for innovations with digital finance, despite the progress made in the countries in the past years.

C. Impact

88. This section presents the key findings related to the projects' impacts on the following areas: (i) employment creation and household income increases achieved from enterprise development and strengthening; and (ii) institutions, policies and support systems for MSE promotion and development.

C.1. Creating employment and increasing incomes

Employment creation

89. The number of jobs created was reported as follows: REP Ghana - 74,677 jobs (June 2021, 64 per cent women, 53 per cent youth); PEAJ Cameroon - 10,516 jobs (January 2022); PACE ME loan component - 473,218 full-time wage jobs (September 2021). How these data were calculated was not always clear and their accuracy is questionable. For example, the figures on PEAJ Cameroon and the PACE ME loan component were based on assumptions about the employment created by the enterprises supported (PEAJ Cameroon),¹¹⁴ or by the ME loan borrower (PACE Bangladesh),¹¹⁵ but both seem to be overestimated. Also, projects do not disaggregate the number of jobs by self-employment versus wage employment, full or part-time, permanent or temporary (including seasonal).
90. **To date, projects have mainly contributed to increasing or improving self-employment.** This reflects the following: the projects' targeting strategies; the emphasis on the creation and/or strengthening of enterprises owned and operated by the primary target group (the rural poor) over supporting enterprises that may not be the primary target group but could create wage employment opportunities for

¹⁰⁹ This finding is also in line with the evaluation synthesis on inclusive financial services for the rural poor prepared by IOE in 2019. The evaluation synthesis noted that even though many projects at design stage envisage the use of innovative approaches, services or products, they were later dropped or, if implemented, performed poorly.

¹¹⁰ 241 start-ups and 59 lease financing 2020.

¹¹¹ For example, one PO in PACE saw the gap and offered a seasonal loan (not ME loans) to farmers in the carp-prawn sector where repayment schedules better reflected carp-prawn harvesting cycles.

¹¹² According to the mid-term impact evaluation (2018), 37 per cent of the borrowers (sampled as PACE beneficiaries) were following the weekly repayment schedule and 62 per cent monthly.

¹¹³ PKSf and its POs offer livestock insurance.

¹¹⁴ For PEAJ Cameroon, the information on 10,516 jobs created was based on an assumption that each enterprise created creates four jobs, rather than recording actual jobs created. From the PCE field visit, four jobs per enterprise seemed to be an overestimate in practice.

¹¹⁵ The data on PACE based on the mid-term impact survey was most likely overestimated, as it took full-time equivalent wage employment per ME loan borrower at the time of the survey (1.34) as the basis, rather than the difference from the baseline (0.73) - therefore, the incremental value was 0.61. In any case, as discussed earlier, the extent to which the PACE funds made a difference to the operations of the ME loan programme and borrowers' wage job creation capacity compared to the "without PACE" scenario is unclear (see also paragraph 63, box 6).

the rural poor; the nature and maturity of the entrepreneurs and enterprises supported; and the limited wage employment opportunities in the rural economies.¹¹⁶ In most cases, as observed in the field, the activities are largely pre-entrepreneurial (box 1), and entrepreneurs will have multiple lines of income sources (box 12 for an example from REP Ghana). This indicates that it is not always straightforward to define what is meant by creating or establishing an enterprise.

Box 12

REP Ghana: a contribution to income diversification

REP participants met in the field are using diversified sources of income to improve their resilience and coping strategies – benefiting from the training in various income-generating activities obtained through REP. Cases observed in REP include beauticians who also produce soap and detergents, caterers who also undertake interior decoration, fish farming and crop farming. These sources include artisanal works such as auto mechanics, welding, dressmaking, carpentry and kente weaving. The income sources also include own businesses such as the processing of farm produce, mushroom production, poultry, piggery farming as well as petty trading and other wage employment.

Source: PCE field visit in Ghana.

91. Despite the absence of strategies tailored for people living with different types of disabilities, PEAJ Cameroon and REP Ghana also created jobs among this group. REP Ghana reported creating 3,138 jobs for people living with disabilities and people living with HIV/AIDS. PEAJ Cameroon reported that some persons living with disabilities (in Douala and Littoral region) have obtained jobs or created businesses that also created employment for others, though the quantitative data are not available.¹¹⁷ For both projects, some of these examples were directly observed during the PCE field missions.
92. **Wage employment opportunities were created to a limited extent, but generally expectations about job creation for non-household members were overoptimistic.** REP Ghana supported sectors such as hairdressing, dressmaking, fabrication, and welding that provide limited opportunity for growth, and at most may employ one person other than the owner.¹¹⁸ The outcome and impact survey on REP Ghana (2019) reported there were 1.12 permanent employees on average (down from 1.29 in 2016) and 1.43 casual labour/month (an increase from 1.03 in 2016) – hence, a relatively modest change. PEAJ Cameroon’s design assumed four jobs per enterprise, but the PCE Cameroon field mission indicated an enterprise may generate two to three jobs, most of which were seasonal, including jobs for unemployed household members.
93. **Full-time and more continuous jobs that were new or better quality than existing ones were more common in non-agriculture sectors in urban or peri-urban areas.** An example of more stable wage employment was seen in PACE Bangladesh: the enterprises in non-agriculture sectors supported in the value chain development component (e.g. shoe-making, automobile servicing, garment-making) were mostly well-established micro or small enterprises in urban and peri-urban settings, and their improved performance created full-time wage employment for non-household members with entry- or low-level skills. For example, a common service centre owner in the shoe sector increased the number of laser cutting machines from one to four with PACE’s cost-sharing support (around US\$11,000), training and introductions to a supplier; and increased the number of employees from one to twelve.¹¹⁹ In addition, PACE support also improved the quality of jobs of existing workers, who were trained and hence their wages increased due to their

¹¹⁶ The lack of disaggregated data (such as target groups; type of employment created, sectors) impacts on the ability to fully understand the characteristics of the jobs created or how important they may be to participants. Additionally, projects do not monitor the nature of jobs created including their longevity.

¹¹⁷ PEAJ Execution Report, 2021. The PCE field visits also interacted with some.

¹¹⁸ PCE Ghana field interviews.

¹¹⁹ PCE Bangladesh field interviews.

improved skills. However, the identification of sectors by POs was not necessarily driven by the intention to generate new wage employment opportunities, and the strategies were more focused on increasing the sales and profits of the enterprises.

94. Wage employment was also generated in on-farm sectors and agriculture-related enterprises, but was often seasonal and temporary. In PACE Bangladesh, more than 50 per cent of the on-farm value chain subprojects that were reviewed reported an increase in new seasonal day labour and part-time wage employment opportunities (mainly the ultra-poor), due to new farming practices that required additional effort (e.g. improved feeding practices in the carp-prawn and crab sectors).¹²⁰ Across the projects, unsurprisingly, most jobs created in crop production were seasonal. In REP Ghana, gari processors offered part-time jobs but on a continuous basis, whereas fish farmers offered both permanent and part-time jobs. New/improved technologies could result in an improvement in the quality of jobs for some and the displacement of jobs for others, but in the projects reviewed in this evaluation, there was little evidence of displacement arising from the adoption of such technologies. In some cases, improved technologies contributed to reducing drudgery and reallocating labour (e.g. from manual labour to operating simple equipment, and freeing up time for other productive activities). In other cases, improved technologies in on-farm productive activities were good practices or better inputs, which did not reduce the labour requirement.
95. **Technical and vocational training and apprenticeship increased employability and employment opportunities.** In REP Ghana, apprentices were expected to start their own businesses, but only some transitioned while others were hampered by the inadequacy of the start-up kits provided by the project (see paragraph 59) or the lack of resources to acquire land or rent a space. Many returned to work for master crafts persons. There were also examples where the certificates received from the National Vocational Training Institute proved to be useful to pursue new work opportunities (e.g. for work visas for employment in other countries).
96. **PEAJ Cameroon and REP Ghana created jobs for participants by directly employing them,** though they were not planned as main project results. In PEAJ Cameroon, some young entrepreneurs trained in the incubation programme were themselves employed as trainers in subsequent cohorts as a way to raise funds to mobilize their own contribution to access start-up credit. In REP Ghana, BACs, RTFs/TSCs and BRCs employed around 800 participants, a notable number given Ghana's tertiary graduate unemployment levels.

Increased incomes

97. **Projects contributed to increased incomes or diversified income sources, but the evidence on the depth and breadth of income changes is incomplete.** With reference to the outcome and impact survey for REP Ghana, while it is difficult to interpret some of the data,¹²¹ one of the positive indications in this report is that 90 per cent of REP participant respondents reported increased incomes over the past three years compared to 49 per cent among non-REP respondents. Most participants interviewed by the evaluation team cited increased turnover (between two to four times) and attributed the positive change in turnover to REP interventions.¹²²
98. In PACE Bangladesh, income increases for the primary target group are likely to have been achieved through: improved on-farm practices and higher production by small-scale and marginal farmers who participated in value chain subprojects; more on-

¹²⁰ Based on the analysis of the available value chain reports.

¹²¹ For example, the report shows that non-REP participants as a control group had much lower income (supposedly annual) level at baseline (GHS 6,025, compared to GHS 17,110 by REP-participants), raising doubts about their comparability. Furthermore, it is not clear from the questions whether incomes are from the specific enterprise activity or overall household incomes.

¹²² It should however be noted that the entrepreneurs the PCE team met were those with current contact with BACs and hence, it is unknown what proportion of all REP participants may have such a positive experience. Ongoing tracer studies may provide more data.

farm wage labour opportunities for the ultra-poor (landless); better wages due to improved skills; or new employment in non-agricultural off-farm enterprises. For example, project support in the carp-prawn and crab farming sector in the south-west of the country had a significant positive impact on productivity and animal mortality, and in turn on the incomes of farmers who have few alternatives due to changing salinity levels in the area. The impact assessment reports for PACE value chain subprojects reported that participants increased their investments by increasing livestock, cultivation areas, machinery, or workers.¹²³ According to interviews, workers trained or employed in non-farm sectors reported improved incomes, an average amount of BDT 10,000 (US\$116) per month, which is near the upper poverty line in Bangladesh of BDT 11,200.

99. PEAJ's 2021 impact study showed no notable difference in turnover, operating costs and profits between programme participants and non-participants who had recently established enterprises. Baseline data for each group is not available, so it is not possible to determine if the change trajectory (the speed or significance of change) differs between participants and non-participants.
100. **Income diversification and risk mitigation were important impacts for many participants.** Anecdotal evidence across PACE, PEAJ and REP suggests that participants have diversified their incomes following project support. For example, the evaluation found that REP's training helped participants diversify their income by combining production with processing activities, or production with trading or mixed self-employment with wage employment. More specifically, beauticians trained in soap-making production now sell soap and detergents; caterers now provide interior decoration services; and farmers engaged with production of multiple types of produce such as crops and fish.¹²⁴

C.2. Institutions, policies and support systems

101. **In Ghana and Cameroon, projects contributed to the development of government institutional frameworks and mechanisms for MSE development.** REP Ghana (since 2012) and its previous two phases (1995-2002 and 2003-2012) have contributed to establishing an institutional framework and structures for decentralized service delivery in business development services (namely, BACs with BRCs added in recent years) and technology development support and technical training (RTFs/TSCs), also with substantial investment in infrastructures, vehicles and equipment. However, the impact on the ability of various institutions to effectively and efficiently deliver services differs between districts, and their capacity and sustainability remain a serious challenge (see also section III.D.2). REP has supported the institutional strengthening of the Ghana Enterprise Agency (previously the National Board on Small-Scale Industries) and GRATIS.¹²⁵ Partnering with these institutions in line with the government's decentralization policy, REP has helped to establish additional subnational level institutions to have in operation: (i) over 160 BACs (previously 53 were supported under the previous two phases); (ii) 37 BRCs (newly introduced in 2017/2018); and (iii) 24 RTFs/TSCs.¹²⁶ In addition to these service providers, REP also supported the establishment and/or strengthening of various institutions at district and regional levels.¹²⁷ District assemblies have a key role in facilitating local economic

¹²³ Based on a PCE Bangladesh review of programme documents.

¹²⁴ PCE Ghana field interviews.

¹²⁵ REP supervision mission report, October 2021.

¹²⁶ 21 inherited from REP I and REP II and 3 adopted by the Ministry of Trade and Industry from other government projects. The target number of RTFs/TSCs across the country was reduced from 51 to 31.

¹²⁷ Such as the District Sub-Committee on MSE Promotion in all districts to enable them to: (i) coordinate all initiatives on MSE promotion; and (ii) ensure the mainstreaming of the activities of BACs and RTFs within the development plans and annual budgets of the district assemblies. As part of the process, REP also sensitized the Regional Coordinating Council and Ghana Enterprise Agency regional managers on the need to coordinate MSE development activities in their respective regions and to strengthen the national, regional and district institutional linkages and ownership in MSE promotion at all levels. This led to the formation of a regional committee on MSE promotion in each region. At the district

development including job creation and MSE sector development, but weak financial capacity (in some cases coupled with different priorities) has affected their ability to cofinance the operations of BACs and RTFs/TSC, which has affected staff motivation and performance.¹²⁸ Mainstreaming various institutions and platforms at district and regional level (e.g. district committee on MSE promotion) into government processes does not seem to have been widespread.¹²⁹

102. PEAJ Cameroon, in collaboration with various government agencies as well as ILO, has been supporting several actions to improve the environment for MSE development, in particular in the agropastoral sector with a focus on youth. Important progress has been made, but at a rather slow pace. In February 2021, an action plan was drawn up with the Ministry of Employment and Vocational Training¹³⁰ to obtain accreditation and approval of training courses of 15 incubation structures (8 public, 7 private). The accreditation is expected to give these centres a recognized status as agropastoral training and incubation institutions. By the end of April 2022, 13 incubation centres have been accredited, though with some delays mainly due to the lengthy administrative procedures required. ILO has also supported incubation centres to adapt training materials tailored for agropastoral entrepreneurship; and supported the development of a network of entrepreneurship trainers and advisors.
103. **Projects made different efforts to influence policies with varied progress.** PEAJ Cameroon provided inputs to the development of a reform plan to improve the business environment and investment climate in the agropastoral sector with technical assistance provided by the ILO. PEAJ has also supported a network and organization of youth entrepreneurs (*Réseau des Jeunes Entrepreneurs Agropastoraux*, REPA-Jeunes) and their participation in policy advocacy (e.g. advocating for access to land and finance). In both areas, however, the concrete results are not yet clear. REP Ghana has supported the development of an MSE policy, the framework of franchising BRCs, and the proposed arrangements for TSCs/RTFs based on private-public partnership, mainly through the engagement of technical assistance; however, not all of these efforts have been operationalized. PACE Bangladesh developed three policy papers on specific sectors linked to PACE's support in the value chain development component, and organizations have contributed to the government's new crab export policy.
104. **Generally, projects have had limited effect on financial institutions' services and systems or on related policy issues.** In their designs, REP Ghana and PACE Bangladesh envisaged that financial institutions would develop new financial products more responsive to the needs of the rural enterprises supported, but little progress has been made (see also paragraph 87). Nor is there evidence that projects have leveraged additional financial resources for MSE lending. In part, the limited achievements reflect major constraints in each country's financial sector and incentives for financial institutions. For instance, in Ghana there are fundamental issues with the low liquidity and capitalization of the rural and community banks. In REP Ghana, micro-leasing was tried but had to be discontinued due to weak infrastructure for leasing. PACE credit funds were predominantly allocated for the

level, REP facilitated the establishment/strengthening of local business associations and created new district level association of small-scale industries (104).

¹²⁸ Staffing levels at a BAC normally comprise a BAC head, business development officer(s) and a secretary but this varies from district to district. Business development officers are to be paid by the district assembly but the rates are not consistent across districts and in some cases, salaries have been outstanding for months. This kind of situation inevitably affect the morale of human resources, the delivery of services and their quality.

¹²⁹ "MSME sub-committees have been functional in all the REP participating district assemblies to coordinate and promote MSME, mainstream BAC/BRC and TSC activities. Reports indicated that this has happened in only five districts, where the sub-committees have facilitated the release of funding by the district assemblies in support of BAC operations. The mission however, could not established this with any documentation to that effect."

¹³⁰ *Ministère de l'Emploi et de la Formation Professionnel*.

existing ME loan programme, with limited attention given to innovating or developing responsive financial products (see also paragraph 86).¹³¹

D. Sustainability

105. This section examines the extent to which rural enterprises supported by the projects are likely to remain in operation, as well as the likelihood of the continuation of non-financial and financial services that were supported by the projects.

D.1. Sustainability of rural enterprises

106. **The prospect on the survival and/or growth of project-supported enterprises is mixed.** The literature suggests that many enterprises will not survive beyond the project support period (see annex II for key issues highlighted in the literature). Many new enterprises supported under the projects remain at very early stages of development and while there is evidence of attrition (for example, BACs estimated that half of the new enterprises supported reach survival stage), it is too early to determine how many will continue beyond the period of project support. Given many participants are likely to be involuntary entrepreneurs, it is expected that many will continue with some sort of entrepreneurial activity, even if not the ones directly supported by the project.
107. Pre-existing enterprises supported by the projects are more likely to be sustained, and a few, including new ones, may grow. Research suggests project outcomes in supporting enterprise creation and strengthening leading to increased employment often only materialize after three years, so there is a need to monitor beyond project lifetimes (De Kok et al. 2013).
108. Economic activities that do not require highly technical knowledge and skills, investment funds or working capital and provide reasonable returns are more likely to be continued. For example, in PACE Bangladesh, the enterprise activities and practices that utilize readily available products or services and that are likely to be sustained included: rearing goats on perches, proper feeding practices for carp-prawn and crabs, the marketing and maintenance of ecotourism facilities, and improved hive maintenance and honey extraction techniques.¹³² In REP Ghana, some entrepreneurial activities which service a consistent demand from local communities and do not require much reinvestment or working capital (e.g. hairdressing, repair services, catering) are likely to be sustained, even if their margin for growth is limited.
109. **The sustainability and growth of some enterprises are at risk because of weak linkages to value chain actors.** To address the problem of access to inputs and services in PACE Bangladesh, some POs took on the role of input suppliers or service providers themselves - or they engaged and provided grant support to other entrepreneurs to deliver inputs and services but without appropriate business planning.¹³³ Some input supply functions operated by POs are profitable and are likely to be continued as part of their operations (e.g. common service centres in the shoe and automobile sectors, the honey processing plant).¹³⁴ However, for some

¹³¹ This contrasts with the experience under the previous Microfinance for Marginal and Small Farmers Project (2005-2011), which made a significant contribution to mainstreaming micro-lending/seasonal lending for agricultural activities.

¹³² The PACE project design report outlined that the outcome of component 2 was the sustainable inclusion of enterprises run by the poor and the ultra-poor in 15 farm and 15 off-farm value chains. The targeted enterprises/ beneficiaries would include poor or ultra-poor and the strategies were to upscale businesses, improve production technologies and/or improve access to markets. It appears that most emphasis was placed on improving production technologies.

¹³³ For example, the PO who established water testing services did not create a link between the supplier and the service providers for them to source directly, which meant that service providers could no longer provide services. Service providers and input retailers tried to source the testing kits themselves but could not find a supplier. Also, POs told local service providers to set a price for water testing services at a level that is not financially viable, even though the evaluation team estimated customers could afford more. Similarly, a PO introduced bean drying machines, but users (small processors) were not linked to the manufacturer for later maintenance and sales.

¹³⁴ PACE established common service centres in the shoe-making sector by cost-sharing the purchase of machines with the PO, who provided services for a fee to smaller shoe producing workshops. These centres were profitable and continue to provide services to workshops, who now understand the benefit of using these services. A PO working in the honey

others, no business cases have been developed or analysis conducted to assess whether they are on a path to profitability or even establish what the breakeven point is.¹³⁵ These enterprises include: the flower tissue culture lab; water testing service for the carp-prawn and crab sector; and crab hatchery. The uncertain financial viability of these operations has implications for the sustainability of entrepreneurial activities by smaller enterprises that now rely on them.¹³⁶

D.2 Sustainability of non-financial services and support systems

110. **Institutional frameworks for non-financial services supported by PEAJ and REP are likely to stay, but the exit strategies are still to be elaborated.**¹³⁷ In Ghana, the decentralized service delivery model (business advisory services, technology development, dissemination and technical training) that has been set up on a national scale with BACs and BRCs (under the Ghana Enterprise Agency) and RTFs/TSCs (under the GRATIS Foundation) will most likely remain. REP and its previous phases made substantial investments in hardware (e.g. infrastructure, vehicles, machinery and equipment). However, the operations of these institutions have already faced challenges during implementation, due to weak human/management capacity, a lack of funds for maintenance and operations, lack of co-funding by the district assemblies (which are supposed to cofinance some staff positions) and weak mainstreaming into district budgeting processes (see also paragraph 101).
111. REP Ghana was the only project that attempted to introduce the idea of cost recovery for business development services with a client fee revenue generation model, however, the fee charged was too low and given the type of clientele, most likely it is unrealistic to expect full cost recovery. The recently introduced BRCs (an upgraded version of BACs, see also paragraph 25), to be franchised to the private sector, are expected to operate on a cost recovery basis by serving medium and large enterprises that should be able to pay for services, whereas BACs would continue to provide subsidized services to MSEs. However, the BRCs' role, main clientele, operational modality and arrangements vis-à-vis BACs are still to be clarified and operationalized. In fact, tensions have arisen between BACs and BRCs, in some cases with overlapping clients. The fact that BRCs are much better resourced is affecting staff motivation in BACs, which often suffer from inadequate resources (see paragraph 101, footnote 129). REP was to also examine the governance and institutional arrangements for RTFs/TSCs, with the possibility of partnering with the private sector for long-term sustainability, but this has yet to be progressed.
112. In Cameroon, there has been some progress on institutionalizing various services supported under PEAJ. For example, the programme has been supporting incubation structures to strengthen capacity (human, infrastructure, equipment) and to obtain accreditation to continue to play this role. Given the more intensive and longer-term support required for youth incubation, and facing challenges in instituting a cost recovery model for such clientele, it will require government or external funding to continue with a similar form of incubation support. An idea discussed in PEAJ Cameroon is that business registration is expected to contribute to increased tax revenues, which could then be reinvested by local authorities in supporting youth

sector provides profitable processing services to honey farmers, who are less likely to be poor. Other honey processors trained by the PO also report being profitable especially after they received training on processing, branding and marketing their processed honey.

¹³⁵ Several past reviews have recommended that project/POs strengthen market development analysis and skills but none of these recommendations have been adopted. Prior supervision missions recommended that clear business cases be developed for newly introduced products and services. The mid-term review (2018) recommended that more business/market-oriented staff should be recruited to support value chain development projects, stressing that recruiting experienced staff or experts is a more effective than skills training for current technical staff. In response, PKSf has argued that most of the constraints relate to technical knowledge, skills or access to technology.

¹³⁶ PKSf and POs may seek other donor funding to continue to subsidize the operations of these (unprofitable) enterprises. Based on PCE Bangladesh field interviews.

¹³⁷ As of July 2022, it was reported by IFAD that an exit strategy has been developed and the plan was being finalized and validated by partner institutions and the Ministry of Trade and Industry.

businesses. However, it will be difficult to expect incremental tax revenues from formalized youth enterprises in a short term.

113. **Non-financial services that have not been integrated into institutional frameworks and business models are unlikely to be available after the project ends.** In Bangladesh, PKSf and the POs rely largely on externally-funded projects, to provide non-financial services (e.g. technical skills training) rather than delivering these services in a “credit plus” service model. Arguably, some benefits achieved by PACE participants, such as the adoption of improved technologies and increased productivity, will stay after the project, but POs will no longer provide non-financial services such as training or advisory services. The PACE design document noted that the steps to mainstream non-financial services were already being taken by PKSf,¹³⁸ which also encouraged POs to use part of the interest revenues from lending operations for non-financial development services for the poor, but the evaluation did not find evidence of POs mainstreaming and internalizing much of the work done under PACE’s value chain development component.

D.3. Sustainability of access to financial services

114. **PEAJ and REP’s financing facilities are likely to continue, but the post-project arrangements are still to be defined.** In Cameroon, the government with PEAJ is exploring options for institutionalizing the PEAJ-supported financing facilities (credit facility, risk-sharing/guarantee mechanism) and plans to conduct a feasibility study to decide on concrete steps (December 2021 supervision mission). The latest REP Ghana supervision mission also highlighted that plans to maintain the Rural Enterprise Development Facility as a revolving fund need to be clarified.¹³⁹ Given that these facilities offer subsidized interest rates, the eligibility criteria for borrowers need to be clearer, particularly in relation to the Rural Enterprise Development Fund in REP.
115. **It is not clear that new clients of financial institutions will be able to continue accessing services.** In REP Ghana, many rural and community banks are unable to provide funding to beneficiary clients without a capital injection. They will continue to work with selected REP beneficiaries meeting their eligibility criteria, but this will be on limited basis given their own capitalization and liquidity challenges. PEAJ Cameroon has facilitated the training and exposure of financial institutions to agropastoral on- and off-farm businesses supported by business coaches, and some of them are moving towards to developing specific departments and products adapted to their clients, with agents specialized in agropastoral finance. The repayment performance of youth has reportedly improved due to close follow-up by business coaches, but the latest report is not encouraging and the repayment performance is still unsatisfactory (see also paragraph 85). Therefore, the challenge will be to ensure that the repayment performance is maintained at an acceptable level in order not to lose the confidence of financial institutions to provide services to the youth – those already served as well as new entrepreneurs.
116. The ME loan programme to which PACE injected credit funds is sustainable (see also box 2 for the description of the ME loan programme). It offers loans of amounts higher than microcredit programmes and has shown a steady growth (PKSf, its POs and other NGO-MFIs) and NGO-MFIs have shown the capacity to source funds – with or without PACE (see also box 6). As in the case with PKSf/POs’ other credit programmes, high repayment rates were maintained and this reflects the operational modality of the NGO-MFI services in Bangladesh, which are built on the group

¹³⁸ “PKSf is in the process of mainstreaming and consolidating non-financial service activities and has updated its organizational structure by creating a division for non-financial services projects”. “PKSf is gearing up for undertaking large-scale non-financial services activities, especially value chain development activities... these steps show PKSf’s institutional preparedness and resource mobilization capability to continue non-financial services activities well beyond PACE project period”. (PACE design document).

¹³⁹ IFAD indicated that further and follow-up support is expected under the recent/new projects, namely: the Affordable Agricultural Financing for Resilient Rural Development Project (entered into force in 2019) and Promoting Rural Opportunities Sustainable Profits and Environmental Resilience (yet to enter into force).

mobilization in rural communities by NGO-MFIs and ongoing relationships between NGO-MFIs and members/groups.

Key points

- The thrust on rural enterprise and entrepreneurship development is relevant and is aligned with government policies and strategies. However, projects' objectives, particularly on employment generation, were ambitious. In general, there was a lack of clarity on how different interventions were expected to lead to employment generation and/or increased incomes for different types of entrepreneurs, employees and sizes of enterprises.
- Overall, the projects' scope and strategies were not guided by sound market analysis and assessments of the development and growth potential of rural enterprises or employment generation.
- The project approach for capacity/skills development was appropriate to support a large number of participants. Non-financial services were not always adequate for start-up enterprises to go beyond survival or for existing ones to grow. Inadequate attention was paid to gauging entrepreneurial aptitude to screen and identify suitable participants.
- Non-financial services were largely effective in terms of improving technical skills and production practices (on- or off-farm), but less so in terms of improving business and management practices.
- To varied extent, projects facilitated access to finance for new clients through project-supported financing facilities. Overall the results in terms of new financial products or innovative approaches were limited across the projects.
- Projects mostly contributed to improving pre-entrepreneurial activities and the creation of microenterprises mainly for self-employment and income enhancement and diversification. The outcome on wage employment creation for non-family members was limited.

IV. Conclusions and lessons

A. Conclusions

117. **Projects' objectives around rural enterprise development and employment creation were relevant to efforts to reduce rural poverty.** In the countries covered in this evaluation, MSE (or MSME) development is part of the government's development strategies and, in broad terms, these businesses are seen as an important source of employment and income opportunities for the poor and contribute to local and national economic development. PEAJ Cameroon and REP Ghana's objective to improve the institutional framework and support system for rural MSE development (in the case of PEAJ, in particular, for youth agropastoral entrepreneurs) was also aligned with government strategies and priorities. PEAJ's exclusive focus on youth responded to its local context and needs.
118. **Interventions lacked clarity on how enterprises were expected to increase incomes and employment and for whom.** Designs assumed that the enterprises created and supported would generate employment but lacked clarity about: (i) whether the target enterprise was survivalist or a one-person enterprise or an opportunity-driven enterprise with growth potential more likely to provide greater wage employment opportunities for others; (ii) which strategies were expected to achieve what outcomes for which target groups (e.g. poor, less poor or non-poor); and (iii) the role of other market actors (such as better-off entrepreneurs, SMEs) that could be appropriate intermediaries to create benefits for the intended ultimate target group. Lastly, insufficient consideration was given to the extent to which projects should aim to improve individuals' skills and their employability and quality of jobs, as opposed to expecting all participants to operate an enterprise.
119. **Project objectives and targets were overambitious and activities did not always match their goals.** Projects underestimated the effort and time required to create, strengthen and sustain entrepreneurial activities and enterprises. The challenge of rural MSE development is well-researched (see annex II for key issues highlighted in the literature). Where designs included large outreach targets, projects may have focused on reaching many people rather than providing more support to fewer entrepreneurs and enterprises to increase the likelihood of sustained success.
120. **Overall, project strategies were more suitable for creating or strengthening pre-entrepreneurial activities and very small microenterprises than targeting and supporting enterprises with more growth potential.** The strategies support income diversification and risk mitigation for entrepreneurs rather than larger employment impact. Overall, projects' scope and strategies, which focused on improving productivity, were not guided by sound market analysis and assessment of the development and growth potential of rural enterprises or employment generation. Only in some instances where projects made deliberate and considered efforts to strengthen and grow enterprises by linking them to other market functions, suppliers and buyers, did more employment creation emerge.
121. Projects often paid inadequate attention to gauging entrepreneurial aptitude to screen and identify suitable participants. Consequently, most project participants were engaged in pre-entrepreneurial activities or were very small-sized microenterprises which were engaged in multiple income-generating activities. The activities supported by projects made varying levels of contribution, but income diversification for managing risks was an important impact.
122. **Improved productivity and services through entrepreneurs' growing knowledge and technical skills was a main driver in increasing revenue from entrepreneurial activities.** In some sectors, the projects successfully introduced participants to new technologies and innovations, by the way of knowledge, skills and equipment or tools, with those technologies that were easy-to-use and affordable being most effective. Projects increased the level of self-employment among some

key target groups, such as youth (most clearly in PEAJ) and created new or improved income opportunities for existing entrepreneurs, diversifying income sources. To a lesser extent, improvement in productivity contributed to enterprises' growth and increased or better wage employment. Overall, the adoption of new or improved routine management and business practices was inconsistent or low and synergies between non-financial and financial support could have been stronger.

123. **Implementation capacity did not fully meet design ambitions.** REP Ghana and PACE Bangladesh included multiple sectors/subsectors (agriculture and non-agriculture, on- and off-farm), multiple target groups (implicit or explicit), different types of support and numerous partners with national coverage. Effective delivery required substantial human, managerial, technical and financial capacity and inter- and intra-organizational coordination and cooperation. In REP Ghana, BACs and RTFs faced capacity constraints (e.g. human, financial, logistical) and rural and community banks have not proved the most effective partners. POs working in PACE Bangladesh are experienced and provide mostly effective in-service delivery, but they are more familiar with traditional direct delivery or production-orientated support and have insufficient practical knowledge and experience in enterprise or value chain development. While supervision missions or prior evaluations raised capacity issues and some efforts were made to improve implementers' capacity, the extent to which such capacity issues were addressed was often not adequate or monitored. The facilitating NGOs in PEAJ Cameroon also initially lacked experience and capacity in entrepreneurship development.
124. **The prospect of the sustainability of business development and financial services by key institutions is mixed.** Key government organizations have largely been responsible for the delivery of non-financial services, supplemented by contracted non-government or private sector organizations. The provision of non-financial services is nearly 100 per cent subsidized, relying heavily on external funding. In part, other donors are likely to step in with further funding that enables some continuation of services. Contracted organizations, such as NGOs or private sector actors, are less likely to provide ongoing services without grant funds.
125. **Across the projects, there is lack of longitudinal and granular data and analysis (quantitative and qualitative)** needed to better understand who participated, who benefitted to what extent and which project interventions were more effective for whom. Monitoring frameworks and processes did not seek a more nuanced understanding of target groups, different outcomes and pathways, while external impact studies did not include sufficient analysis of the type and levels of participation to understand causal relationships between what projects did and the effects experienced by different categories of participants.

B. Lessons

126. The following lessons are noted:

- (i) **Strategies should consider the profiles, skills, capacity and resources of entrepreneurs, and provide a clear understanding on how the expected outcomes are to be achieved and for whom.** For example, creating or strengthening self-employment requires different approaches to having a greater impact on employment creation. Where better-off entrepreneurs/enterprises participate in projects, there should be a clear rationale for the extent of grant/subsidized project support and how this is expected to impact the rural poor. The strategy and approach should routinely be informed by market analyses identifying opportunities for the development and growth of enterprises of different types/sizes.
- (ii) **Creating and growing enterprises requires systematic, longer-term support** using a mixture of business development and financial services together with longer-term monitoring of attrition and growth and the reasons for changes. Support to start-up enterprises requires a well-sequenced

approach including intensive and continuous support, taking into consideration entrepreneurship potential to identify appropriate participants. There are trade-offs between being able to provide sufficient support and to reach large numbers of people, particularly over dispersed geographies or across multiple sectors.

- (iii) **Impact assessment requires a holistic understanding of household economic activities.** Most rural households engage in multiple entrepreneurial activities and allocate time and labour to manage the cash flows to match their finance needs. Project monitoring only focusing on specific entrepreneurial activities can overlook how the supported activities complement or may replace other income sources or to what extent they contribute to better managing risks and seasonality. Also, more granular data on wage job creation is needed (e.g. seasonality, stability, wage levels) to better understand employment outcomes.
- (iv) **Strategies to improve rural microentrepreneurs' access to finance must be based on understanding their needs, as well as policy and institutional bottlenecks.** A differentiated approach is needed depending on the stage and maturity of enterprises, credit histories and perceived creditworthiness (i.e. start-up, existing, growing, mature), as well as the types and terms of financing according to the main purpose (e.g. investment on assets) while also exploring the need and space for developing innovative and responsive products and services. Allocating credit funds for rural enterprises is insufficient to promote responsive and sustainable financial services if systemic constraints or the incentives for financial institutions to serve different clienteles are not also addressed. It may not be realistic to address systemic issues within a project scope and timeframe.
- (v) **The introduction of technology and innovation requires sufficient analysis** of: (i) target groups' context and needs; and (ii) the appropriateness of the technology (whether physical equipment/tools or practices), including their affordability, access, ease of use (including future operation and maintenance), sustainability and contribution to improved profits.
- (vi) **Productivity improvements can contribute to income/revenue increase, but additional support is needed for enterprise upgrading,** such as improved management practices and marketing, better links to producers or service providers and to other market actors and functions.

PCE evaluation framework¹

No.	Evaluation questions	Relevant report sections
1	Targeting, social inclusion and poverty impact	
1.1*	How appropriate were the project strategies in ensuring that project benefits and impact reached the intended target group? How well was the project targeting strategy articulated?	III.A.1, III.A.2, III.A.3
1.2*	How have the projects sought to reduce the barriers to entry for microentrepreneurs of different social profiles (e.g. young women)? How successful were they?	III.A.2, III.B.1, III.B.2
1.3	What are the project's outcomes and impact on different groups of the rural poor in terms of household incomes (including diversification) and food security? To what extent do enterprise activities contribute to the coping strategy and resilience of poor rural households?	III.C.1
1.4	To what extent did the projects contribute to gender equality and women's social and economic empowerment, including women's access to resources, assets and services, incomes, women's influence in decision-making and workload distribution among household members? To what extent did the projects achieve gender-transformative outcomes and how?	Annex VIII
1.5	How long do MSEs endure? What can be learned with regards to attrition? What are the key lessons regarding sustainability?	III.B.1, III.D.1
2	Contribution to increased employment and rural transformation	
2.1*	To what extent and in what ways were the project strategies relevant to the objective of generating employment opportunities (self-employment, for household members or others)?	III.A.1
2.2*	To what extent did the project succeed in supporting the growth of enterprises? What are the key lessons regarding targeting and supporting micro/small entrepreneurs with potential for growth or sustainability vis-à-vis "short-lived" enterprises?	III.A.1, III.B.1
2.3	To what extent did supported enterprises create self-employment, employment for household members or employment for others? What types of employment/jobs were generated (e.g. skilled/unskilled, seasonal or continuous)? What factors influenced different pathways?	III.C.1
2.4	To what extent are enterprises created /supported expected to contribute to rural transformation, through either improved productivity within a sector or to moving labour to different productive sectors?	(III.A.1, III.B.1)
3	Access to finance and non-financial services	
3.1*	To what extent were the strategies and approaches for supporting financial and non-financial services relevant to the needs of different types of rural entrepreneurs and to MSE development? To what extent was there a synergy between different project interventions in these areas?	III.A, III.B

¹ Asterisk (*) indicates that the questions are applicable to RERP Nepal, in addition to other three projects.

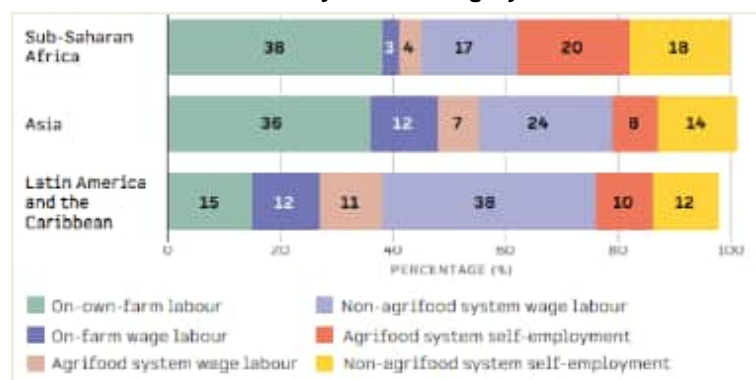
No.	Evaluation questions	Relevant report sections
3.2	What outcomes have been achieved in terms of the establishment, formalization and growth of MSEs and what support and approaches have been effective and why? How are the results achieved assessed against the costs to achieve them? How have external factors (e.g. COVID-19) affected the results and efficiency?	III.B.1
3.3	To what extent have improved knowledge, skills and behaviours contributed to better income opportunities and increased income for the target group and how? How has the aspect of entrepreneurial aptitude been reflected?	III.A.2, III.B.2, III.C.1
3.4	To what extent did project support for financial services leverage additional credit funds, new financial products and/or institutional and systemic changes in the financial sector? How?	III.B.3
3.5	To what extent did support for technology development and technological innovations play a role in increasing productivity, efficiency, growth and profitability of MSEs? How?	III.B.2
3.6	How likely is the provision of financial and non-financial services to be maintained after the project?	III.D.2, III.D.3
4	Institutional capacity-building, support systems and enabling environment for rural MSE development	
4.1	Which interventions have been effective in strengthening support systems and policy/institutional frameworks to promote MSEs? How do the strategies and approaches fit with the overall policy framework and other initiatives?	III.A.1, III.A.2, III.B.2, III.C.2
4.2*	What contextual factors are likely to enable or undermine the effectiveness and outcomes of project support for an enabling environment and what is their sustainability? How should they be taken into account in project strategy and design?	III.D.2, III.D.3

Rural enterprise development – key issues highlighted in the literature

1. There is a wealth of literature on MS(M)Es discussing their importance for poverty reduction and/or their contribution to broad economic development. Some selected issues that are relevant to micro (or small) enterprises in a rural space and in developing countries are highlighted below.
2. **On-farm and off-farm activities in rural households.** Most rural households combine agricultural production with non-farm income-generating activities, in a complex pattern of income diversification, which is directed both at mitigating risk and seasonality and at securing/increasing incomes (IFAD 2021c; UNCTAD 2018) (figure 3). The importance of different income sources (e.g. on-own-farm, on-farm wage jobs, off-farm entrepreneurial activities and self or wage employment) for rural households varies depending on resources, skills, as well as external factors (e.g. markets). In development interventions some have argued for better targeting of micro and small enterprises which have a potential to grow and create jobs (Donor Committee for Enterprise Development 2017; Kumar 2017) – with growing attention to the quality of jobs (e.g. wages, labour conditions). At the same time, it is also important to recognize the vital role of micro-entrepreneurial activities in the household coping strategy, especially for the rural poor (Tarp and Jones 2015; Calabrese 2020).¹

Figure 3

Estimated time allocation by labour category in rural areas



Source: IFAD 2021c.

3. **Non-farm enterprises.** New non-farm enterprises tend to be concentrated in activities with low entry barriers, such as sales and trading, but as development progresses and incomes rise, backward production linkages from agricultural inputs and forward linkages to agroprocessing activities tend to become more important (UNCTAD 2018).² A majority of rural non-farm enterprises tend to be predominantly small (micro), informal household enterprises, mainly serving basic consumer goods and services to the local economy (Nagler and Naudé 2014). This limits the potential of the non-farm/non-agricultural sector to be a significant driver of growth.
4. **Necessity vs. growth-oriented enterprises and contribution to job creation.** An assumption about the employment potential of MSEs drives support from many organizations to create or strengthen them. However, only a small proportion of enterprises have the capability to grow and contribute to employment creation outside households; most MSEs are “survivalist entrepreneurs by necessity”.

¹ The researchers argue that switching agricultural workers out of agriculture is expected to mitigate risks and the seasonality of much agricultural production so increases income diversification and improves the welfare of rural populations.

² Urban enterprises also tend to be concentrated in areas with low entry barriers.

Necessity (also referred to as survivalist or involuntary) entrepreneurs are typically not innovative, and most will remain self-employed or as micro-enterprises and not be able to generate wider economic benefits such as job creation (UNCTAD 2018).³ There is a high turnover level and exit rate among rural enterprises, and seasonality is an important determinant of enterprise productivity and survival (UNCTAD 2018). While most job creation comes from MSEs, the job destruction rate is also high, commonly due to low profitability and low productivity. Much of the employment in MSEs is low productivity, low income and low quality. Debates remain over the underlying growth assumptions, the job creation potential and the MSE's contribution to employment (Reeg 2017). Research points out that, for necessity entrepreneurs, the focus should be on improving earnings through their current activities via expanding markets, improving pricing mechanisms, product quality and the use of production technologies to reduce costs and/or increase outputs and quality, rather than enterprise development and growth (Cho et al. 2016).

5. **Factors with implications on the likelihood of enterprise success.** For rural MSEs, proximity to urban markets as well as linkage to value chains can be important determinants of enterprise success, as are enterprise size, land tenure and, to a lesser extent, the gender, educational level and prior income and/or wealth of entrepreneurs, as well as their access to finance (UNCTAD 2018). Within rural areas, there is an important distinction between areas close to urban areas and markets (e.g. with better transport and logistical connections) and more remote and marginal areas. Farming and non-farming activities in the former areas can more readily commercialize their operations through the direct purchase of their produce by wholesalers and are also often better equipped to scale up their activities and diversify into non-farm entrepreneurship, whether in industry or services (UNCTAD 2018).
6. **Support for MSE development.** International evidence on the type of enterprise development support that is most relevant to poor and vulnerable persons is inconclusive (Jayachandran 2020), hampered by the fact many projects are not tracking and assessing participants and outcomes over the long term. Access to finance, in particular, medium-long term loans for capital investment, is seen as one of the main – though not the only⁴ – constraints for MS(M)E development. At the same time, the importance of non-financial services – and, more specifically, “bundling” financial and non-financial services – has often been discussed in the literature on microfinance and/or MS(M)E development.⁵ Some literature noted that multi-faceted programmes can be effective, e.g. a combination of youth entrepreneurship skills training, financial assistance and mentorship and in-class training with internships or other forms of on-the-job experience and that testing entrepreneurial ‘aptitude’ (talent, capabilities and mindset) beforehand can be an effective tool for targeting potential young entrepreneurs to increase the chance of success (Kluve et al. 2017).
7. Some studies distinguish between the type of support needed for start-up enterprises, supporting self-employment and expanding enterprises. The wage employment effect of non-financial and financial support is uncertain, and in some cases, while productivity improvements may materialize, it may not create jobs. Technical and business skills training may lead to the creation of new enterprises, at least in the short-to-medium term, but may be less effective in expanding enterprises (de Kok et al. 2013; McKenzie and Wood 2012; UNCTAD 2001).
8. **Formalization.** Most microenterprises are not formally registered with the government. While formalization could give enterprises greater access to capital and

³ See also: CGAP, 2020, Cho et al. 2016; Doran 2018; ILO 2019; and for Ghana - Lambon-Quaye, Monica Non-Farm Enterprises and the Rural Youth Employment Challenge in Ghana.

⁴ Other factors include: (i) human capital (education, training and work experience) and private wealth; (ii) sector /industry focus; (iii) R&D and market research; (iv) workforce training and incentives; and (v) supportive networks. (Reeg 2015).

⁵ For example, including ILO (undated).

wider markets, the financial costs and red tape involved can be a major deterrent. The literature shows that assistance for formalization can be effective when involving close interaction, which would be costly and therefore it is important to target those enterprises which are motivated to formalize but are discouraged by the associated costs (Jayachandran 2020).

Methodology

A. PCE project selection process

1. Based on the literature review and IFAD corporate documents relating to the thematic area of rural enterprise development, the following criteria were developed to guide the project selection:
 - (i) A clear focus on rural entrepreneurship and enterprise/business development, whether individual or collective, on-farm or off-farm, as opposed to primary production activities or the organizational development (of rural people) being the main focus and entry point;
 - (ii) Support for non-financial services for rural MSE development (e.g. business development services, technologies and technical support) included;
 - (iii) Support to improve access to finance for potential and existing rural enterprises, preferably working through existing institutions and systems (rather than, say, providing grants directly); and
 - (iv) Including interventions for support systems and an enabling environment for rural MSE development.
2. Furthermore, in order to select projects that are sufficiently mature, the project database was screened for those with a completion date between the second half of 2021 and 2023.
3. In light of the criteria noted above, the first stage screening was based on the following data generated from the IFAD database (Oracle Business Intelligence):
 - a) Project objective statements and project component/subcomponent titles: a keyword search was conducted for "enterprise*", "entrepreneur*", "employ*" and the projects with these keywords were identified; and
 - b) The share of the budget allocation for relevant subcomponent types against the total cost: more than 20 per cent of the project cost allocated to one subcomponent type under the categories of "rural business development" and "banking and financial services" as classified in the IFAD database.
4. The initial screening, considering the above-mentioned criteria and completion date, resulted in about 20 projects. The initial screening was followed by a quick scan of project design documents or supervision mission reports, to better understand the nature and focus of activities. For example, some projects had on-farm production improvement (with support for marketing) as a primary entry point,¹ rather than rural enterprise development being the main focus. The rapid review process resulted in the list of seven projects.² Complemented by interviews with the country teams and the project information, three projects in Nepal (Samriddhi – Rural Enterprise and Remittances Project, RERP), Cameroon (PEAJ) and Ghana (REP) were initially proposed for the PCE. The Asia and the Pacific Division suggested PACE in Bangladesh (among the seven shortlisted) to replace RERP Nepal, on the account of the data availability and the potential to generate relevant lessons. A closer review on RERP Nepal revealed that, although the initial design would have been a good fit with the criteria used for the PCE, due to the restructuring which followed poor project

¹ For example, Integrated Livestock Development Project in the Syrian Arab Republic, Economic Transformation Initiative – Gilgit Baltistan in Pakistan with large investment in irrigation development.

² (a) Two from the Asia and the Pacific Region (PACE in Bangladesh, RERP in Nepal); (b) two in the East and Southern Africa Region (the Rwanda Dairy Development Project [RDDP]; and the Support Programme for Rural Microenterprise Poles and Regional Economies [PROSPERER] in Madagascar); and (c) three in the West and Central Africa Region (the Youth Agropastoral Entrepreneurship Promotion Programme in Cameroon; the Rural Enterprises Programme in Ghana; and the Rural Youth Vocational Training, Employment and Entrepreneurship Support Project in Mali). As for PROSPERER in Madagascar, it was understood that while the programme started off as a hybrid of agriculture/non-agriculture and on- and off-farm, during the implementation the focus shifted towards support for on-farm activities. RDDP in Rwanda has a focus on the dairy sector.

performance, a number of interventions that would have been comparable to other projects (e.g. business development services, access to finance) were either dropped or significantly scaled down. It was then decided that PACE Bangladesh be added, while still keeping RERP Nepal only in relation to the relevance criterion.

- The four countries are all classified as lower-middle-income countries, although the size of economy and population is far larger in Bangladesh. Some demographic and economic indicators in these countries are shown in annex V.

B. Methodology for project-specific assessments

- For the selected projects, except for RERP Nepal, the project-specific assessments were conducted based on a combination of a desk review, interviews (remote and in-person), focus group discussions and field visits.

B.1 PEAJ Cameroon

- PCE Cameroon was carried out at the same time as the PEAJ full supervision mission. Two teams worked together to prepare an overall programme, but in the field the PCE team conducted interviews and focus group discussions independently without the presence of the supervision mission members.

Sampling of sites for field visits: sampling frame and methodology

- Initially, the PCE team planned to adopt a stratified purposive sampling method, considering the diversity in agroecological zones, populations, locations, market potential and the different categories of beneficiaries involved in the project. While the IFAD supervision mission visited only two regions, Littoral and Centre, the PCE team decided to cover three out of the four regions of PEAJ: Centre, Littoral and North West. In each region, two production basins were included, as the table below shows. In each region key partners such as incubators (both public and private), financial institutions and facilitation structures (NGOs) were met.

Table 9

General sample of PCE Cameroon mission

<i>Regions</i>	<i>Divisions</i>	<i>Production Basins</i>	<i>Incubation structures</i>
Centre	Lékié Haute Sanaga	Obala-Monatele-Elig Mfomo-Batchenga-Mbandjock-Sa'a	IAO Obala
	Mfoundi	Périphérie Yaoundé 6 et 7	KMC
Littoral	Moungo	Njombé-Penja-Loum-Manjo-Nkongsamba-Melong	IG Poivre Penja
	Wouri	Périphérie Douala-Dibombari	ETA Dibombari
North West	Mezam	Bamenda Santa	Nazareth Center Bamenda
	Momo	Batibo-Mbengwi	PRTC

- It was planned to meet a minimum of 10 participants per selected basin, in order to include both male and female beneficiaries from the three categories (C1, C2 and C3) and those involved in different sectors of activities in different stages of the main value chains (production, marketing, processing, service providers). Finally, participants were invited by the regional management unit and the PCE team had no means to select people to meet from a list. Table 10 below provides a synthesis of stakeholders met during the mission (the full list of people met is provided in annex IX).

Table 10
Number of people met by the PCE team, Cameroon

<i>Category</i>	<i>Institution/organization</i>	<i>Total</i>
Ministries involved (35)	Ministry of Economy, Planning and Regional Development	3
	Ministry of Agriculture and Rural Development	15
	Ministry of Livestock, Fisheries and Animal Industries	9
	Ministry of Employment and Vocational Training	2
	Ministry of Small and Medium-Sized Enterprises, Social Economy and Handicrafts	5
	Autonomous Sinking Fund of Cameroon	1
International organizations and partners (20)	IFAD	11
	Développement International Desjardins	2
	ILO	2
	Food and Agriculture Organization of the United Nations	1
	World Food Programme	3
	UN-Women	1
PEA-J (27)	National and regional units	27
Incubation structures (15)	Institute Agricole d'Obala	3
	Ecole Pratique d'Agriculture de Binguela	1
	Ecole Pratique d'Agriculture de Dibombari	3
	IG-Poivre Penja (IGPP)	1
	ISMAM Nkongsamba	1
	Nazareth Center	2
	CDSTS Santa	2
	ISSAER	1
	CEPISA	1
Business coaches (13)	IAO	4
	ETA Dibombar	1
	ISMAM Nkongsamba	1
	IGPP	3
	Nazareth Center	4
Facilitating NGOs (2)		2
REPA-Jeunes (7)		7
YAEs (27)	Center region	5
	Littoral region	11
	North West region	11
Banks and RFIs (16)	SG-CAM	4
	RIC SA	3
	UNICS PLC	2
	ACEP Cameroon	2
	La Régionale	1
	CAPFINANCE	1
	People Finance SA	2
	CEPI	1
Support system (2)	Small Business Solution	1
	BELGOCAM	1
Total	-	164

10. At the national, regional and divisional levels, representatives from PEAJ, the Ministry of Agriculture and Rural Development, the Ministry of Livestock, Fisheries and Animal

Husbandry, partners, government agencies and some stakeholders of the project were identified and met for interviews.

Data collection tools

11. Interviews were mostly conducted online in November and December 2021, and data were collected in the field for 10 days. At the regional level, the team met with all stakeholders, and focus groups subsequently took place for specific discussions with the PCE team. Individual interviews with three or four participants and visits to their business activities were organized in addition to focus group discussions. In the North West region enterprise visits were not possible, and therefore meetings with stakeholders and focus groups with beneficiaries were organized in Bafoussam.

Data analysis

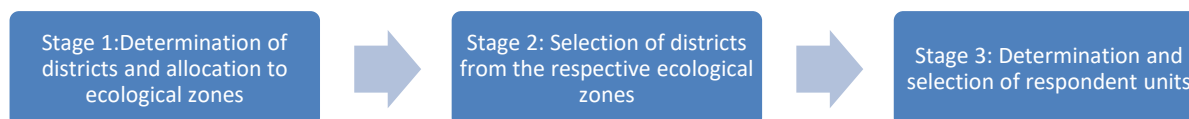
12. Data from secondary and primary sources were summarized in table form and organized according to the evaluation criteria. A first debrief was presented to the government representatives a few days after data collection.

B.2 REP Ghana

13. The evaluation adopted a qualitative approach to have a deeper understanding of the implementation of the REP, successes obtained and challenges faced as well as to examine the impact of the programme on beneficiaries, including rural MSEs and the rural poor, especially women. The evaluation used a mix of tools and techniques, including desk review, key informant interviews, focus group discussions and observations in gathering data. Key informant interviews were conducted with officials of government institutions, including the Ministry of Trade and Industry, the Bank of Ghana, Ghana Enterprises Agency, GRATIS, district and municipal assemblies, business advisory centres, rural technology facilities, REP beneficiaries and non-REP beneficiaries. Focus group discussions were also organized with a cross-section of managers of BACs, women beneficiaries and trade associations. A review of relevant documentation was done to further support the analysis of the data gathered.
14. Seven municipal and district assemblies selected from seven regions across Ghana's three ecological zones were covered. The district and municipal assemblies were Yendi, Lawra, Berekum, Tano South, Techiman, Mfantseman and Hohoe from the Northern, Upper West, Bono, Ahafo, Bono East, Central and Volta regions.

Sampling of sites for field visits

15. The overall approach adopted for sampling was purposive and reflected multiple considerations. The key parameters considered were the presence of business advisory centres, REP partner financial institutions, rural technology facilities, as well as the districts' inclusion in different REP phases. The districts selected cut across the three ecological zones (savannah, forest transition and coastal savannah), as well as different levels of economic development and social contexts. The distribution of the selected districts is presented in table 11. The sampling process went through three stages:



Stage 1: Determination of the number of districts and allocation to ecological zones

16. Seven districts were selected from the three ecological zones for the field visit. In proposing the districts, we took into consideration the time available for the field visit, COVID-19 pandemic-related travel challenges and the fact that interventions carried out across the districts were not differentiated, and therefore specific lessons were not expected to be obtained from a larger sample size.

Stage 2: Selection of districts from the respective ecological zones

17. In selecting the districts, the focus was on ensuring the following:
- The inclusion of at least one district that has benefited from REP phase I, at least two districts that benefited from REP phase II and the rest from REP III. This approach was to ensure the longitudinal effect of programme interventions on institutions and clients could be explored.
 - The districts should have the presence of at least one rural partner financial institution that had served enterprises/clients through either the Rural Enterprise Development Facility or the Matching Grant Facility.
 - The districts should have a high proportion of formalized enterprises.
 - The districts should have enterprises/clients in all sectors.
 - The districts should have a RTF.

Stage 3: Determination and selection of respondent units

18. From each of the selected districts the following respondent units were engaged:
- Business advisory centre - head and business development officer;
 - Rural financial institution - supervising manager and credit officer of the selected rural financial institution;
 - Clients/enterprises: clients who have received training; received funding/did not receive funding; benefited from the rural technology facility;
 - Rural technology facility – head.

Table 11

Overview of districts visited by the PCE team (REP Ghana)

Ecological zone	Region	Districts	Financial Institution	Financing type		RTF	BAC	BRC	REP Phases		
				REDF	MG				I	II	III
Savannah	Northern	Yendi	Bonzali Rural Bank	√	√		√	√			√
Savannah	Upper West	Lawra	Lawra Rural Bank	√	√		√				√
Forest Transition/Middle	Bono	Berekum	Bomosadu Rural Bank	√	√		√		√		√
Forest Transition/Middle	Ahafo	Tano South	Derma Rural Bank	√	√	√	√	√	√		√
Forest Transition/Middle	Bono East	Techiman (Municipal)	Nkoraza Kwabre Rural Bank			√	√	√	√		√
Coastal Savannah	Central	Mfantseman	Akatsyiman Rural Bank	√		√	√			√	√
Forest Transition/Middle	Volta	Hohoe	Paradise Cooperative Credit Union	√		√	√			√	√

REDF: Rural Enterprise Development Facility.

MG: Matching grant.

Data collection

19. The field work took a period of 10 days to interview and collect responses across the seven districts. In all, a total of 98 enterprises, out of which 70 (71 per cent) were

female-owned, were interviewed. Two enterprises were non-REP beneficiaries. Clients were randomly selected from the register of BACs, based on the selection proposed by the consultants. In some instances, MSEs selected could not be reached and these were replaced after consultation with the BAC staff. Interviews were undertaken with a key informant interview tool that was developed for the field work. Interviews were also held with partner financial institutions, BACs, RTF and BRCs. Four focus group discussions were organized with only female beneficiaries who were of various trades in the districts of Lawra, Yendi and Mfantseman.

Table 12
Data collection summary

<i>Unit</i>	<i>Number of units</i>	<i>Number of respondents (f/m)</i>	<i>Data collection approach</i>
Business advisory centre heads	7	9 (f=1, m=8)	Key informant interviews, direct observations
Partner financial institution	7	18 (m)	Key informant interviews
Clients/enterprise	3	51 (f)	Focus group discussion
Clients/enterprise	7	45 (f=17, m=28)	Key informant interviews, direct observations
Non-REP clients	2	2 (f)	Key informant interviews
Rural technology facility	3	3 (m)	Key informant interview, direct observations
	TOTAL	128	

Data analysis

20. Data for the study were obtained from primary sources through interviews and focus group discussions. The data gathered was analysed using contextual analysis, thereby categorizing data and developing themes emerging from it to unearth differences and similarities out of which the findings were generated.

B.3. PACE Bangladesh

21. The evaluation adopted a qualitative approach to have a deeper understanding of the implementation of PACE, the successes obtained and challenges faced, as well as to examine the impact of the programme on beneficiaries. The evaluation included a secondary data review and primary data collection. The secondary sources reviewed included statistical reports published by the Bangladesh Bureau of Statistics on the economy, employment and structure of MSMEs in Bangladesh, and policy papers on the MSMEs and the microfinance sector in Bangladesh. Secondary data from the implementing agency included its value chain proposals, value chain assessment reports for 24 value chains, implementation guidelines and policy papers. Primary data collection was mainly based on qualitative techniques, including semi-structured interviews, structured interviews, focus group discussions and direct observations. These were conducted through field visits conducted by national consultants. Site visits provided opportunities to directly interact with various respondent groups (partners, programme beneficiaries, value chain stakeholders) as well as to conduct direct observations on how enterprises function and interact with the local population. Based on the key issues and evaluation questions laid out in the PACE approach paper, sets of questions to guide interviews of different respondent groups were developed.

Sampling and sampling procedure

22. The PKSF implemented the project through its large network of 196 POs across the whole country. The POs played a vital role in the implementation of all three project components and have the ability to provide rich data on outcomes and link the

mission to the private support service providers, beneficiaries and technology transfer organizations that were engaged as part of the project. The PO targeting approach allows for the evaluation of individual components (technology, value chain development or loan) as well as finding synergy between components by focusing on beneficiaries that took part in both the loan and value chain development activities. Therefore the sampling strategy focused on selecting POs as an entry point. The criteria guiding PO selection included:

- (i) ensuring a mix of POs that worked in farm and non-farm activities to assess the variety of work done by the project;
 - (ii) ensuring that selected POs provided a mix of financial and non-financial services, thereby maximizing the data that can be collected through a visit to a PO and assessing the synergies of providing both kinds of services;
 - (iii) selection of POs targeting ethnic groups to explore how inclusive the project was.
23. A priority list of POs was selected based on these criteria, and then a final list of 8 NGO POs was selected considering the geographical spread, feasibility of carrying out field visits (availability of PO staff, links to beneficiary groups) and logistical considerations (travel time).

Data collection

24. The field work took a period of 13 days for interaction and data collection across the seven districts. In all, a total of 161 respondents were reached. The interviewees included IFAD, PKSF and NGO PO representatives who gave an overview of the programme and implementation process, beneficiaries and non-beneficiaries in the sectors, government officials knowledgeable about the local context and project activities, representatives of other donor programmes and representatives of a commercial bank providing SME finance. The table below lists the total number of respondents reached in the different categories using key informant interviews and focus group discussions.

Table 13

Data collection summary

<i>Organization</i>	<i>District</i>	<i>Sector/component</i>	<i>Number of interview respondents</i>	<i>Focus group discussions (participants)</i>
IFAD	Dhaka		2	
PKSF	Dhaka		11	
NGF	Satkhira	Component 1 (ME loans)	1	
		Crab	4	1 (10)
OPCA	Chattogram	Black pepper	5	
POPI	Kishoreganj	Component 1 (leasing and ME loan)	3	
		Shoe-making	8	
RRF	Jashore	Automobile	4	
		Component 1 (start-up loan)	3	
		Flower	3	
		Rice and Mung bean	2	2 (11)
SDI	Dhaka	Component 1	2	
		Safe vegetable	3	2 (6)
SUS	Satkhira	Carp-prawn	4	2 (35)

<i>Organization</i>	<i>District</i>	<i>Sector/component</i>	<i>Number of interview respondents</i>	<i>Focus group discussions (participants)</i>
YPSA	Chattogram	Eco-tourism	12	
		Bean	5	2 (7)
BASA	Tangail	Honey		3 (10)
Government agencies	Tangail		1	
	Jashore		1	
	Satkhira		1	
	Dhaka			1 (3)
Other donor programmes	Khulna		1	
	Dhaka		2	
Commercial bank	Dhaka		1	
Total			79	13 (82)

Data analysis

25. Data for the study were obtained from primary sources obtained through key informant interviews and focus group discussions. The data gathered was analysed based on context, triangulated against secondary data and among respondents, to generate: (a) findings on performance assessment in each sector/component; and (b) findings on common key issues and lessons around enterprise development.

Possible limitations

26. The PACE project worked through 196 NGO POs across the country, in 31 value chains (implemented in different locations as 74 value chain subprojects) and 10 new technology products. Due to time and logistical constraints, the PCE team was able to visit eight NGO partners, ten value chains and two new technology products. The PCE team focused on selecting value chains where the NGO partners still had active staff who could help identify respondents. During the project period, the implementing agencies undertook studies to assess its activities in 24 value chain subprojects. At the time of the evaluation, impact assessments of the other 50 value chain subprojects had not been completed. The implementing agency also carried out a midterm impact assessment study of 3,612 households. This sample size provided a good profile of the project beneficiaries but did not clearly establish a counterfactual aspect to prove causality of changes to project activities. The PCE team therefore focused on understanding how and why changes occurred and how sustainable those changes were.

IFAD policy and strategy on rural enterprise development and supported operations

Rural enterprise development in IFAD policies and strategies

1. IFAD's policy document of direct relevance to the topic is the **rural enterprise policy** prepared in 2004. The purpose of this policy was "to contribute to the debate on the conditions and modalities for developing micro and small off-farm entrepreneurship among the rural poor." The document categorized types of rural enterprises (box 13) but the differentiation between micro and small enterprises does not refer to the number of employees or value of assets as is often used by other development agencies or governments. The policy also discussed key issues and recommendations relating to the development of MSEs, such as access to financial and non-financial services, skill development, market links and supporting a conducive institutional environment. This policy has not been revised or updated since its production in 2004.

Box 13

Types of enterprise models and examples of (off-farm) MSE activities in 2004 Rural Enterprise Policy

Pre-entrepreneurial activities: traditionally designated as income-generating activities (such as small crafting and petty trading), with people that have limited knowledge of the basic principles that guide any business activity and who lack basic assets.

Microenterprises: semi-structured activities, including limited fixed assets and observing some basic management principles.

Small enterprises: structured businesses that usually have a well-defined market niche and physical location, an acceptable turnover, some business skills, regular access to market-based business advisory services and a number of part- or full-time employees.

Examples of agriculture-based MSEs: livestock processing and products; fish processing and marketing; processing (e.g. milling, jam-making); agricultural marketing enterprises; agricultural equipment manufacturing; non-timber forest products.

Examples of non-agricultural MSEs: brick-making; transport; small rural shops; rural restaurants; blacksmith; carpentry; handicrafts; ecotourism.

Source: IFAD 2004.

2. With reference to more recent corporate documents, one of the three strategic objectives in **the 2016-2025 strategic framework** was to "increase poor rural people's benefits from market participation", with areas of thematic focus including "diversified rural enterprise and employment opportunities" (see table 14). The strategic framework discusses micro, small and medium-sized enterprises together without clear differentiation.

Table 14

Overview of strategic framework 2016-2025: strategic objectives and areas of thematic focus

	<i>Strategic objective 1</i>	<i>Strategic objective 2</i>	<i>Strategic objective 3</i>
Strategic objectives	Increase poor rural people's productive capacities	Increase poor rural people's benefits from market participation	Strengthen the environmental sustainability and climate resilience of poor rural people's economic activities
Areas of thematic focus	<ul style="list-style-type: none"> • Access to natural resources • Access to agricultural technologies and production services • Inclusive financial services • Nutrition 	<ul style="list-style-type: none"> • Diversified rural enterprise and employment opportunities • Rural investment environment • Rural producers' organizations • Rural infrastructure 	<ul style="list-style-type: none"> • Environmental sustainability • Climate change

Source: IFAD 2016a.

3. **The results management framework for the Twelfth Replenishment of IFAD's Resources (IFAD12)** includes two indicators relating to rural enterprises. The first is "900,000 rural enterprises accessing business development services" (see box 14 for the definition of "rural enterprises" in relation to this indicator). The other related indicator is "number of beneficiaries with new jobs/employment opportunities" and concerns "new full-time or recurrent seasonal on-farm and off-farm jobs created either as self-employed or as employees of MSMEs".¹

Box 14

Definition of rural enterprises for the purpose of the IFAD12 results management framework

Rural enterprises: structured businesses that have a well-defined physical location, normally with legal status, a bank account and some employees. They also include pre-entrepreneurial activities such as self-employment initiatives and microenterprises with semi-structured activities. Both formal and informal enterprises can be considered, but only non-farm upstream and downstream activities (processing and marketing) are to be included. Production activities are excluded.

Source: IFAD 2021b.

4. The IFAD's **Youth Action Plan 2019-2021** describes the theory of change as "jobs, entrepreneurship and well-being for youth through more access to productive assets, services and skills". The "strategic directions" discussed in the document include those related to entrepreneurship and enterprise development (e.g. business development services, new/modern technologies, financial products for youth-owned enterprises and start-ups support to young rural entrepreneurs), as well as a broader theme of decent employment, for example through vocational training.

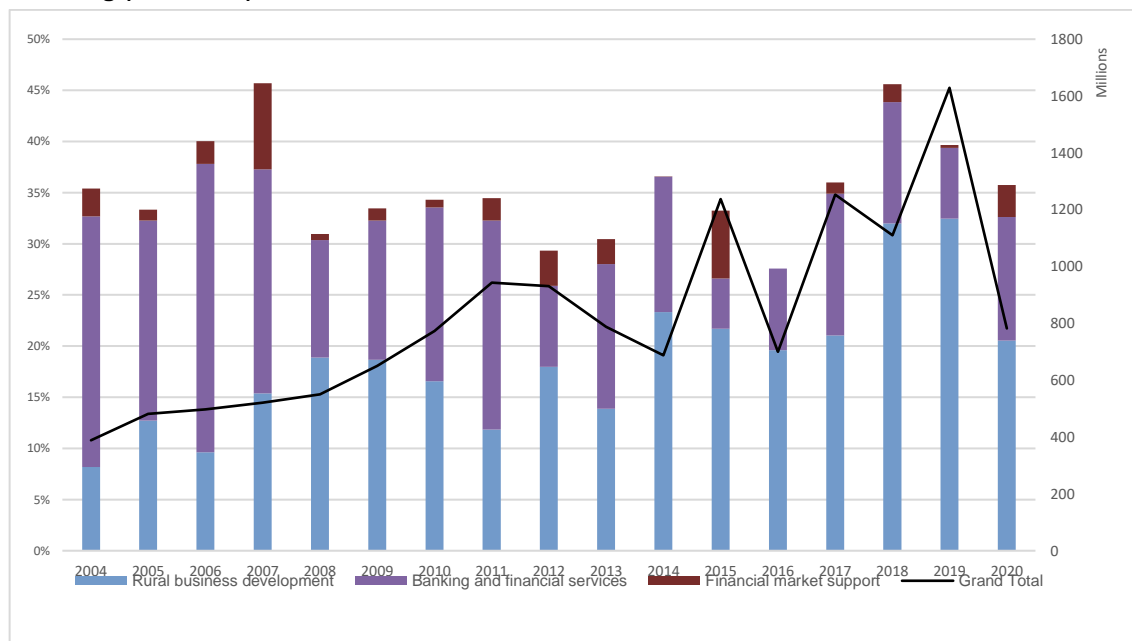
Rural enterprise development support in IFAD-funded operations

5. IFAD's project database does not have a clear category or classification for rural enterprises. The database currently contains 15 categories, which are further broken down into some 68 subcategories. Each subcomponent of investment projects is classified into one of the subcategories. Three categories out of 15 are identified as relevant to rural enterprise development: rural business development; banking and financial services; and financial market support.² However, some of the subcategories under these headings may not be directly linked to rural enterprise development: for example, the subcategory of marketplaces, under the category of rural business development, includes market infrastructures. Similarly, a certain project subcomponent may in fact contain activities that cut across multiple subcategories.
6. Figure 4 below shows the share of IFAD's investment in the above-mentioned three categories, which are considered to be related to rural enterprise development against the total IFAD financing. Due to the challenges in categorization, as noted above, this data should be seen as only indicative. All three categories show some level of fluctuation, but the share of the rural business development category since 2014 has consistently remained above 20 per cent and the largest share for most years. Greater fluctuation in the banking and financial services area may be influenced by the allocation of a sizable amount of funding to credit lines (or other financing mechanisms through financing institutions).

¹ Defined as follows. "Number of new full-time or recurrent seasonal on-farm and off-farm jobs created since project start-up, either as independent individuals (self-employed) or as employees of micro, small and medium-sized enterprises. Jobs created within farmers' organizations that received project support are also included, but temporary jobs created for a limited period (e.g. for road construction) shall be excluded".

² The other twelve categories are: (i) environment and natural resources; (ii) crops; (iii) fisheries and aquaculture; (iv) agricultural land resources; (v) livestock and pastoralism; (vi) agricultural water resources; (vii) transportation; (ix) policy development and engagement; (x) securing basic needs and services; (xi) access to energy and housing; and (xii) programme management.

Figure 4
Share of IFAD investment in selected categories³ against total IFAD financing and total IFAD financing (2004-2020)



Source: IFAD database (Oracle Business Intelligence).

³ Only IFAD financing and based on the categories defined as IFAD in its database. The top five categories, in terms of the share of investment between 2004 and 2020, are as follows: (i) rural business development (20 per cent); (ii) banking and financial services (13 per cent); (iii) community and group development (12 per cent); (iv) crops (11 per cent); and (v) livestock and pastoralism (6 per cent).

Contextual information in selected countries

A. Basic country data

Table 15

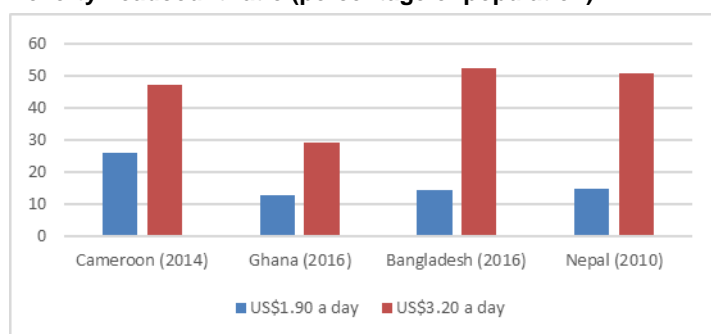
A comparison of basic country data in the four project countries

Variable	Cameroon	Ghana	Bangladesh	Nepal
Population, total	26 55 million	31 07 million	164 69 million	29 14 million
Population, aged 0-14 (% of total population)	42.06	37.13	26.75	28.81
Population, aged 15-24 (% of total population) (nationmaster.com)	20.18	19.36	18.65	21.1
Rural population (% of total population)	42.44	42.65	61.82	79.42
GDP (current US\$)	39 80 billion	72 35 billion	324 24 billion	33 66 billion
Agriculture, forestry and fishing, value added (% of GDP)	15.18	18.24	12.65	23.13
Gross National Income per capita, Atlas method (current US\$)	1500	2230	2010	1190
Gini index (World Bank estimate)	46.6 (2014)	43.5 (2016)	32.4 (2016)	32.8 (2010)
Human Development Index - rank	153	138	133	142
Self-employed, total (% of total employment) (modelled ILO estimate)	74.39	72.25	59.27	77.34
Unemployment, total (% of total labour force) (modelled ILO estimate)	3.62	4.53	5.30	4.44
Unemployment, youth total (% of total labour force aged 15-24) (modelled ILO estimate)	5.73	8.72	12.13	4.57
Employment in agriculture (% of total employment) (modelled ILO estimate)	43.49	29.75	38.30	64.38
Global Entrepreneurship Index - rank	121	91	132	NA
Gender Inequality Index - rank	141	135	133	110

Source: ILO, UNDP, World Bank data.

Figure 5

Poverty headcount ratio (percentage of population)



Source: World Bank databank.

1. All four countries are classified as lower-middle-income economies, with a gross national income per capita ranging between US\$1,190 (Nepal) and US\$2,230 (Ghana). The proportion of the rural population is higher in Asia (over 60 per cent, compared to a little over 40 per cent in Cameroon and Ghana). On the other hand, the proportion of the young population is distinctively higher in the West African countries. The data on the poverty headcount ratio (figure 5 above) shows that the

figures at different poverty lines (US\$1.90 and US\$3.20 a day) are particularly large in Bangladesh and Nepal.

B. MSME sector

2. **Definition of MSEs.** The definition of MS(M)Es varies in different countries. For example, in Bangladesh, the number of workers for a “cottage industry” enterprise (smaller than micro industry enterprise)¹ is less than 15.

Table 16

Definition of microenterprises in the countries covered

Country	Types of enterprise	Number of employees	Value of fixed assets	Policy framework around MSEs, key government institutions
Cameroon	Microenterprise	Max 5	NA ^a	Law No. 2015/010, amending Law No. 2010/001 on the promotion of MSEs. Ministry of Small and Medium-size Enterprise, Social Economy and Handicraft.
Ghana	Microenterprise	< 5	<\$25 000	National Micro, Small and Medium Enterprise and Entrepreneurship Policy (2016). Ministry of Trade and Industry, Ghana Enterprise Agency.
Bangladesh	Cottage industry	<15	<\$11 800	National Industrial Policy (2016), SME Policy (2019). Ministry of Industries.
Bangladesh	Microindustry	16-30	\$11 800 -\$88 300	As above
Nepal	Microenterprise	<9	<\$18 000	Industrial Enterprises Act (2020); Ministry of Trade and Industry.

Source: policies and legislation detailed in table.

^a Annual turnover of XAF15 million (approximately US\$25,000).

^b Ministère de Petites et Moyennes Entreprises, de l'Economie Sociale et de l'Artisanal.

Cameroon

3. Law No. 2010/001 of 13 April 2010 on the promotion of small and medium-sized enterprises in Cameroon is particularly relevant with regard to the formalization of enterprises since it expresses the need for any entrepreneur to regularize his activity on the tax, social and financial levels (art.42). It equally defines the typology of very small, small and medium-sized enterprises. This law also governs the procedures for registering companies in the national SME file, a database maintained by the Ministry of Small and Medium-Sized Enterprises, Social Economy and Handicrafts. Similarly, article 1 of the General Tax Code stipulates that the registration of companies and their payment of taxes are mandatory.
4. With regards to sectoral activity, the tertiary sector remains predominant and represents 84.2 per cent of enterprises, operating mainly in trade. The secondary sector is in second place with 15.6 per cent and is characterized by the preponderance of microenterprises and small enterprises, operating mainly in the food industry (e.g. bakeries) and the clothing industry (e.g. sewing workshops). Finally, the formal primary sector, with 0.2 per cent of businesses, remains very underdeveloped. The gender balance is skewed to men, who create six out of 10 businesses, compared to four out of 10 businesses being run by women.
5. According to the definition enshrined in Law No. 2015/010 of 16 July 2015 amending and supplementing certain provisions of Law No. 2010/001 of 13 April 2010 on the

¹ The definition refers to industry of different sizes, i.e. cottage, micro, small, medium and large. The report by the United Nations (2021) points out that trading enterprises fall under the jurisdiction of the Ministry of Commerce, and are not covered in the 2016 National Industrial Policy (nor by the Ministry of Industry).

promotion of SMEs, MSMEs represent 99.8 per cent of all enterprises. The law states that “very small (micro) enterprises” refer to those that employ fewer than five people with annual revenues of up to 15 million Central African Francs, while small firms refer to those employing 6-20 employees with an annual turnover of 15 - 100 million. Finally, medium-sized enterprises are defined as those who hire from 21 - 100 people and have an annual turnover of 100 million to 1 billion. In this segment, more than seven out of 10 companies are very small enterprises (microenterprises). These findings are summarized in the following table.

Table 17
MSME classification in Cameroon

<i>Enterprise category</i>	<i>Number of employees</i>	<i>Initial investment</i>	<i>Turnover</i>
Micro	1-5	Up to 1 000 000	Up to 15 million
Small	6-20	Up to 500 000	15 - 100 million
Medium	21-50	Up to 1 000 000 000	100 million - 1 billion

Source: Diagnostic sur la Formalisation des Entreprises et de leurs Travailleurs au Cameroun, ILO, (2017).
The Study on Formulation of a Master Plan for Small and Medium-sized Enterprises Development in Republic of Cameroon (2009).

6. With the creation of the Ministry of Small and Medium-Sized Enterprises, Social Economy and Handicrafts in 2004, the Government of Cameroon has made a transition to the formal economy one of its economic development priorities. Various standards, laws and mechanisms have been established to reduce the size of the informal sector and to assist companies in taking the steps relating to their formal creation and development.

Ghana

7. The MSME sector is amplified through the recognition that it employs more than 80 per cent of the workforce and generates 70 per cent of the national output. The MSME sector dominates Ghana’s industrial landscape and has the potential to accelerate the economic development necessary for wealth creation and poverty reduction. MSMEs constitute about 90 per cent of businesses in Ghana and account for about 85 per cent of manufacturing employment, contributing about 70 per cent of GDP. An important part of MSMEs’ contribution is in generating employment for vulnerable groups, including women, youth and low-skilled workers.²
8. The definition and classification of MSMEs revolves around a mix of employment size, enterprise turnover and assets. The Ministry of Trade and Industry and the Ghana Enterprise Agency (formerly the National Board for Small-Scale Industries) has adopted a definition and classification of MSMEs as shown in the table below.

Table 18
MSME Classification Ghana

<i>Enterprise category</i>	<i>Employment size (permanent staff)</i>	<i>Turnover</i>	<i>Assets</i>
Micro	1 - 5	≤US\$25 000	≤US\$25 000
Small	6 - 30	US\$25 001 - 1 000 000	US\$25 001 - 1 000 000
Medium	31-100	US\$1 000 000 - 3 000 000	US\$1 000 001 - 3 000 000

Source: National Micro, Small and Medium Enterprise and Entrepreneurship Policy.

9. Over 80 per cent of Ghanaian enterprises in the MSME pool are microenterprises and are key for employment generation. The National Board for Small-Scale Industries (now Ghana Enterprise Agency), in its SME Support Services Strategy (2015-2020), noted that of the estimated 2.1 million businesses in the Ghanaian MSME sector,

² National Micro, Small and Medium Enterprise and Entrepreneurship Policy.

about 1.7 million could be classified under the microenterprise category. These businesses employ roughly 2.5 million people (or 30 per cent of all MSME employees), implying an average of one or two jobs created per microenterprise. At the next level up, the small enterprise category makes up 15 per cent of all SMEs, with about 320,000 businesses, which accounts for 23 per cent of all MSME jobs (1.9 million employees). This implies an approximate average of six jobs created per small enterprise. Finally, at the top of the pyramid, about 85,000 medium-sized enterprises make up 4 per cent of all SMEs but contribute 47 per cent of the total MSME employment (approximately 3.9 million jobs). This implies an average of approximately 46 jobs created per medium-sized enterprise.

Bangladesh

10. The first definition of MSMEs was developed in the National Industrial Policy of 2010 and is based on an enterprise's fixed asset base. This definition was used by financing organizations and commercial banks targeting medium- and small-sized enterprises and MFIs targeting micro and cottage industries. The definitions were revised in 2016, and in 2017 the Bangladesh Bank instructed commercial banks to target all sizes of enterprises, including cottage and micro-enterprises³ and currently small, micro and cottage enterprises receive a greater proportion of the banks' MSME loans. MFIs also extended their customer groups to include small, micro and cottage enterprises and have also increased their loan ceilings to provide more funds. The table below shows the MSME definitions given in the 2016 National Industrial Policy.

Table 19
MSME definitions for manufacturing enterprises in Bangladesh⁴

Type of industry		Number of employed workers	Amount of investment ^a (BDT)	Amount of investment ^a (approximate US\$ value) ^b
Cottage industry		1-15	< 1 million	< 11 800
Micro industry		16-30	1-7.5 million	11 800 - 88 300
Small industry	Manufacturing	31-120	7.5-150 million	88 300 - 177 million
	Service	16-50	1-20 million	11 700 - 235 000
Medium industry	Manufacturing	121-300	150-500 million	1.77 million - 5.88 million
	Service	51-120	20-300 million	235 000 - 3.53 million

Source: 2016 National Industrial Policy.

^a Replacement cost and value of fixed assets, excluding land and factory buildings.

^b Based on the exchange rate as of February 2022.

Nepal

11. The Industrial Enterprises Act of 2020 defines microenterprises using four criteria (capital investment, employment, annual turnover and energy consumption) while it uses the single criterion of capital investment to define SMEs (United Nations 2020). The Act also includes the category of cottage industries.

³ <https://www.thedailystar.net/business/bb-updates-sme-terms-1427509>.

⁴ National Industrial Policy 2016 (<http://www.smef.gov.bd/site/page/e48a664a-9618-4afe-b8fa-5108e845c793/SME-Definition>).

Table 20
Definition of cottage enterprise and MSMEs in Nepal according to the Nepal Industrial Enterprise Act of 2020

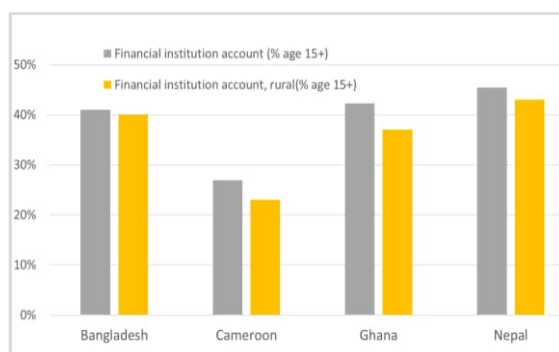
Enterprise category	Employment size	Fixed capital	Other parameters
Cottage			Uses local workers and raw materials, are engaged in traditional labour-intensive industries that reflect the country's indigenous art and culture
Micro	<9	<NPR 2 million (US\$18000)	Run by the proprietor himself or herself Works at the local level and utilize local raw materials Annual turnover <NPR 20 million (\$89 000) Consumes less than 20 kilowatts of electrical power when run in full capacity
Small		<NPR 150 million (US\$1.3 million)	
Medium		NPR 150-500 million (US\$1.3-4.4 million)	
Large		>NPR500 million	

Source: United Nations (2020).

C. Access to financial services and financial sector overview

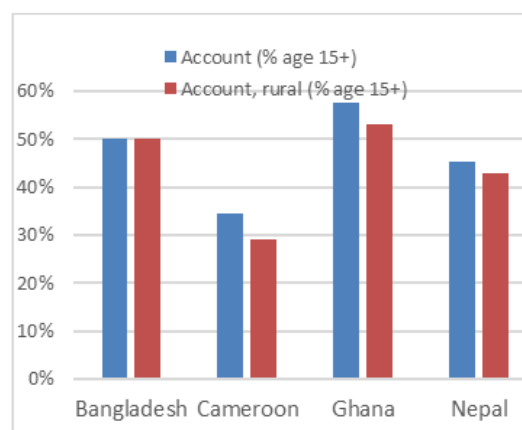
12. The 2017 Global Findex data on the percentage of the population (aged over 15 years old) who report having an account at a bank or another type of financial institution are in close range, except for Cameroon with lower figures. The number of commercial bank branches per 100,000 adults varies from 2.2 in Cameroon and 21.5 in Nepal. In all countries, the financial inclusion indicators (e.g. the percentage of population with an account) have shown an increasing trend. Except for Nepal, the increased use of mobile money and various digital payment platforms has contributed to better access to financial services. The use of mobile phones for sending or receiving domestic remittances shows a substantial increase between 2014 and 2017 in all countries⁵, except for Nepal.

Figure 6
Percentage of population who report having an account at a bank or another type of financial institution



Source: Global Findex Database 2017.

Figure 7
Percentage of population who report personally using a mobile money service in the past 12 months



⁵ The use of mobile phones for sending or receiving domestic remittances, as a percentage of senders/recipients of domestic remittances, shows a substantial increase between 2014 and 2017, except for Nepal: from 37 per cent to 74 per cent in Ghana, 24 to 64 per cent in Bangladesh, from 2 to 37 per cent in Cameroon.

Cameroon

13. The financial system in Cameroon includes diversified institutions such as banks, financial institutions, insurance companies, postal financial services and MFIs. It is concentrated in urban areas, where three of the 15 commercial banks (including Société Générale de Cameroun, which manages PEAJ's financing facility) own 50 per cent of resources and offer most of their services to big companies, while MSMEs can seldom access their services.
14. Apart from 15 commercial banks and 7 other financial institutions,⁶ there were 418 MFIs in 2018. PEAJ's partner financial institutions were all MFIs. Forty-two per cent of them were concentrated in Yaoundé and Douala, the two main cities. The MFI sector contributed 12 per cent of total savings and 11 per cent of total loans to the economy. The vast majority of MFIs face several challenges including: the lack of medium/long-term financing, the absence of a refinancing structure, poor governance in some MFIs, the weak technical and operational capacity of institutions, a limited product offer that is not always adapted to the needs of customers and vulnerable people and the lack of technological infrastructure.
15. In addition, the Cameroon postal service provides a wide range of financial services, including payments, transfers, savings, credit and insurance and reaches even remote areas with its network of post offices. Informal financial systems and mechanisms include informal savings and credit groups (tontines), traders or input providers to save or borrow money to meet their financing needs, informal insurance and unofficial channels for transfer services. Rotating savings and credit associations are also of significant importance in the financing of companies.
16. Digital credit has evolved together with the digital revolution over the past few years. The development of innovation and digital finance represents an opportunity to accelerate financial inclusion for the most vulnerable populations, who are currently excluded from the formal financial system.
17. Cameroon has developed its National Strategy for Financial Inclusion (2021-2025), which focuses on access to financial services for rural populations, women, young people and MSMEs. Despite the efforts made, many challenges remain in terms of increasing financial inclusion, and the results of the 2017 FinScope survey show that Cameroon has a moderately low level of financial inclusion compared to other sub-Saharan African countries, with strong disparities at the regional level. The dependency on informal financial services remains quite significant.

Ghana

18. While the financial sector in Ghana is dominated by banks, non-bank financial institutions have rapidly increased. The breadth of such institutions regulated by the Bank of Ghana includes (as of January 2022): MFIs (137), rural and community banks (144), savings and loan companies (25) and financial NGOs (12). Among these, rural and community banks, together with their "apex", the ARB Apex Bank Limited,⁷ have been the main partners in IFAD's support for rural financial services in Ghana, including in the different phases of REP. Rural and community banks are deemed to be the largest providers of formal financial services in rural areas. Their size varies greatly, but many of them are small.⁸ Many rural and community banks and other small non-bank financial institutions operating in rural space face the challenge of low capitalization. The Bank of Ghana introduced a higher capital

⁶ Namely Alios Finance Cameroon (SOCCA), Crédit Foncier du Cameroun (CFC), PRO-PME Financement (PRO-PME), Société Camerounaise d'Équipement (SCE), Société de Recouvrement des Créances du Cameroun (SRC), Société Nationale d'Investissement (SNI), and Wafacash.

⁷ The ARB Apex Bank Limited is a "mini" central bank for the rural and community banks who are its shareholders. The Bank was registered as a public limited liability company in January 2000, granted a banking licence in June 2001 and admitted to the Bankers Clearing House as the 19th member in August 2001. (ARB Apex Bank website).

⁸ Rural and community banks all together represent only about 4 per cent of the total size of banks in terms of assets. The total equity for all rural and community banks as at June 2021 was GHS 375.68 million (US\$64.13 million) representing an average of GHS 2.61 million (US\$450,000) per rural and community bank.

requirement for rural and community banks in 2015, increased from GHS 300,000 to GHS 1 million (US\$141,000), but this has not been fully met and not yet enforced due to the COVID-19 pandemic.

Bangladesh

19. Bangladesh has a vibrant microfinance sector. MFIs (often referred to as NGO-MFIs) in Bangladesh are an established part of the financial sector and are regulated under the Microcredit Regulatory Authority which operates under the Bangladesh Bank. There were 842 licenced NGO-MFIs in June 2019, with close to 19,000 branches with over 32 million clients and 25.76 million borrowers (92 per cent of whom are women) (Microcredit Regulatory Authority 2019). All indicators have shown steady growth over several years, such as in the number of clients, savings, loans or branches. Also, the major sources of funds for MFIs have changed significantly over the years. MFIs now mainly receive 60–70 per cent of their income from a combination of their cumulative surplus (profits) and client’s savings, while funds from Palli Karma-Sahayak Foundation (PKSF, which provides wholesale lending to MFIs), other donors other sources have decreased, even though these may still be an important source for smaller NGOs-MFIs.
20. Bangladesh’s NGO-MFIs typically offer loans under different programmes and windows targeted at different clienteles and focus, e.g. the ultra-poor programme, rural/urban microcredit, agriculture loans, microenterprise loans. ME loans are differentiated from other mainstream microcredit programmes, particularly in terms of a higher loan amount ceiling (over US\$10,000). NGO-MFIs are allowed by the Microcredit Regulatory Authority to have up to 50 per cent of their portfolios allocated for ME loans. Since NGO-MFIs normally use group guarantees for lending and not hard collateral, ME loans also tend to be channelled to repeater borrowers with credit histories (World Bank Group 2019). The expectation is that as those borrowers under other mainstream microcredit programmes improve their economic status (as they “graduate”), they need higher amount of loans, which are offered under the ME loan programme. The definition of microenterprise in relation to the ME loan programme operated by PKSF and POs differs from the government definition (table 2): in the ME loan programme, microenterprises were to have a value of fixed assets (excluding land and buildings) ranging from BDT 40,000 (US\$470) and BDT 1.5 million (US\$17,500), thus covering a wide range of enterprises.

Key project information

A. Basic project information: PEAJ Cameroon, REP Ghana and PACE Bangladesh

	PEAJ Cameroon	REP Ghana	PACE Bangladesh
Basic information			
Objectives	<p>Goal: to sustainably improve the living conditions of young agropastoral entrepreneurs.</p> <p>Objective: To support young people in creating and managing successful agropastoral businesses; and (ii) to promote a policy, organizational and institutional framework conducive to the creation and development of agropastoral businesses among young people.</p>	<p>Goal: to improve the livelihoods and income of rural poor micro and small entrepreneurs.</p> <p>Objective: to increase the number of rural micro and small enterprises (MSEs) that generate profit, growth and employment opportunities. The scope is to upscale and mainstream a district-based MSE support system nationwide within the public and private institutional system.</p>	<p>Goal: to enhance livelihoods (having higher income from self-employment, business profit and wage employment and food security) for the moderately and extremely poor project participants (men and women) in a sustainable manner.</p> <p>Objective: The development objective is to increase sales and incomes from existing and new microenterprises and to create new wage employment opportunities for extremely and moderately poor people.</p>
Target group	Young men and women aged between 18 and 35, already investing or not, in agropastoral activities as well as holders of individual or collective projects aiming at developing SMEs in the agropastoral sector.	Entrepreneurial poor, who are mostly members of poor rural families that are able to convert the capacity-building support from the programme into productive assets without or with barest additional investment support.	Microentrepreneurs who are borrowers of the ME loan programme (the non-poor), the moderately and extremely poor persons. In terms of professional identities, the project will target marginal and small farmers involved in field crops, horticulture, fisheries, livestock production, non-farm microentrepreneurs and professionals in the service sectors.
Geographical coverage	Four regions (Nord-Ouest, Centre, Littoral & Sud)..	National, with focus in the rural areas covered by the district assemblies.	National
Targeting strategy	(i) Geographical targeting on four zones, production areas with a territorially homogeneous area of manageable size (maximum radius of 50 km), locations with the greatest potential for the development of agropastoral production and related occupations that will make it possible to create a structured value chain; (ii) targeting of specific profiles (3 categories based on education and experience with agroenterprises); (iii) sectoral targeting of specific plant and animal production; (iv) social and gender targeting.	(i) a geographic expansion strategy; (ii) a self-targeting approach within a district, emphasizing entrepreneurial capacity and clients' willingness to contribute to their own development; (iii) direct targeting of specific subgroups; (iv) empowerment and capacity-building measures; and (v) enabling measures for MSE promotion. REP will have a particular attention for vulnerable groups, including rural women and youth who lack access to inputs and skills.	(i) A self-targeting approach, emphasizing micro-credit experience and creditworthiness; (ii) direct targeting of value chains based on the nature of technical requirements and scope for women's empowerment; (iii) direct targeting of specific profiles following the rapid rural appraisal methodology and specific selection criteria.
Approval	21/09/2014	15/09/2011	17/09/2014
Original completion	31/03/2021	31/03/2020	31/12/2020

	<i>PEAJ Cameroon</i>	<i>REP Ghana</i>	<i>PACE Bangladesh</i>
Current completion	31/03/2023	31/03/2022	31/12/2022
Sector (as defined in IFAD database)	Rural development	Credit and financial services	Credit and financial services
Total cost (original)	US\$67 million (including a funding gap of US\$23 million).	US\$185 million	US\$92.85 million
Total cost (revised)	US\$73.1 million	US\$250 million	US\$129.8 million
IFAD financing (original)	US\$50.5 million	US\$31.5 million	US\$40 million
IFAD additional financing	US\$28 million (approved in September 2017)	US\$40 million (approved in December 2017)	US\$ 18 million (approved in December 2020)
Cofinanciers	Domestic financing institutions (US\$9.45 million) National government (US\$9.94 million) Beneficiaries (US\$2.14 million) Rural Poor Stimulus Facility (US\$1.1 million – approved September 2020 and June 2021)	African Development Bank (US\$70.01 million) Domestic financing institutions (US\$6.22 million) Beneficiaries (US\$13.85 million) Beneficiaries additional financing (US\$2.53 million) National government (US\$25.11 million) National government (additional) (US\$17.28 million) Local government (US\$38.45 million) Domestic financing institutions (additional) US\$4.93 million)	Domestic financing institutions (US\$15 million + 30 million additional) Palli Karma-Sahayak Foundation (PKSF) (US\$22.4 million + 3.87 million additional) Republic of Korea (US\$0.36 million)
Project components	1. Development of viable agropastoral enterprises (non-financial services to be offered by local providers or incubation entities) 2. Access to financial services 3. Improving the organizational, policy, institutional and legal framework	1. Business development services 2. Technology promotion & dissemination 3. Enabling MSE environment (access to rural finance; institutional capacity-building and policy dialogue) 4. Programme coordination	1. Financial services for microenterprises 2. Value chain development (agricultural and non-agricultural) 3. Technology and product adaptation 4. Project management
Lead implementing agency	Ministry of Agriculture and Rural Development (Ministère de l'Agriculture et du Développement Rural) and Ministry of Livestock, Fisheries and Animal Industries (Ministère de l'Élevage, des Pêches et des Industries Animales)	Ministry of Trade and Industry	Palli Karma-Sahayak Foundation (PKSF)
Implementation arrangements	A national programme coordination and management unit is to be established. It will include a national advice and	A national programme coordination and management unit based in Kumasi. Key implementing partners are	Microenterprise loan programme and value chain development components to be implemented

	<i>PEAJ Cameroon</i>	<i>REP Ghana</i>	<i>PACE Bangladesh</i>
	support unit, with regional satellite support units. Decentralized state entities and municipalities with roles in implementation on the ground. Several service providers such as the National Youth Council, the National Network of Young Entrepreneurs), as well as agropastoral vocational training institutions to play a role in the implementation of the programme linked to specific components. Partnering with rural finance institutions for component 2.	the Ghana Enterprise Agency (former National Board for Small-scale Industries), GRATIS Foundation, ARB Apex Bank, district assemblies. BACs, BRCs, RTFs are main actors at field level. ARB Apex Bank were to work with partner financial institutions.	through partner organizations. PKSF was to procure technical assistance from reputable organizations for activities under component 3. A project management unit was to be established, which would work through PKSF's Loan Operations Division to implement the microenterprise loan programme through partner organizations.

Key project intervention areas and approach¹

Non-financial services	Support to agropastoral training centres /incubators (public, private and NGOs). Support by business coaches, through incubating structures, to youth in preparing business plans and developing professional networks.	Support provided through the business advisory centres and business resource centres (operating under the Ghana Enterprise Agency).	Training (e.g. business/enterprise management) to microentrepreneur borrowers. Different partner organizations supporting diverse value chains (agriculture/non-agriculture). Support for the introduction of proven technologies and products (agriculture and off-farm).
Access to finance	Funding facility for medium-term loans, to be managed by Développement International Desjardins Group on the basis of work done by PDMIR project. Since 2018, refinancing mechanism for rural financial institutions set up with Société Générale Cameroun. ²	Rural Enterprise Development Fund as a wholesale credit fund (established in previous phase of REP and being revolved with additional funds under REP). Matching grants (shared funding arrangement with loans by partner financing institutions).	Credit lines for on-lending lending to microenterprises by PKSF's partner organizations. According to the latest supervision mission report, new loan products developed (start-up capital loan and lease finance) ³ .
Access to technology development and dissemination	Support to youth enterprises to integrate innovative more productive and cost-effective technologies.	Support to/through rural technology facilities (RTFs) and technology solution centres (TSCs).	One component dedicated to technology and production adaptation. Support the introduction of promising technologies and/or products relating to the value chains supported.
Institutional support, enabling environment	Youth network	Under institutional support to the Ghana Enterprise Agency, capacity-building support for BACs/BRCs (including infrastructure). Institutional support to MSME subcommittees at district assemblies, regional committees on MSE promotion, local business associations.	Institutional strengthening support for PKSF as well as partner organizations (it is noted that similar support has been provided only under other projects and not only in PACE).

¹ As per implementation/planned.

² Initially the design involved a facilitation fund for the supply of medium-term loans (managed by Développement International Desjardins Group) on the basis of work done by PADMIR project. This was discontinued in 2019 and replaced by Société Générale Cameroon.

³ PACE 2020 Supervision mission report.

	PEAJ Cameroon	REP Ghana	PACE Bangladesh
			Inputs to some government policies (e.g. Crab Export Policy as mentioned in the 2020 supervision mission report).
Key results so far			
Outreach	[November -December 2021 supervision] 29,467 youth sensitized 3,776 enterprises incubated (target 3,700) (with 15 incubating structures) 2,508 enterprises established 4,691 enterprises supported by business coaches.	[October 2021 supervision] 63,164 new enterprises established 23,452 existing enterprises strengthened 74,677 jobs created 84,315 persons trained in business/entrepreneurship skills 132,300 persons trained in income-generating activities 14,476 master crafts persons trained.	As reported per September 2021 supervision mission report: Component 1: Microenterprise loans to 355,185 microenterprises ⁴ (target 102,000). Component 2: 311,619 beneficiaries (248,790 on-farm, 62,829 off-farm) Component 3: 30,868 farmers.
Access to finance	Refinancing mechanism set up with Société Générale Cameroun and six financial institutions obtained a credit line for a total amount of CFAF 1.356 billion. 2,535 youth accessed start-up credit/fund. 942 productive credits issued (with multiple borrowing, the number of borrowers are less than this number).	US\$1.79 million of matching grants disbursed to 2,886 clients (51 per cent of whom are female). Under the Rural Enterprise Development Fund, cumulatively, US\$9.16 million to 15,160 clients.	The bulk of funds added liquidity to the existing ME loan programme (operated by PKSF). The programme introduced two new loan products in 2017: a ME start-up loan (launched) and a leasing product (in pilot phase). Start-up capital loan disbursed to 241 new entrepreneurs (Taka 20 million); lease financing disbursed to 59 micro entrepreneurs.
Types of enterprises/value chains covered, other results	Commodities targeted include: pineapple, maize, manioc, piggery, aquaculture and poultry, among others (design document). The types of enterprises to be targeted included off-farm activities, such as processing, agricultural equipment, advisory services.	Both agriculture and non-agriculture enterprises. Non-agriculture off-farm enterprises include soap making, fashion design, auto mechanic, and carpentry.	Value chain development component: 74 subprojects, 16 farm and 15 non-farm subsectors.

⁴ It should be noted that the PACE funds were absorbed into the larger ME loan programme. The basis for the figure was explained by PKSF as follows: an increase in ME loan borrowers in the first two years was solely attributed to PACE (79,411+238,853=318,264), and in the subsequent years, PACE was considered to have contributed only a small percentage of the increase in borrowers, initially 9.7 per cent, then most recently 2.25 per cent. The rate of increase of number of borrowers is higher between 2014/15 and 2015/16 (33 per cent increase), followed by 22 per cent increase. However, it is not clear why the increase in the first two years would be attributed only to PACE. In 2013/14, the amount disbursed from PKSF to POs for the ME programme was over US\$60 million and the disbursed amount from POs to borrowers about US\$650 million.

B Overview of key non-financial and financial services supported in projects

Table 21
Overview of key non-financial services in different projects

<i>Main non-financial services supported</i>	
PEAJ Cameroon	<ul style="list-style-type: none"> • Incubation programme for young entrepreneurs (mostly start-ups) following information-dissemination, facilitation and screening – through training-cum-incubation structures (public, private, NGOs). A group of youths at a time is provided with differentiated training (business and technical) within the same cohort depending on their skills and needs. • Incubation support combined with and followed up by continuous business coaching support over time.
REP Ghana	<ul style="list-style-type: none"> • Business/entrepreneurial skills training provided by BACs (staff and/or hired services), often through local business associations or groups. Technical skills training exclude those offered by RTFs/TSCs. • Technical skills training - through RTFs/TSCs (e.g. welding, auto mechanics) or BACs (e.g. hairdressing, tailoring); apprenticeship with master crafts persons. • Introduction/dissemination of new/improved technologies (e.g. processing equipment) supported by RTFs/TSCs. • Support for market linkage (e.g. participation in trade fairs).
PACE Bangladesh	<ul style="list-style-type: none"> • Introduction/dissemination of new/improved technologies and practices and technical skills training (agriculture and non-agriculture) – for small/marginal farmers, off-farm entrepreneurs/enterprises, workers at off-farm enterprises (component 2 & 3). Services provided by engaged POs. • Limited training (e.g. business/enterprise management) to microenterprise loan borrowers.
RERP Nepal (original)	<ul style="list-style-type: none"> • Information dissemination and business development services through enterprise service centres to be set up through a public-private partnership. • Support to MSEs to develop business partnerships (e.g. backward and forward linkages with value chain stakeholders). • Vocational and technical training.
RERP Nepal (redesign)	<ul style="list-style-type: none"> • Focus on vocational and technical training for decent jobs (not enterprise development).

Source: PCE team elaboration based on project documents.

Table 22
Level of support for different areas of non-financial services

	<i>Business planning support, business training, counselling</i>	<i>Off-farm technologies, vocational and technical training, apprenticeship</i>	<i>On-farm production technologies</i>	<i>Market linkage (mainly agriculture)</i>	<i>Notes</i>
PEAJ Cameroon	✓✓✓	✓	✓✓✓		Incubation structures
REP Ghana	✓✓✓	✓✓✓	✓	✓ (e.g. trade fair)	
PACE Bangladesh	✓	✓✓	✓✓✓	✓	
RERP Nepal (original)	✓✓✓	✓✓✓			
RERP Nepal (redesign)	✓	✓✓✓	✓	✓✓	Focus on decent jobs plus supply

Source: PCE team elaboration based on project documents.

Table 23
Overview of project-specific support for access to finance

<i>Project support aimed at addressing access to finance</i>	
PEAJ Cameroon	A refinancing fund (US\$1.7 million) set up with Société Générale Cameroun to be disbursed to eligible young entrepreneurs through accredited rural financial institutions. ¹ PEAJ provides start-up credit support for young entrepreneurs - in theory a grant but the beneficiaries are required to reimburse the amount into the bank account to demonstrate their financial discipline before accessing loans. Société Générale Cameroun also manages the investment fund (US\$4.2 million) which generates interest to cover the cost of its services and a risk-sharing fund (US\$337,000) to cover up to 50 per cent of the arrears (at a cost of 2.5 per cent of the portfolio to be guaranteed).
REP Ghana	Rural Enterprise Development Fund is a wholesale credit fund (established in a previous phase of REP and being revolved – with additional funds under REP). Managed under the Bank of Ghana and to be disbursed through partner financial institutions [including US\$10 million IFAD funds]. Matching grants (originally a shared funding arrangement with loans by partner financing institutions, but no longer so) including US\$3.7 million IFAD funds.
PACE Bangladesh	Credit lines for on-lending to microenterprises by PKSf's partner organizations (NGO-MFIs), support for new financial products (start-up capital loan and lease finance developed) ² including US\$32 million IFAD funding.
RERP Nepal	Original design: innovative financial instruments (e.g. risk-sharing mechanism, matching grants, equity financing), and technical and financial support to financial institutions. These features are now discontinued and its more limited activities include capacity development of cooperatives, financial education and enterprise knowledge training.

Source: Project design reports (including detailed cost tables), supervision mission reports, RERP restructuring paper.

Table 24
Types and levels of support for financial services

	<i>Credit lines, refinancing</i>	<i>Grants, linked to loans by financial institutions</i>	<i>Support for new financial products</i>	<i>Risk sharing, loan guarantee</i>	<i>Financial institution capacity-building</i>
PEAJ Cameroon	✓✓✓	✓✓✓	✓	✓	✓
REP Ghana	✓✓✓	✓✓✓	✓		✓
PACE Bangladesh	✓✓✓		✓		✓
RERP Nepal* (original)		✓	✓	✓	✓
RERP Nepal* (redesign)					✓

Source: PCE elaboration based on the review.

* An additional aspect not in other projects relates to support to migrants (returning and outward) with possible link to remittances.

¹ Such a financial mechanism was to be set up under PADMIR with support by the Développement International Desjardins Group. The work was not concluded under PADMIR and carried through to PEAJ. The Group continued to work with PEAJ in order to develop an alternative financing mechanism. Société Générale Cameroon was then appointed to manage the fund.

² PACE 2020 Supervision mission report.

C. Theories of change

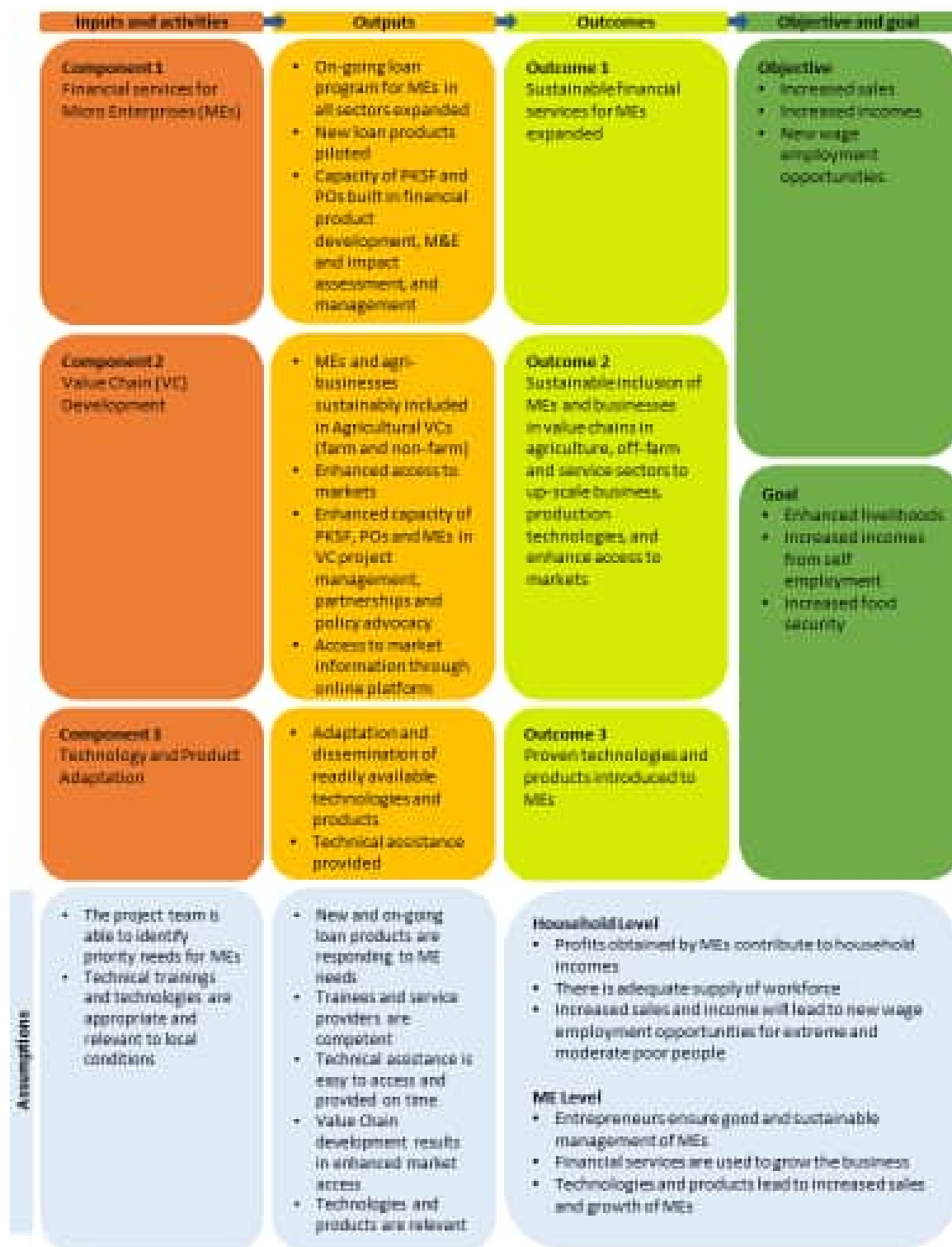
PEAJ Cameroon Theory of Change



REP Ghana Theory of Change



PACE Bangladesh Theory of Change



D. Maps of project areas (excluding RERP Nepal)

PEAJ Cameroon



REP Ghana



PACE Bangladesh



The designations employed and the presentation of the material in these maps do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.
Maps compiled by IFAD, September 2021.

E. RERP Nepal: original design and changes after restructuring

	Original	Post-restructuring
Basic information		
Objectives	Development objective: viable rural MSEs, in both farm and off-farm sectors, provide sustainable sources of income to poor households, migrant families and returnees.	Same
Main indicators	57,500 rural enterprises 30,000 rural youth accessing job placement services 34,500 enterprises supported by the project 21,000 vocational trainees and apprentices	10,000 rural entrepreneurs 30,000 rural youth access job placements 21,000 vocational trainees and apprentices
Target group	179,000 primary beneficiaries, including: (i) existing rural MSEs; (ii) poor households; (iii) returnee migrants and remittance-receiving households; small enterprises. Secondary target group: medium and large enterprises as well as service providers, who will offer support to the primary target group through the development of business partnerships, vocational training, apprenticeship packages and job placements.	40,000 primary beneficiaries, of whom at least 50 per cent shall be women and 60 per cent youth, including: (i) existing rural MSEs; (ii) poor households; (iii) returnee migrants and remittance receiving households; and (vi) small enterprises. Secondary target group: same as original.
Geographical coverage	16 districts of the Eastern and Central Development Regions.	Same as original
Approval	22/04/2015	22/04/2015
Original completion	31/12/2022	31/12/2022
Current completion	31/12/2022	31/12/2022
Sector (as defined in IFAD database)	Credit and financial services	Credit and financial services
Total cost	US\$68.2 million	US\$25.2 million
IFAD financing	US\$38.6 million (US\$21.8 million loan, US\$16.8 million grant)	US\$18.5 million (US\$2.2 million loan, US\$16.8 million grant)
Co-financiers	Government (US\$9 million) Beneficiaries (US\$6.6 million) Private sector (US\$13.7 million)	Government (US\$4.2 million) Beneficiaries (US\$1.8 million) Private sector (US\$0.6 million)
Lead implementation agency	Ministry of Industry	Ministry of Industry, Commerce and Supplies (renamed)
Project components/subcomponents		
Component 1 Promotion of rural MSEs	(US\$31 million) 1.1 Mapping and setting up capacities at district and corridor level 1.2 Services for RMSE promotion and development (facilitating access to business development services) (US\$14 million) 1.3 Vocational training and apprenticeship	(US\$17 million) 1.1 Supply chain development 1.2 Services for RMSE promotion and development (limited to capacity strengthening of the network of Chambers of Commerce and Industry) 1.3 Vocational training and apprenticeship 1.4 Mobilization and inclusion
Component 2 Productive investment	(US\$27.3 million) 2.1. Financial inclusion (including matching grants, risk-sharing mechanisms) (US\$25 million) 2.2. Mobilizing migrant resources and skills	(US\$2.3 million) 2.1. Financial inclusion (training on financial literacy, business skills mainly through cooperatives) 2.2. Mobilizing migrant resources and skills
Component 3 Institutional support and project management	(US\$8.9 million) 3.1. Policy and institutional development 3.2. Project management	(US\$5 million)

Source: Project design report, financing agreement (original and amended), restructuring paper (March 2020).

Project assessment summaries

I. PEAJ Cameroon

Project assessment summary

A. Relevance (overall strategies, non-financial and financial services)

- PEAJ's sequenced approach over time for young entrepreneurs (with a relatively low target of 3,700) reflected the need for intensive support for emerging young entrepreneurs with little or no business experience. Some of the relevant elements included: (i) categorization of youth based on their education levels, skills and experience enabling the incubators to develop a tailored programme; (ii) pre-incubation facilitation period with information dissemination and identification of potential business ideas and entrepreneurs; (iii) incubation programme with collective and individualized training and follow-up support; and (iv) facilitating access to finance. During implementation, the project made adjustments to introduce business coaches to closely follow up on and provide advice to young entrepreneurs, which was relevant to improve the quality of business plans and the enterprise performance, including access to different markets.
- In terms of the scope, PEAJ had a focus on the agropastoral sector with indicative commodities and areas (production basins) in the selected four regions (hence, a better defined scope than other projects reviewed in the PCE). However, the project could have used value chain and market analyses on potential commodities to identify opportunities for off-farm enterprises and promote them in a more strategic manner.
- Sequenced steps to facilitate the access by youth entrepreneurs to financial services were largely suitable: based on the business plans, start-up credit combined with their own contribution provided them with the opportunity to start entrepreneurial activities on a small scale, generate revenues and demonstrate some repayment discipline to the financial institutions, before the latter releases a loan (a productive credit) as a second step. However, such arrangements may not be suitable for all types of businesses, for example, the business that requires relatively higher upfront investments such as agroprocessing, storage and transport facilities.
- PEAJ adopted a range of strategies to achieve higher participation of vulnerable persons. For example, in the North West region, the project engaged a facilitating NGO with experience in working in the area to promote the participation of Mbororos (e.g. by providing areas for worship and some occasional jobs). Also, in working with conservative Mbororo communities, the approach of bringing in the youth who were already supported by PEAJ to explain the benefits of being part of PEAJ, to serve as interpreters in the process of accompanying new participants and to share their experience with prospective new entrants, proved to be relevant. In some cases, the facilitating NGOs adapted their approaches and tools (e.g. use of images, role play, stories) to make the information dissemination and training better suited to youth who are not proficient in the official language and/or only had limited formal education. PEAJ proved to be flexible in the support system and the participation of all categories of youth interested in agropastoral entrepreneurship. In each region, a single NGO was selected and equipped for the entire facilitation stage.
- PEAJ paid attention to the issue of access to land, one of the main constraints faced by youth, by: (i) working with municipalities, traditional local chiefs and families to help youth (especially women) obtain land certificates; (ii) by encouraging youth to invest in value chains for which the land does not pose a major constraint (e.g. livestock); (iii) supporting the development of a network of young entrepreneurs to advocate on issues of interest to them that include access to land.
- PEAJ capitalized on partnerships with other organizations with the right expertise: (i) ILO in setting up and strengthening the existing training centres/institutions as incubators were relevant, e.g. introducing and adapting training materials suitable to young agropastoral entrepreneurs; and (ii) PROCASUR in supporting the introduction of business coaches as well as improved documentation and knowledge management.

B. Effectiveness (enterprise creation and development, non-financial and financial services)

- According to the project data, PEAJ incubated about 3,800 youth (40 per cent women) in nine cohorts against its target of 3,700. Among those incubated, some 2,600 have been able to

access financial resources to start up their businesses (start-up credit/funds). However, there was a delay in implementation and a majority of the start-up credit/funds (over 70 per cent) were provided after 2019. Thirty per cent of the youth participants were in the vulnerable category (those with low/little education and training).

- Eighty per cent of the supported enterprises are involved in production (and the majority in the livestock sector) and only a minority involved in other aspects of the value chains (e.g. processing, input supply). Despite the recommendation by the mid-term review and supervision missions to promote off-farm businesses, the number of entrepreneurs interested remained low.
- Nearly 60 per cent of the enterprises supported have been formalized despite youth reporting that it is complicated and time-consuming. This figure suggests a good achievement, given the predominance of informal enterprises in the country. According to the project data, these formalized businesses are mostly in the category of "crafts/artisans" (68 per cent), followed by "single member public limited company" (20 per cent). The PCE mission did not meet any enterprise that would belong to the latter category.
- Some external factors affected enterprise performance, including the COVID-19 pandemic. Enterprises in the livestock sector were also negatively affected by the prevalence of the African swine flu, as well as the unavailability of day-old chicks. Some youth with good relationships with the financial institutions obtained loan extensions enabling them to pivot their activities, but others have not survived or are struggling to find capital to re-start their business operations (PCE field interviews).
- PEAJ facilitated access to finance by new young entrepreneurs (most of them were unlikely to have bank accounts or previous credit history), but so far at a modest level. Out of 2,605 youth who received a start-up credit/fund, only 28 per cent (737 youths, 44 per cent women) obtained the next productive credit (over 1,000 loans including repeater loans). About 90 per cent of the productive credits were provided after 2019, in part due to delays in setting up the institutional arrangements to manage financing facilities (eventually with Société Générale de Cameroun). It should also be noted that the incubation and subsequent processes can be lengthy. There are entrepreneurs who are still in the process of mobilizing their own contribution or of reimbursing the start-up credit. Nonetheless, the PEAJ impact study (2021) indicated PEAJ participants had better access to formal financial services compared to the control group.
- Although the business performance of borrowers reportedly improved owing to the introduction of business coaches, the available data and reports indicate unsatisfactory loan repayment performance. The PEAJ supervision mission in December 2021 noted the loan portfolio showed a significant deterioration, with 41.5 per cent of the total outstanding credit overdue. The reasons included: arrears from the operations in the earlier years when there was still insufficient experience, COVID-19, scarcity of day-old chicks and swine fever. Some measures are underway to support the businesses affected by external factors. For example, with regard to swine fever, the government planned to provide piglets to enable the enterprises to start production again.
- The PEAJ-supported financing facility was complimented by other interventions (non-financial and financial services). The quality of support to business planning and follow-up to entrepreneurs improved with the introduction of business coaches, which was appreciated by the financial institutions. PEAJ also supported capacity-building for the financial institutions in assessing business plans for agropastoral enterprises – the sector where they did not have much experience. In addition, PEAJ provides an option for risk-sharing arrangements for the financial institutions.

C. Impact (employment creation and increased incomes, institutional framework and support systems)

- As of January 2022, PEAJ reported the creation of 10,516 jobs. It appears that this figure was based on an assumption that each enterprise created four jobs, but from the PCE field visit, four jobs per enterprise was seen as an overestimate. There is also no disaggregated data on types of jobs, e.g. self-employment versus wage employment; full or part-time, permanent or temporary (including seasonal). The project data and the PCE field visit noted that jobs in crop production sector are mostly seasonal, whereas for livestock, processing and the service sectors, it is not less seasonal. The PCE field mission found that at least one member of the household was employed and spouses of young entrepreneurs see the business as a family business, especially those who do not have any other jobs.

- Despite the absence of tailored strategies, it is reported that some persons living with disabilities (in Douala and Littoral region) have obtained jobs or created businesses which also created employment for others. Specific data on the participants with disabilities who benefited from the project are not available (e.g. quantitative data, types of disabilities). Without specialized trainers and the further adaptation of tools and support approach, it was challenging to support some categories of people with disabilities (e.g. blindness, deaf-mute). However, experiments in processing livestock feed or fruits may provide possible options for such target groups.
- However, a couple of youth entrepreneurs with disabilities were met by the PCE field mission, including an animal feed processing enterprise by a young female with physical disabilities, who is doing very well and plans to diversify into maize production and pig and chicken rearing.
- Although not planned as a main project result, PEAJ created jobs for youth participants by directly employing them. For example, some young entrepreneurs trained in the incubation programme were employed as trainers in the subsequent cohorts as a way to raise funds to mobilize their own contribution to access the start-up credit.
- PEAJ's 2021 impact study showed no significant difference of turnover, operating costs and profits between participants and non-participants. This may be because both had recently established enterprises.
- PEAJ has been supporting several actions to improve the environment for MSE development, in particular in the agropastoral sector with a focus on youth. Progress has been made, although at a rather slow pace. In February 2021, an action plan was drawn up with the Ministry of Employment and Vocational Training (*Ministère de l'Emploi et de la Formation Professionnelle*) to obtain accreditation and approval of training courses for 15 incubation structures (8 public, 7 private). The accreditation is expected to give these institutions a recognized status as an agropastoral training/incubation institution, but so far, the government has accredited only one incubation centre, mainly due to the lengthy administrative procedures required. Technical assistance from the ILO has contributed to the adaptation of training materials for agropastoral entrepreneurship in the incubation programme and supported a network of entrepreneurship trainers and advisors.
- PEAJ has also supported a network and organization of youth entrepreneurs (*Réseau des Jeunes Entrepreneurs Agropastoraux*) and their participation in policy advocacy (e.g. access to land and finance). However, the concrete results are not yet clear.

D. Sustainability

- Given that most of the enterprises are new or still in the process of development, it is difficult to assess the likelihood of their sustainability. Part of the challenge may be whether and how business development/advisory services (i.e. services by business coaches) can be retained after the project. Another issue for reflection is how to strengthen their resilience to shocks (e.g. by diversification or insurance).
- PEAJ has made some progress on institutionalizing various services supported under the programme. For example, the programme has been supporting the incubation structures to strengthen their capacity (human, infrastructure, equipment) and to obtain accreditation to continue to play an important role in promoting rural youth entrepreneurship development. Given more intensive and longer-term support is required for youth incubation, and with the challenges in instituting a cost recovery model for such clientele, it will require government or external funding to continue with a similar type of incubation support. An idea discussed in PEAJ Cameroon is that since the business registration is expected to contribute to increased tax revenues, it could be reinvested by local authorities to support youth businesses. However, it will be difficult to expect much incremental tax revenues from formalized youth enterprises in the short term.
- The continuation of the financing facilities supported by PEAJ is likely, but the post-project arrangements are still to be defined. The government and PEAJ are exploring options for institutionalizing the PEAJ-supported financing facilities (credit facility, risk-sharing/guarantee mechanism) and plan to conduct a feasibility study to decide on concrete steps.
- It has been reported that some of the financial institutions working with PEAJ are moving to develop specific agropastoral financial departments and products adapted to their clients, with agents specialized in agropastoral finance, which is a good indication. But the challenge will be to ensure that the repayment performance is maintained at an acceptable level in order not to

lose the confidence of the financial institutions to continue to provide services to youth – from those already served to new entrepreneurs without a credit history.

E. Overall

- The programme was highly relevant in many respects, including: its focus on youth; a sequenced and comprehensive approach to supporting new youth entrepreneurs from initial facilitation, to incubation and post-incubation; a mix of group-based and individualized support tailored to the profiles and needs of young entrepreneurs; incorporating approaches to facilitate the participation of vulnerable groups (e.g. young women, ethnic minorities, less-educated youth); strengthening the institutional framework and support systems for youth agropastoral entrepreneurship development; and effective collaboration with competent partners. PEAJ supported the establishment of agropastoral start-up enterprises operated by young men and women (achieving the outreach target for youth entrepreneurs), most of whom did not have a regular income source earlier. PEAJ showed flexibility in making adjustments during implementation, introduced a number of innovative approaches and focussed on knowledge management and sharing (in collaboration with PROCASUR) as well as supporting an enabling environment. All these efforts and emerging results provide a good basis for further scaling up.
- The main downside has been the implementation delays experienced for different reasons, which had possible implications on the results, impact and sustainability. Most enterprises were set up in the last two to three years. Unsatisfactory loan repayment performance remains a concern, even though it reportedly improved. Further efforts during the remaining implementation period will be important to strengthen the groundwork for programme results at different levels e.g. enterprises, institutional framework and support systems for incubation and financial service providers to cater for new agropastoral entrepreneurs to be sustained and scaled up.

II. Rural Enterprise Programme (REP), Ghana

Project assessment summary

A. Relevance (overall strategies, non-financial and financial services)

- Long-standing support under REP and its previous two phases for setting up a network of BACs (and later BRCs), as well as RTFs/TSCs (including support for infrastructure, vehicles and equipment) nationwide in REP was fully aligned with the government policy to promote MSEs with decentralized district-based service delivery.
- REP's overall objective was to "improve the livelihoods and incomes of entrepreneurial poor people in rural areas" and its specific objective was "to increase the number of rural MSEs that generate profit, growth and employment opportunities". These statements left some ambiguities in terms of how certain interventions were to lead to expected outcomes and impact and for whom, e.g. whether the focus is to increase the number of rural MSEs for self-employment and jobs for family members, or for wage employment for non-family members or, if and how "un-entrepreneurial" poor would or could benefit. There was also some confusion amongst BACs and the project team as to whether and how the non- or less poor should be supported.
- Areas of interventions were generally comprehensive, comprising business development services, technology development and dissemination and access to finance. These interventions were intended to address both demand and supply side constraints (MSEs, non-financial and financial service provision). At the same time, the programme scope was broad, geographically and sector-wise, making it challenging to orient support to where there are economic opportunities and potential for growth. Some types of non-agriculture off-farm microenterprises mainly for local clients and markets (e.g. hairdressing) offer income-earning opportunities, but have limited scope for growth and creating jobs. Some trades (e.g. shoe-making) favoured entrepreneurs near urban areas with markets and appropriate infrastructure. Agriculture-related sectors (e.g. on- or off-farm) would offer more opportunities in rural areas, but there were also other challenges (e.g. logistics of reaching markets).
- Business-related skills training provided by BACs were generally relevant, but often not adequate or sufficient for start-ups to go beyond survival stage or for existing ones to grow. The training, primarily group-based, reached a high number of participants but was relatively

light/short. BACs planned to provide a minimum of two follow-up coaching sessions to participants per year but a lack of resources constrained them to deliver such services.

- Regarding apprenticeships, there was an overestimation of the capacity, motivation and resources of apprentices to start businesses. In reality, start-up kits provided by the programme were often not sufficient to set up a business or workshop, also due to their standardized nature not matching individual needs or other practical constraints (e.g. an inability to secure a location/space for the business or workshop).
- During implementation, REP made relevant adjustments to its approach to improve coordination between BACs and financial institutions and to increase the likelihood that loan applications from BACs' clients were accepted.
- The purpose of the Rural Enterprise Development Facility was to supplement the liquidity of partner financial institutions (predominantly rural and community banks) to lend to MSEs for either working capital or asset acquisition. The design fell short of considering the broader issue of low capitalization and liquidity these banks face, which constrain them from adding their own funds (20 per cent) to supplement the REP facility or to provide repeater loans.
- The matching grant facility was conceived in design to facilitate access to loans from financial institutions by a certain group of participants (women groups and youth who would be the first time borrowers), but the rationale and the eligibility were inconsistent. The eligibility criteria in the available operational manual on the matching grant fund remained generalized and not targeted. Furthermore, during the implementation, due to a low uptake (and later also due to COVID-19), the grant portion was increased from 30 to 60 per cent and grant applicants were no longer expected to obtain a loan from a financial institution. This meant that the matching grant facility was no longer relevant as a tool to help clients build relationships with financial institutions and demonstrate creditworthiness.

B. Effectiveness (enterprise creation and development, non-financial and financial services)

- According to the project data, as of June 2021, REP helped establish 63,134 new enterprises (against a target of 37,000) and strengthened 23,452 enterprises (against a target of 70,000). REP estimated approximately half of the new enterprises created drop outs between start-up and survival. The types of enterprises supported are diverse, including agriculture (on- and off-farm) and non-agriculture (e.g. welding, fabrication, shoe-making, hairdressing).
- It was reported that 28 per cent of the new enterprises (17,471 out of 63,164) were formalized. Formalization comprises formal registration with the Registrar General's Department and other statutory bodies such as the Ghana Standards Authority and Food and Drugs Authority. Despite REP's efforts (e.g. awareness-raising through BACs on the advantage of formalization, offering discounted fees for registration and licensing), the level of formalization remained relatively low, due to various reasons such as fear of taxation, perception of cost implications, as well as lack of ambition to grow.
- REP succeeded in reaching some vulnerable and marginalized sub-groups (e.g. people living with disabilities) through community-based groups and other mass targeting strategies (e.g. radio programmes and welfare groups). Persons with disabilities met in the field said they got to know of REP through radio programmes and welfare groups.
- REP's outreach to women was good except for technical or vocational training and apprenticeship. Women constituted more than 60 per cent of the REP participants and most operate in hairdressing, dressmaking and soap-making. The training offered by RTFs/TSCs appears to have mainly reached males and did not attain the gender balance envisaged in the establishment of the targets. Field interviews showed challenges such as absence of hostels for trainees who came from outside of the district capitals and money for upkeep during training. REP has established five hostels to address such issues. Youth outreach according to REP data was about 45 per cent of the target. Youth support included provision of farm-based startup kits, apprentice training and training in community-based skills, among others. Other initiatives such as the Challenge Grant for the youth are yet to take off.
- The broad definition of the target group and rural districts resulted in supporting beneficiaries who may not necessarily be considered poor or entrepreneurial. REP participants included

non-poor and clients located in peri-urban areas,¹ for example, including those with already thriving businesses or fully employed.² The accessibility of rural areas far from district capitals, e.g. the infrastructure and logistic capacity of BACs may have contributed to the situation.

- Some of the technologies introduced contributed to improved productivity of some enterprises (e.g. gari processing, soap-cutting machines, palm oil extraction). There were also missed opportunities to identify useful technological innovations.
- Most MSEs interviewed as part of the PCE mission have expressed satisfaction with REP's interventions through the BACs. Uptake of technical training such as soap/detergent-making was good. On the other hand, the adaption of improved record-keeping and management practices remained low,³ most likely due to: BACs' focus on business planning and training rather than regular ongoing follow-up support to influence change in more routine practices; BACs' capacity constraints to provide ongoing support; and some participants' low literacy levels.
- The Rural Enterprise Development Facility reached 15,160 MSEs, of which 71 per cent were women, less than half of the target (37,000) (average financing from the facility of US\$600). Factors accounting for the low outreach included the inability of beneficiaries to meet the eligibility criteria of partner financial institutions (e.g. collateral, risk profile) and the type, number and interest of financial institutions to participate in the programme. Out of over 80 partner financial institutions accredited for the facility, only about 43 were active.
- The extent to which the matching grant facilitated access to loans for those who would have had difficulties to borrow otherwise was limited. As of late 2021, nearly 3,000 participants (50 per cent women) had accessed 1,500 matching grants (some to groups).⁴ Under the initial arrangement (10 per cent own contribution, 30 per cent matching grant and 60 per cent loan), many enterprises found it difficult to mobilize their own contribution (10 per cent in the initial formula) and faced the challenge of meeting the eligibility criteria of banks to take up a loan. In the revised arrangement (60 per cent matching grant, 40 per cent from any source arranged by the recipient), the uptake and disbursement increased, but the initial rationale for the facility to help first-time borrowers build relationships with financial institutions disappeared (see the relevance section). The mini phone survey conducted by the PCE team indicated that a good proportion of the grant recipients seemed to be relatively well-established enterprises (see the survey findings below).

C. Impact (employment creation and increased incomes, institutional framework and support systems)

- REP reported that 74,677 jobs were created (as of June 2021, of which 64 per cent were for women), which is 75 per cent of the target (of 100,000). How this figure was arrived at and may relate to the new and existing enterprises supported is not clear. REP reported it has created 3,138 jobs for persons living with disabilities and people living with HIV/AIDS.
- It is likely that most of the jobs created were through self-employment with some additional wage jobs to a more limited extent. Some of the supported trades, such as hairdressing, dress-making, fabrication, and welding, provide limited growth opportunities, and at most may employ one person other than the owner (PCE field visit). The outcome and impact survey on REP Ghana (2019) reported 1.12 permanent employees on average (decreased from 1.29 in 2016) and 1.43 casual labour/month (increase from 1.03 in 2016) – hence, quite modest.
- Technical and vocational training and apprenticeships increased employability and employment opportunities, though not necessarily through setting up enterprises.

¹ The 2019 outcome and impact survey on REP stated: "field level evidence indicates that, in terms of geographic coverage, the beneficiaries of REP were largely located in district/municipal capitals and the peripheral communities neglecting remote communities where the poorest entrepreneurs might be".

² Observations from the PCE Ghana field interviews; the team met participants who had existing profitable enterprises or full-time jobs (such as teachers, civil servants). The 2019 outcomes and impact survey found that the average income of REP beneficiaries prior to the project in 2012 was much higher than that of non-beneficiaries (GHS 17,111 compared to GHS 6,025). The survey noted that there was the possibility of entrepreneurs who were relatively 'not poor' being included in the project.

³ This finding is also in line with the 2019 outcome and impact survey which noted that the beneficiaries "are able to adopt the hard/technical skill training more than the managerial skills" and that they "attributed this to their low level of formal education."

⁴ The size of the grant varied widely, from US\$400 to US\$3,500. Some grants were for groups.

Apprentices were expected to start their own businesses, but only some transitioned while others were hampered by the inadequacy of the start-up kits provided by the project or the lack of resources to acquire land or rent a space. Many returned to work for master crafts persons. But there were also examples where the certificates received from the National Vocational Training Institute proved to be useful to pursue new work opportunities (e.g. to obtain work visas for employment in other countries).

- They were not planned as main project results, but REP also created jobs for participants by directly employing them. It was reported that BACs, RTFs/TSCs and BRCs employed around 800 participants, a notable number given Ghana's tertiary graduate unemployment levels.
- There are indications about the project's contribution to increased incomes, but the evidence on the depth and breadth of changes is incomplete. It is difficult to interpret the quantitative data on incomes in the 2019 outcome and impact survey,⁵ but in qualitative terms, it noted that 90 per cent of REP participants reported increased incomes over the past three years compared to 49 per cent among non-REP respondents. Most participants interviewed by the evaluation team in the field cited increased turnover (between two to four times) and attributed the positive change in turnover to REP interventions.⁶
- Income diversification and risk mitigation were an important impact for many participants. The PCE field visit found that the REP's training helped participants diversify their income by combining production with processing activities, production with trading or provide a mix of self-employment with wage employment. For example, beauticians trained in soap-making production now sell soap and detergents; caterers now provide interior decoration services; and farmers farm multiple produce such as crops and fish.
- REP (since 2012) and its previous two phases (1995-2002 and 2003-2012) have made a tangible contribution to establishing an institutional framework and structures for decentralized service delivery in business development services, technology development support and technical training, also making substantial investment in infrastructures, vehicles and equipment. Partnering with the Ghana Enterprise Agency (previously the National Board for Small-Scale Industries) and GRATIS, REP (also with previous phases) has helped to establish many subnational level institutions: (i) over 160 BACs (previously 53 were supported under the previous two phases); (ii) 37 BRCs (newly introduced in 2017/2018); and (iii) 24 RTFs/TSCs.⁷ However, the impact on the ability of various institutions to effectively and efficiently deliver services differs between districts and their capacity and sustainability remains a serious challenge (see also section on sustainability).
- REP supported the establishment and/or strengthening of various institutions and platforms at district and regional levels to support MSE development.⁸ Although district assemblies have a key role in facilitating local economic development including job creation and MSE sector development, their weak financial capacity has affected their ability to cofinance the operations of BACs and RTFs/TSC, which then has affected staff motivation and performance.⁹ Mainstreaming various institutions/platforms at district and regional level (e.g. the district committee on MSE promotion) into government processes does not seem to have been widespread.

⁵ For example, the report shows that non-REP participants as a control group had much lower incomes (supposedly annual) at baseline (GHS 6,025, compared to GHS 17,110 for REP-participants), raising doubts on their comparability. Furthermore, it is not clear from the questions whether "incomes" were to be from the specific enterprise activity or overall household incomes.

⁶ It should however be noted that the entrepreneurs the PCE team met were those with current contacts with BACs and currently operating businesses, and hence, it is unknown what proportion of all REP participants may have experienced such a positive picture and to what extent.

⁷ 21 inherited from REP I and REP II, and three adopted by the Ministry of Trade and Industry from other government projects. The target number of RTFs/TSCs across the country was reduced from 51 to 31.

⁸ Such as the District SubCommittee on MSE Promotion in all districts to enable them to: (i) coordinate initiatives on MSE promotion; and (ii) ensure the mainstreaming of the activities of BACs and RTFs within the development plans and annual budgets of the district assemblies. As part of the process, REP also sensitized the Regional Coordinating Council and Ghana Enterprise Agency regional managers about the need to coordinate MSE development activities in their respective regions and to strengthen the national, regional and district institutional linkages and ownership in MSE promotion at all levels. This led to the formation of a regional committee on MSE promotion in each region. At the district level, REP facilitated the establishment or strengthening of local business associations and created a new district level association of small-scale industries (104).

⁹ Staffing levels at a BAC normally comprise a BAC head, business development officer(s) and a secretary although it varies from district to district. Business development officers are to be paid by the district assembly but the rates are not consistent across districts, and in some cases, salaries have been outstanding for months. This kind of situation inevitably affects the morale of human resources, the delivery of services and their quality.

- The impact on services by financial institutions is not clear, also due to broader issue such as low capitalization and the liquidity of most rural and community banks. In terms of new financial products, micro-leasing as a new financial product was tried but had to be discontinued due to weak infrastructure for leasing.

D. Sustainability (enterprises, non-financial services and support systems, access to finance)

- Enterprises remain predominantly micro, with the majority not enthusiastic about formalization, growth and expansion, which thus limits their ability to grow and create employment for the rural population. BACs estimated that half of the new enterprises supported by REP reach survival stage. Many entrepreneurial activities may also be sustained or “survive” in some ways, especially those that service consistent demand by the local population and do not require much reinvestment or working capital (e.g. hairdressing, repair services, catering).
- The BACs are constrained in their capacity to provide business development services on a sustained basis without externally-funded programmes. REP attempted to introduce the idea of cost recovery for business development services with a client fee revenue generation model, but the fee charged was too low and, given the type of clientele, most likely it is unrealistic to expect a full cost recovery. MSEs’ ability and, in some cases, willingness to pay for services remains a challenge. The recently-introduced BRCs, to be franchised to the private sector, are expected to operate on a cost recovery basis by serving medium and large enterprises that should be able to pay for services, whereas BACs would continue to provide subsidized services to MSEs. Nonetheless, the BRCs’ role, main clientele, operational modality and arrangements vis-à-vis BACs are still to be clarified and operationalized. In fact, tensions have arisen between BACs and BRCs, in some cases with overlapping clients. BRCs are much better resourced and this is affecting staff motivation in BACs often with inadequate resources. REP was to also examine the governance and institutional arrangements for RTFs/TSCs, with the possibility of partnerships with the private sector for sustainability, but this has yet to be progressed. The interest and ability of district assemblies to support BACs and RTFs/TSCs remains critical for going forward with service provision.
- Delivering an inclusive and sustainable financial ecosystem to address MSEs’ access to finance needs remain a challenge as most rural financial institutions, such as rural and community banks, remain undercapitalized and lack appropriate products for long-term financing.

E. Overall

- REP and its previous two phases made considerable investment in supporting the government in establishing and strengthening the decentralized delivery of non-financial services (business development services, technology development, dissemination and training) principally anchored in the public sector. As a result, Ghana now has a nationwide network of service providers, such as BACs and RTFs/TSCs, with a visible presence and serving as channels to deliver services sponsored by the government and other development partners. However, the continuation of service delivery – with adequate outreach, contents and quality is not guaranteed, especially without external funding.
- The programme had a broad scope, both in terms of its sectors/trades and geographical coverage and the emphasis was on setting up a network of service providers across the country. The latter was achieved, but programme efforts were spread rather thinly and they were not strategically oriented by a sound assessment of the opportunities for rural enterprise development and growth.
- REP reached many and diverse entrepreneurs, especially through training organized by BACs. A high outreach level was achieved by working through groups and institutions, such as local business associations and community-based groups, welfare groups and radio programmes. Women were in a majority of the participants and REP also reached other vulnerable people. Most of the jobs generated were through self-employment with additional wage jobs to a limited extent, but income diversification and risk mitigation were an important impact for many participants. At the same time, due to a lack of clear understanding on who are the entrepreneurial poor and how to identify them, REP also benefited those entrepreneurs who were neither entrepreneurial nor poor in rural areas or urban/peri-urban areas.

REP Ghana: Matching grant recipient survey

Background and objective

According to the REP manual on the matching grant facility, the rationale for REP's matching grant is to leverage financing for profitable, productivity-enhancing investments that would otherwise not be undertaken due to imperfections in the financial markets. They were intended to address three key constraints on financing for agricultural value chains and rural enterprises in Ghana that have been identified: (i) persistent high real interest rates that make term loans unaffordable; (ii) high collateral requirements of banks; and (iii) high risks, in particular for agricultural asset loans.

The matching grant facility was conceived in design to facilitate access to credit from financial institutions by a certain group of participants (women's groups and youth who would be first-time borrowers), but the eligibility criteria in the available operational manual on the matching grant fund were left vague. Initially, the financing ratio was to be a 30 per cent grant, with a 10 per cent own contribution and 60 per cent coming from a loan from a financial institution. However, during the implementation, due to the low uptake (and later also due to COVID-19), the grant portion was increased from 30 to 60 per cent and grant applicants were no longer expected to get a loan from a financial institution (instead, 40 per cent could come from any source).

The matching grant was planned to reach 10,000 MSEs with an amount of US\$3.70 million. As of June 2021, a total of 2,926 MSEs (representing 29 per cent of the target) have assessed the matching grant to the tune of US\$1.82 million (representing 49 per cent of the targeted value)

A phone survey was conducted in December 2021 as part of the project cluster evaluation to understand the profiles of matching grant recipients and the extent to which the matching grant facility facilitated access to finance for new borrowers (rural entrepreneurs).

Survey methodology

A questionnaire was developed for a phone survey with a combination of closed and open-ended questions. It was pilot-tested first, and adjustments were made as necessary. Telephone calls were made where the questions were read out and responses recorded on the online data collection tool (Kobo) by the enumerators.

For sampling respondents, the database of matching grant recipients was obtained from the REP programme management and coordination unit. The database contained 1,335 grant recipients in 57 districts. Using the purposive sampling approach, districts with the highest number of grant recipients with active phone numbers were selected to form the pool from which to select the respondents. A total of 15 districts across the ecological zones were selected and 10 grant recipients were selected from each district. They were purposefully selected so that they are: from different operational sectors, among the higher amount of the grants received, covering the recipients under different financing arrangements (30:10:60 and 40:60).

A total of 91 recipients on the database were contacted by telephone. Even though they were selected from the database provided by REP, nine indicated that they had not received any matching grant. Eighty-two respondents confirmed that they did receive the grant. Hence, the response from 82 formed the basis for the analysis.

The limitations on the phone survey included the following: (i) the phone survey affected the level of probing that could have taken place to verify answers provided by respondents; (ii) in some cases, respondents found it difficult to recall the processes that led to the receipt of the grants; and, (iii) incomplete database information on matching grant recipients may have had implications on the representativeness of the sampled respondents.

Respondents' profiles

Forty-one per cent of the respondents are currently aged over 46. Thirty per cent (24 out of 82 respondents) had a university degree as their highest level of education.

Figure 8
Sex and age distribution of respondents

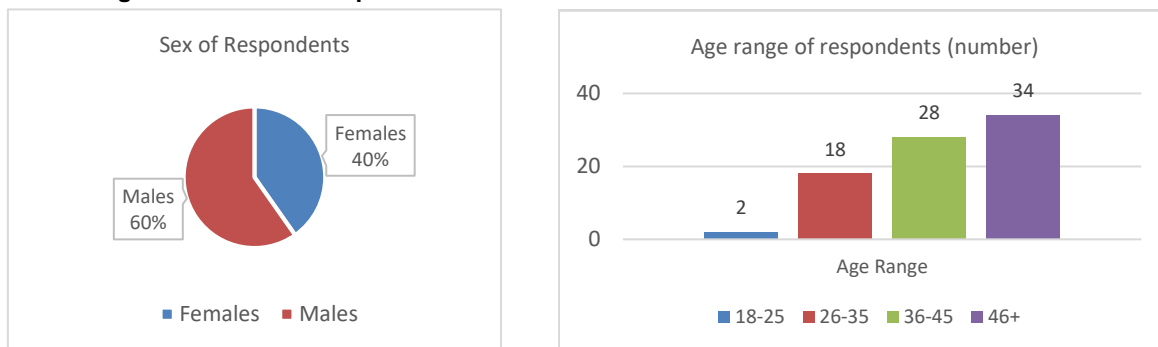


Table 25
Educational levels of respondents (number)

		Highest level of education					Total
		Basic	None	Secondary	Technical/ Vocational	University	
2. Sex	Female	9	2	6	8	8	33
	Male	11	0	15	7	16	49
Total		20	2	21	15	24	82

Business profiles of benefiting enterprises

According to the categorization by REP, the majority of the respondents (almost 70 per cent) operate in the agriculture and agroprocessing/agribusiness sectors. About half of the respondents started their business before 2012.

Figure 9
Business sectors of respondents (number)

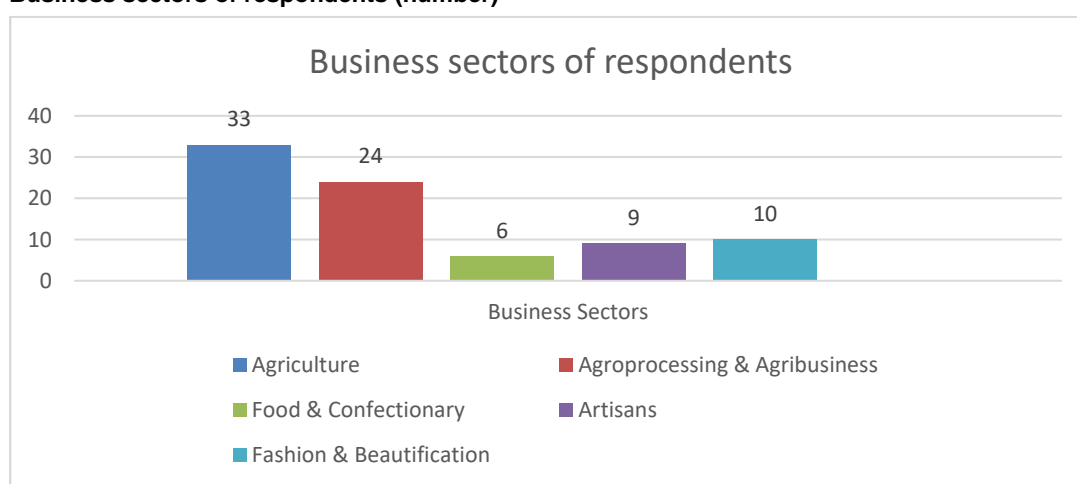
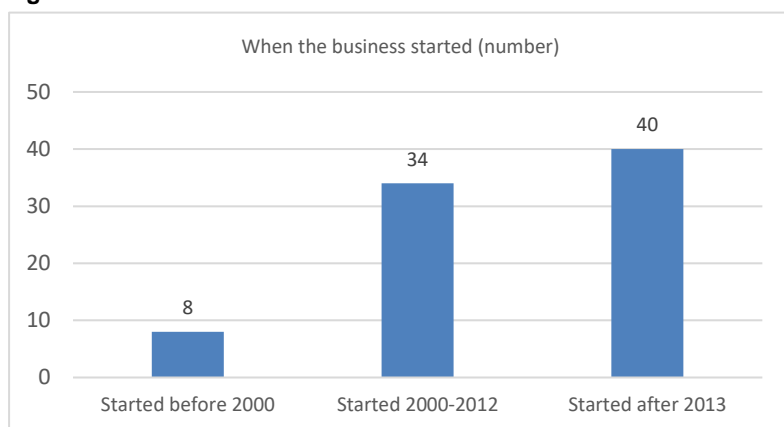
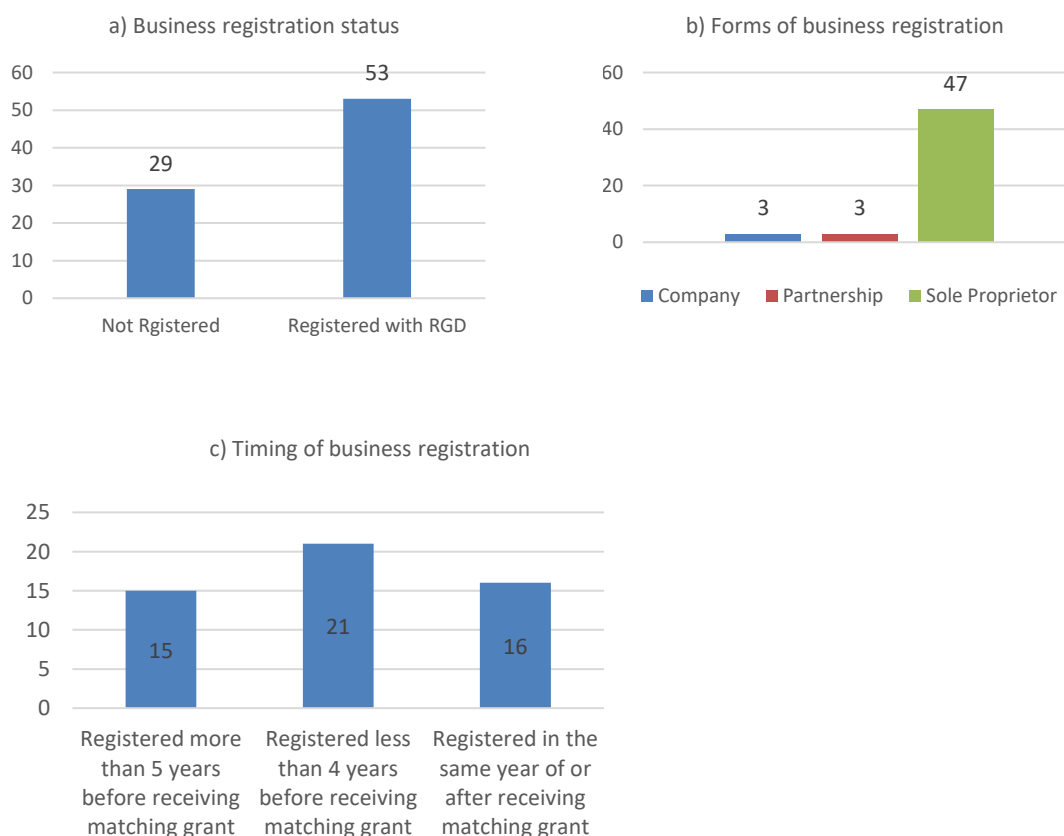


Figure 10
Age of the business



Fifty-three out of 82 respondents' businesses (62 per cent) were registered with the Registrar General's Department and the remaining 38 per cent were not registered. Out of the 53 respondents with registration status, most (47 or 90 per cent) are registered as sole proprietorships. The remaining six respondents are equally split between limited liability company and partnerships. About 44 per cent of all respondents (and 80 per cent of those registered) were registered *before* accessing the matching grant. The eligibility criteria for the matching grant do not concern legal status, but it is worth noting that the state of formalization can influence the enterprises' ability to access finance.

Figure 11
Status and forms of business registration, timing of registration (number of enterprises)

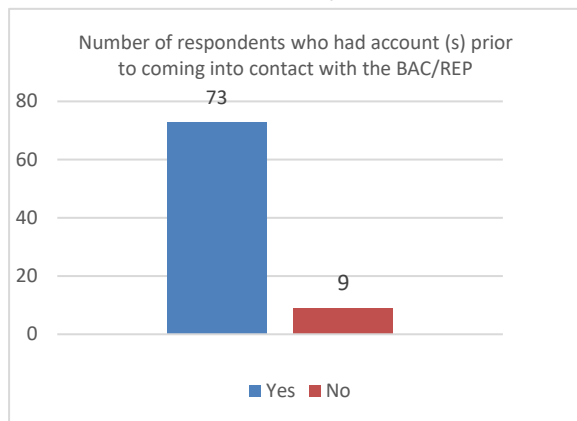


Banking history and access to finance

Accounts with financial institution prior to BAC: Seventy-three respondents (89 per cent) indicated they had a bank account prior to their contact with BAC/REP.

Figure 12

Respondents who previously had financial accounts

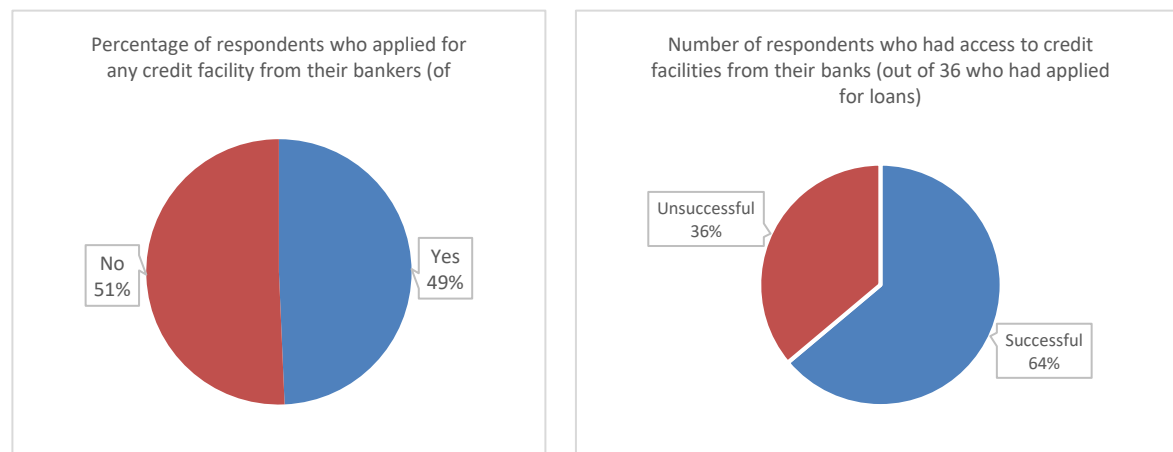


Rural and Community Banks were the main channels through which beneficiaries accessed the grant; banks and saving and loans companies were in the minority.

Access to credit experience prior to BAC/REP: Fifty-one per cent of 73 respondents who had previously held bank accounts said they had never applied for credit from their bankers and 49 per cent had. Of those who applied, 64 per cent said they were successful and 36 per cent were unsuccessful. Hence, 28 per cent of all respondents (23 out of 82) had a credit history. Their reasons for not applying or failing to obtain credit were, however, not explored further.

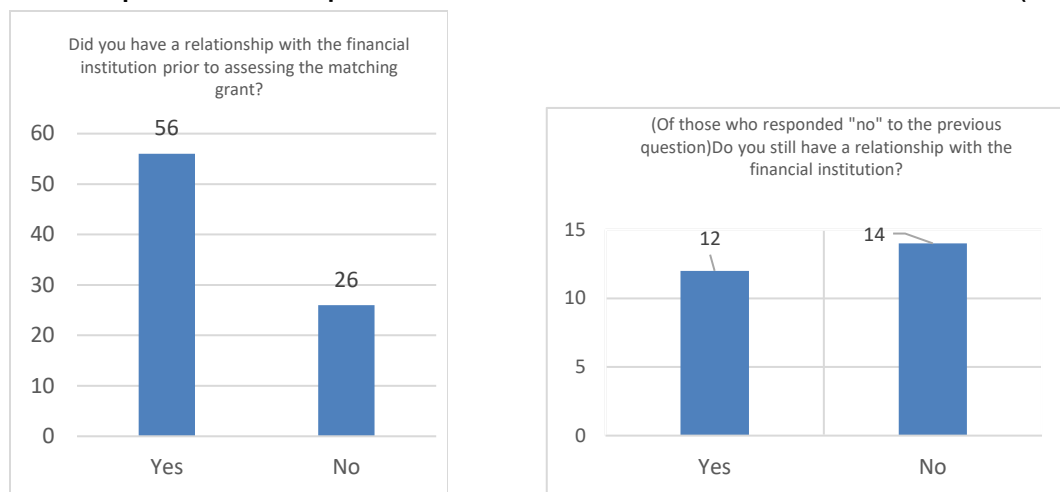
Figure 13

Credit facility application and the success rate (percentage)



Relationship with financial institutions: Of 82 respondents, 56 (68 per cent) already had relationships with the financial institutions used for the grant and 26 (32 per cent) had no prior relationship. Of those 26, less than half (12) said that they still have a relationship with the financial institution and only two said that they had accessed another credit from the same financial institution. The reason for not maintaining the relationship included distance to the bank and the business not doing well.

Figure 14
Grant recipients' relationship with financial institutions before and after the intervention (number)



Matching grants: use and usefulness

The purposes of the investment using the matching grant were diverse. Examples include:

- Equipment, machinery, vehicles, milling machine, harvester, expeller, soap-cutting machine, distribution van, tricycle;
- Materials and inputs: bee hives, fridge/freezer, oven, fabric, cement;
- Works: borehole, setting up or expanding infrastructure;
- Purchase of animals and feeds.

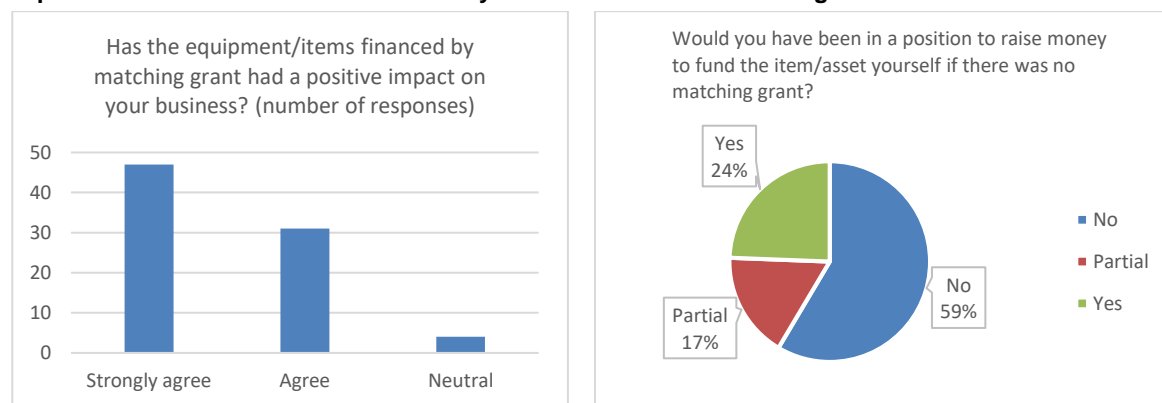
The responses indicated that the grants were not always used to help the purchase of assets as envisaged in the REP manual. One respondent said that the grant was used to pay off workers and some responses indicated the financing of working capital.

In general, the grant recipients indicated a positive impact of matching grant on their businesses.

Some beneficiaries who could not meet the counterpart funding of the cost of desired equipment had to settle for a lower value item to meet beneficiary contribution, for example a pepper grinding machine instead of pepper milling machine.

Twenty-four per cent of respondents said that they could have raised the funds to purchase the items without a matching grant, but many also indicated that they would have been able to acquire it only after a long period of saving or borrowing from someone else.

Figure 15
Impacts of finance on business and ability to mobilize finance without grant



Key points

- The matching grants reached enterprises operating in all sectors irrespective of size and business legal structure.
- Some of the costs covered through matching grants were typical working capital expenses such as payment of fees and not used for the acquisition of assets and productivity-enhancing technologies as intended.
- The majority of respondents (95 per cent) reported that the matching grant had a positive impact on their businesses. The remaining 5 per cent neither agreed nor disagreed that the grant had a positive impact.
- A sizable proportion of the recipients had their businesses for quite some time and were likely to be relatively well-established. About half started their business before 2012 and over 40 per cent had been registered and formalized before accessing the matching grant. Twenty-eight per cent of respondents had already successfully accessed loans before the matching grant.
- The matching grant created an avenue for some entrepreneurs to establish relationships with financial institutions as over 30 per cent had no prior relationships with them through which they processed the grant. About half of them continued to maintain banking relationships with the financial institutions but most have not accessed additional credit.
- In conclusion, the matching grant overall had a positive impact on the businesses of entrepreneurs who were able to access the funds. They include those entrepreneurs who previously had not accessed loans. However, the data from the survey indicated a lack of clarity or focus in terms of eligibility criteria and the rationale for the matching grant facility, i.e. who can benefit and why, and what can be financed.

III. PACE Bangladesh**Project assessment summary****A. Relevance (overall strategies, non-financial and financial services)**

- Project target groups were reasonably well-defined in the design report and clearly understood by the team. However, the project did not always clearly articulate how the right target group would be reached to benefit from its various components. PACE Bangladesh's design explicitly stated the intention to support "non-poor" with the aim of generating wage employment, in particular, under component 1, but how this was to be realized was unclear. There was no coherent guidance on how to reach new or graduate borrowers, or borrowers interested in starting new businesses, who may offer high likelihoods of creating wage employment. Targeting value chain development, in component 2, was mostly appropriate for reaching the poor and ultra poor groups. In the case of component 3, the strategies did assess whether the new technologies would be appropriate for the poor targeted to invest in and in some cases it selected new technologies and products requiring high initial investments or having long payback periods.
- PACE's implementation strategy focused on continued self-employment rather than generating wage employment. Most ME loans were provided to existing microenterprises who used it as working capital. Loans were rarely used to fund enterprise expansion which could create further employment. In components 2 and 3 the project selected sectors with the capacity to absorb large numbers of workers (e.g. agriculture, shoe-making, automobile servicing, garment-making) but did not necessarily look for strategies that would lead to more wage employment.
- The ME loan programme is well received by microenterprises, who prefer to borrow from the partner NGOs rather than from commercial banks. Most borrowers were long-term members/clients of the implementing NGO partner organizations which reduced the risk of default. This approach proved to be a challenge for the NGO partners when implementing a start-up capital loan. These loans were meant to be for start-ups but majority of the clients were existing borrowers who borrowed for businesses they have been already operating.
- POs identified new or improved technologies, commodities or practices which were mostly relevant to improving production and productivity, principally in agricultural sectors (on- and off-farm) but also in non-agricultural sectors (e.g. improved equipment for shoe-making). At the same time, in some cases, there could have been more careful assessment of the feasibility and appropriateness of technologies/techniques (e.g. their ease of use, affordability,

maintenance, return on investments).¹⁰ Furthermore, lack of access to finance constrained some participants from adopting the technologies considered – which could have been addressed, at least to some extent, by better linkage between the different components (financial services, value chain development).

- Subprojects supported in the value chain development component mostly focused on addressing production issues, with less attention paid to opportunities for off-farm enterprise development in the agriculture sector (e.g. input supply, service provision, processing). There were cases where the project provided grant support under its value chain component to better-off enterprises, for example, giving free or subsidized equipment. While the intention was to generate subsequent benefits for the poor (e.g. workers in off-farm enterprises or small/marginal farmers), in some examples the approach lacked a deep analysis of business interest, commercial feasibility and sustainability issues.
- PACE's support for training existing wage employees in non-agriculture sectors (e.g. shoe-making, automobile workshops) was particularly relevant for the purpose of improving their skills (e.g. building their ability to operate certain types of machines) or productivity (e.g. where workers are paid by piece) and in turn increasing their wages.
- The value addition of the PACE Bangladesh microenterprise loan component was not evident. PACE was to inject additional credit funds into the larger existing and growing ME loan programme (called "Agrosor"), but the liquidity of POs had not been a critical issue and most borrowers were expected to have been POs' existing clients. PACE's contribution made up less than 10 per cent of PKSF's existing ME loan programme. Also, the component was not linked to other non-financial support. The PACE design recognized the opportunity to develop new financial products, but the activity in this regard remained small and at a pilot status, without a critical assessment of the implementation experience.
- Some PACE activities aligned with the government's initiatives in introducing new agriculture inputs or farming practices. PACE also developed policy papers based on its experience in the sectors.
- The project performance evaluation on the predecessor project to PACE (Finance for Enterprise Development and Employment Creation Project, FEDEC) conducted by IOE in 2014 recommended PACE should refocus on a smaller number of pro-poor value chains as opposed to the 30 value chains planned in the design. The implementation did not reflect this recommendation.

B. Effectiveness (enterprise creation and development, non-financial and financial services)

- PACE mostly supported existing entrepreneurs (and in some cases, workers/employees already working in the existing enterprises). Under component 1, a start-up capital loan was piloted to support new enterprises, but the mini phone survey found that majority of the enterprises that got the loan were existing enterprises.
- A few sectors were influenced by external factors. The weather affected farm value chains, particularly those related to fisheries (e.g. crabs, carp-prawn), as excessive rainfall in 2020 reduced salinity in some coastal areas and negatively affected the productivity of crabs. Lockdowns due to the COVID-19 pandemic affected some sectors when cross-country transportation was stopped – this led to loss in sales of vegetables and reduced exports of crabs. Some sectors however received a boost – as international travel ceased, local tourism increased and this supported the growth of the ecotourism sector in Chittagong.
- PACE trained 222,726 persons in agricultural value chains (on- and off-farm); 261,445 persons in non-farm value chains in income-generating activities or business management. Changes in entrepreneurial aptitude were mainly seen in non-farm sectors where beneficiaries improved their financial record-keeping or marketing practices (especially in the honey sector where processors were given a 10-day training session on marketing). Farm sector beneficiaries were unable to recall any support to improve their entrepreneurial aptitudes.
- Technological innovations played a major role in increasing productivity in most sectors. A review of 23 of PACE's value chain reports indicates that on average 58 per cent of the beneficiaries reached changed their practices. PACE reports it introduced about 63 new technologies or approaches into value chains ranging from simple changes such as new practices

¹⁰ For instance, black pepper spice required a high, upfront two-year investment and profits were unlikely to be generated until the third or fourth year of production. Profits were also dependent on farmers' processing knowledge and skills. The initial inputs, such as fertiliser, for Barhi dates cultivation were high, while the payback period was long.

(rearing goats on perch, which was brought in from Thailand, sowing crops in a line); new varieties of agri-inputs, (mung bean, rice, onion); new services (e.g. water testing services); or new machinery (power looms, machinery for automobile workshops, bean drying machines). Some of these innovations have been copied by indirect beneficiaries, particularly where the technologies were clearly visible and easy to copy (e.g. the adoption of a new variety of seed, building a perch to keep goats, sowing crops in a line). Technologies that are not easy to learn from observation (e.g. the application of integrated pest management methods in safe vegetables) will not be easily copied. Similarly, technologies introduced without creating a link to a sustainable supply source will not spread and the adoption of the technology might stop after project support stops, e.g. water testing services in the crab and carp-prawn sector.

The extent to which PACE made a difference in terms of access to finance and financial services is not evident. PACE reported its outreach under the ME loan programme as 355,185 (as of June 2021), but what this figure means is uncertain, as it was based on a proportion of the whole ME loan borrowers through PKSf's POs (i.e. PACE funds being integrated into the existing ME loan programme).¹¹ Most clients had previously borrowed from the POs. The ME loan programme portfolio showed a steady growth (including the mobilization of other sources of funding by POs) and it is unlikely that PACE contribution to the funding made a significant difference.

- Although there were some attempts to offer enterprises both non-financial and financial services, this was not an active strategy pursued by the project. A combination of financial and non-financial.
- Financial services were only offered in half of the sectors. Synergies between financial and non-financial services occurred where the NGO partners offered non-financial support to their existing borrower groups, or grants were provided as part of project support. In some sectors (mainly non-farm) enterprises were unable to change practices and improve their sales, growth or performance because they were unable to secure sufficient finances to buy new equipment or machinery. For example, in the garments sector, 3,200 weavers were trained. Of these 500 weavers adopted new machinery and of these 90 per cent got loans facilitated by the PO DABI. The remaining 2,700 did not improve their production practices as they could not afford machinery and did not have the right business management processes and financial records necessary to get loans.
- Synergies were particularly difficult to develop as both PKSf and their partner NGOs had separate departments for providing loans (mainly permanent staff) and for providing value chain training or introducing new technologies (mainly temporarily hired project staff).

C. Impact (employment creation and increased incomes, institutional framework and support systems)

- PACE's strategy focused on supporting self-employment in existing enterprises, but there were also some wage jobs created. More than 50 per cent of the on-farm value chain subproject reports reviewed noted an increase in new seasonal day labour and part-time wage employment opportunities (mainly for the ultra-poor), due to new farming practices that required additional effort (e.g. improved feeding practices in the carp-prawn and crab sectors).¹² In the non-agriculture sectors, wage jobs were created in medium and small enterprises that were able to expand their production either through self-financing or due to grant support given by the project. Jobs in non-agricultural sectors were likely to be full-time, entry-level jobs requiring low skills. In the non-agriculture sectors, PACE also improved the jobs of existing workers who were trained through the project and got better wages due to improved skills.
- PACE reported that the ME loan component created 473,218 full-time wage jobs, but this was most likely overestimated. This figure was based on the full-time equivalent wage employment per ME loan borrower (1.34) at the time of the mid-term impact study, rather than the difference from the baseline (0.73), therefore, the incremental value was 0.61. The mid-term impact study also indicated that 41 per cent of the microenterprises taking loans increased employment, however, it is unknown to what extent this is attributable to the loan itself. The loan assessments

¹¹ The basis for the figure was explained by PKSf as follows: an increase in ME loan borrowers in the first two years was solely attributed to PACE (79,411+238,853=318,264), and in the subsequent years, PACE was considered to have contributed only a small percentage of the increase in borrowers, initially 9.7 per cent, then most recently 2.25 per cent. The rate of increase in the number of borrowers is higher between 2014/15 and 2015/16, a 33 per cent increase, followed by a 22 per cent increase. However, it is not clear why the increase in the first two years would be attributed only to PACE. In 2013/14, the amount disbursed from PKSf to POs for the ME programme was over US\$60 million and the disbursed amount from POs to borrowers about US\$650 million.

¹² Based on the analysis of the available value chain reports.

did not consider a ME self-generated capacity to grow and create employment. In a nutshell, the extent to which the PACE funds made a difference to the operations of the ME loan programme and borrowers' wage job creation capacity compared to what would have happened without the programme is not clear.

- PACE could have been more effective in creating new self or wage employment if strategies had focused on encouraging enterprises to expand, by means such as by buying new machines or equipment, or by increasing their farming area. Expansion in non-farm sectors tends to create more full-time wage employment jobs, while expansion in farm sectors often creates more seasonal and temporary wage employment. PACE selected sectors that employed large numbers of people but its value chain or technology transfer proposals did not indicate any constraints to employment in the sectors or identify how PACE activities would generate employment or improve the future employability of existing or potential workers.
- PACE reported that 75 per cent of the beneficiaries reached with its value chain development support and 64 per cent of the beneficiaries receiving new technologies, were poor. While these percentages are difficult to verify, based on the available data and the PCE field visits, it is very likely that PACE has indeed reached poor beneficiaries as small-scale farmers with land sizes between 0.05 to 2.5 acres and low or unskilled workers in non-farm subsectors.
- Income increases by the participants are likely to have been achieved through: improved on-farm practices and improved production by small-scale and marginal farmers who participated in value chain subprojects; more on-farm wage labour opportunities by the landless ultra-poor; better wages due to improved skills; or new employment in non-agricultural off-farm enterprises. For example, project support in the carp-prawn and crab farming sector in the south-west of the
- The country had a significant positive impact on productivity and animal mortality and, in turn, on the incomes of farmers who had few alternatives due to changing salinity levels in the area. The impact assessment reports for PACE value chain subprojects reported that participants increased their investments by increasing livestock, cultivation areas, machinery, or workers.¹³ According to interviews, workers trained or employed in non-farm sectors reported having improved incomes, an average amount of BDT 10,000 (US\$116) per month, which is near the upper poverty line in Bangladesh of BDT 11,200.
- PACE worked in some areas that were vulnerable to climate change variability (e.g. in south-west Bangladesh where changing salinity levels left farmers with few income-earning alternatives. In these sectors PACE activities increased beneficiary incomes and reduced income variability. Some households reported using increased incomes to buy more assets or to invest in livestock which may improve resilience.
- PACE was expected to offer 70 per cent of its ME loans to women and exceeded this by reaching 78 per cent. This high figure reflects the standard practice across Bangladesh to channel microfinance loans through women, which does not necessarily mean that women have control over the loans taken. IFAD's 2021 supervision mission found that about 22 per cent of women borrowers own and run the enterprises that took the loan. The majority of the women borrowers handed the loan to men in their family (such as husbands, brothers, and sons) as the actual business-owners.
- Project activities provided women with better access to services or knowledge, but no evidence was collected to understand if the project changed women's access to resources, assets or influence in decision-making. PACE activities in various value chains provided women training which served to improve their skills. In some sectors (such as crab, carp-prawn, cow rearing, and safe vegetables), better practices also resulted in increasing women's workloads, sometimes excessively. When designing activities, PACE did not take into account how the additional activities would affect women or the distribution of household tasks.
- PACE learnt from its activities in the different value chains and shared that learning with the government in order to advise and input to policy formulation where possible. It is likely that this advice and information have contributed to the development of the Crab Export policy of the government. Internally the implementing partner developed an Environmental Health and Safety risks guideline for ME, which it shared internally to be used across its other programmes.

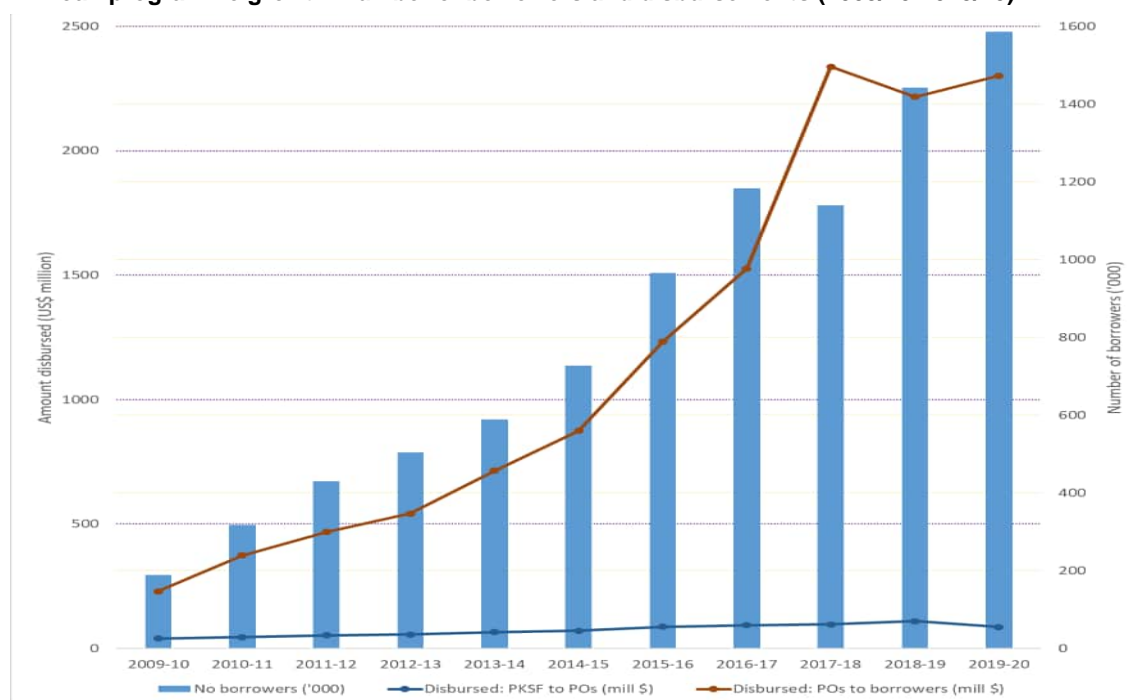
¹³ Based on PCE Bangladesh review of programme documents.

- PACE expected to build on the institutional capacity which was developed with value chain interventions during FEDEC (PACE predecessor project). In reality the implementing partner and the partner NGOs had to re-hire new staff for PACE and were not able to leverage the learnings and human capital developed from the earlier FEDEC programme. Similarly, many of the staff that worked in the PACE project, particularly within partner NGOs, left at the end of the project thus the institutional capacity to implement future projects like PACE has still not been built.

D. Sustainability (enterprises, non-financial services and support systems, access to finance)

- Most enterprises and entrepreneurs supported existed before PACE support and they are likely to continue their activities.
- Practices which enterprises/participants can continue to implement on their own using readily available products/services will be sustainable beyond project duration. Some of the products and services introduced by the project that are likely to be sustainable are: services provided through commercially-run common service centers in the shoe and automobile sectors, a processing plant owned by the NGO partner in the honey sector, vaccinators in the goat sector.
- There is limited evidence from the project on how sustainable the new services or products introduced by the project are. Evaluation field visits found that less than half the services or products introduced were profitable. Therefore, it is likely the quantity and/or quality of services will decrease post-project support.
- Some services are likely to be unsustainable as they were provided as a one-off by project staff and fully under project funding (e.g. value chain training on production or business development training). Some of those operated by partner NGOs are profitable and are likely to be continued as part of their operations (e.g. common service centres in the shoe and automobile sectors, the honey processing plant). However, for others, the project did not develop clear business plans. These social enterprises provided goods and services at unprofitable prices and the project has not secured additional funding to support them further. Examples include a flower tissue culture lab, crab hatchery, ecotourism promotion website. The flower tissue culture lab (set up with project support) are selling plantlets to farmers at a price lower than the break-even point considering the average running cost, hence the lab is incurring a loss. The break-even point is not much different from what farmers could get directly from India. This does not take into account the initial large investment that went into setting up the lab. Similarly, a crab hatchery was set up under the project and sells products at a price much lower than the break-even point.
- The project mid-term review proposed the introduction of more business/market-oriented value chain staff stressing that experience rather than training on business skills would be critical. However, most implementation staff in partner NGOs have stronger technical expertise (such as agricultural experts) rather than business expertise.
- The ME loan programme to which PACE added credit funds was in existence before the project and has been sustainable through good practice and solid repayment (99 per cent repayment rates). However, given the small contribution of the PACE project and the NGO partners' self-sufficiency, it is unlikely that PACE played a major part in leveraging additional funds for ME loans. Any additional funds going into the ME loan product would have happened without the project.

Figure 16
ME loan programme growth: number of borrowers and disbursements (2009/10-2019/20)



Source: PKSf annual reports.

PACE Bangladesh: Mini phone survey: start-up loan and lease financing

Background and objective

Under component 1, PACE predominantly channelled loans through PKSf and its POs under the ME loan programme which has existed since the early 2000s. Basically, the PACE funds were added to a larger pool of funding for the ME loan programme and hence it is difficult to assess any outcomes or impact which can be attributed purely to PACE support.

Under the same component, PACE also piloted new financial products, namely, start-up capital loans and lease financing. The September 2021 supervision mission reported that 241 start-up capital loans were disbursed and 59 lease financing provided through 11 POs (10 for start-up capital loans and 5 for lease financing). However, there was hardly any data beyond the number of loans and clients nor was there a careful assessment of the pilot activities. Consequently, a mini-phone survey was organized with a specific focus on the project support for new financial products. The main purpose of the survey was to understand the profiles of the clients, how and to what extent the new financial products were used and served their needs and impact.

Methodology

A short questionnaire was developed for a phone survey with a combination of closed and open-ended questions.

The list of clients who accessed start-up capital loans or lease financing was obtained from PKSf. From the list, 25 who took start-up capital loans were interviewed and 10 for lease financing. They constituted about 10 per cent and 17 per cent of the clients for these products, respectively.

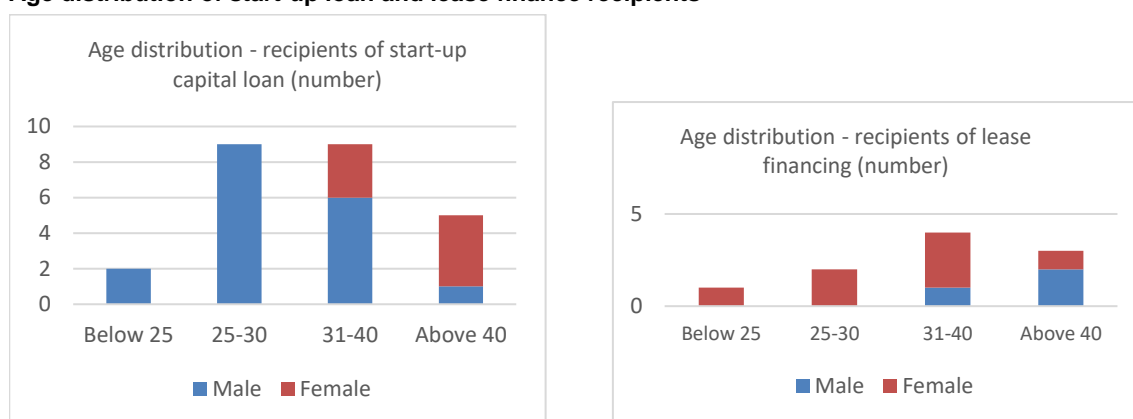
Respondents' profiles

Start-up capital loan. Of 25 respondents interviewed, 72 per cent (18) were men, the rest were women. About 20 per cent were above 40 years old.

Lease financing. The proportion of female clients was higher for lease financing (7 out of 10 respondents). However, the predominant use of the lease financing was to purchase vehicles and other transport means (car/bike to rent, van, rickshaw, tractor – see the following sections). Therefore, it is likely that women were the lessees on paper but the assets are mainly used and controlled by their husbands. In Bangladesh, women are consistently predominant borrowers of microcredits, but research has also pointed out that it is often their husbands who control the assets.

Figure 17

Age distribution of start-up loan and lease finance recipients



Start-up capital loan: findings

Key points:

- Eighty per cent were new borrowers from a specific PO, but no information was collected on their credit history from other financial institutions.
- Only 16 per cent went on to new enterprise undertakings (four out of 25).
- The impact on employment creation after taking a loan for the business was limited (also reflecting the situation that most loans were for existing businesses).
- Some borrowers used the loan for working capital (e.g. inventory) and not for investment. The common view is that the loan solved the liquidity issues of the businesses to some extent.
- Except for one respondent, all stated that they had a settled business prior to taking loans. They had invested a substantial amount of money ranging from BDT 100,000 to BDT 2,000,000 before taking the loan. In the case of agribusinesses they typically had three or four cows or fish ponds.
- Three participants received technical training on mobile servicing and one participant received training on graphic design. None received any kind of business management training.
- The average size of the loan was BDT 89,500 (US\$1,025)

Table 26

Was it a new (start-up) business?

	Responded no	Responded yes	Grand total
Under 30 years old	10	1	11
Above 30 years old	11	3	14
Grand Total	21	4	25

Table 27
Loan purpose by category

Purpose of taking loan	Responses (25)	Remarks
Invest in existing business (agribusiness, computer, mobile servicing shops, medicine shops)	8	To expand businesses, for example buying new cows, new equipment
Used as working capital	15	Buying inventory and covering costs
Invest in new business	1	Started a mobile servicing shop
Personal use	1	Bought a horse

Table 28
Impact on employment creation

Employment creation	Responses (25)	Type of businesses
No new employment	19	agribusinesses, small shops/workshops
1 person	3	shops, workshops
2 persons	1	computer workshop
3 persons	1	mobile servicing shop
4 persons	1	bakery

Table 29
Participants' experience with the PO

	Responses (25)
Participants who never took any loans from the PO	19
Participants who took loans from the PO	5
Participants' family members who took loans previously from the PO	1

Lease financing: findings

Key points:

- The average size of financing was BDT 193,900 (approximately US\$2,200).
- Lease financing was used for obtaining the ownership of assets or equipment.
- Being lease financing, the asset's ownership was initially held by the PO and after repayment of the loan the ownership was transferred. However, most participants lacked clarity about ownership.
- The product was generally appreciated by lessees.
- Ninety per cent of the respondents reported they started a new business activity using the assets or equipment they obtained.

Table 30
Types of leased assets

Types of leased assets	Responses (10)	How has it impacted their business
Easy bike/car (to rent)	4	New venture, income increased
Pick-up van	1	New venture, income increased
Tractor	1	New venture, income increased
Embroidery machine	1	New venture, income increased
Refrigerator (for restaurant)	1	Restaurant owner, needed a refrigerator to increase operation

Auto-rickshaw	2	New venture, income increased
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Table 31

Appreciation for the lease financing product

How the loan differs from other loans	Responses (multiple answers)
Monthly instalments makes it convenient	5
Lower interest rate	5
Conveniently available	2
The asset was cheaper	2

Table 32

Perception on income change

Did income increase?	Responses (10)
Yes	8
No	2

Table 33

Impact on employment creation

Employment Generation	Responses (9)
No employment	4
Self-employment	4
2 employees	1

Summary

- In most cases, start-up capital loans were not really used for financing start-up businesses. Some existing enterprises used the loan for investment, but others used it to finance working capital.
- Most borrowers of start-up capital loans were new clients for the specific POs. However, given that most of them already had a settled business prior to taking out loans, it is probable that they had previously borrowed from other MFIs or banks.
- Employment creation by the enterprises that obtained start-up capital loans was limited.
- Lease financing was used to help the lessees obtain fixed assets as intended and in most cases they were used to start a new business activity.

PCE assessment: gender equality and women's empowerment in projects reviewed

- Women's participation in project activities was generally high and exceeded most targets.** In part, the focus on women-oriented activities and trades contributed to this, but in some cases the targets were relatively easily achievable in the context. For its microenterprise loan component, PACE exceeded the outreach target of 70 per cent of women, but a high proportion of women clients in microfinance has always been the norm in Bangladesh. REP had a more modest outreach target of 50 per cent female participation and exceeded it, reaching 60 per cent. This outreach target could be considered rather low, given that in Ghana the idea of women engaging in economic activities outside the home is widely accepted, especially when the reason is to support their households (Friedson-Ridenour and Pierotti 2019; Darkwah 2007; Fox and Sohensen 2012).¹ In contrast, PEAJ had a lower outreach target for female participation at 30 per cent and struggled to make progress at the start. The implementation steadily improved and the most recent data shows that 41 per cent² of the incubation programme participants are women. However, the extent to which women's participation has led to gender equality and women's empowerment is less certain.

Table 34

Extent of women's participation in project activities

	<i>Women % target</i>	<i>Actual women %</i>	<i>PCE comment</i>
PEAJ (incubated)	30	40	Percentage of women incubated annually increased over time from 33 per cent in 2015/2016 to 51 per cent in 2021. ³
PEAJ (start-ups)	30	41	
REP (reached)	50	63	The target of 50 per cent can be arguably rather low given that in Ghana the idea of women engaging in economic activities outside the home is widely accepted especially when the reason is to support their households.
REP (business created)	50	65	
PACE (ME loan component)	70	78	It is the norm in Bangladesh that women are the predominant clientele in microfinance.
PACE (value chain development component)	50	49	

Source: PCE elaboration based on the project data.

- Project designs articulated targeting mechanisms to reach women in general, but attention given to different types of women was found only in PEAJ.** The projects used: direct targeting (e.g. quotas, women's groups) and self-targeting (where only the intended target group participates because the project's services do not meet the needs and interests of others)⁴ to reach women; focused on trades and sectors where women were already active (e.g. hairdressing or soap-making in REP, embroidery in PACE), were less capital intensive, and locations where it was socially acceptable for them to work (e.g. in or around the home with small livestock or horticulture in PACE Bangladesh).⁵ PEAJ also supported targeted

¹ Also women own about 70 per cent of household enterprises in Ghana.

² Currently at 40 per cent against a target of 50 per cent. However, the proportion has increased in recent cohorts, moving from 33 per cent in 2015 and 2016 to 51 per cent in 2021.

³ Nationally, 37 per cent of enterprises are created by women (Meli & Meli, 2021).

⁴ IFAD (2008). Targeting policy, reaching the poor.

⁵ More specifically, PACE Bangladesh POs directed efforts to existing women borrowers to secure participation in the access to finance component. PEAJ Cameroon provided nurseries for children, schools, areas for worship and social activities for married women, single mothers with babies, couples and ethnic minority women (Mbororos in the north-west region). PACE and REP did not use more differentiated strategies to target different types of women, such as for ethnic minority women in Bangladesh or women in polygamous households in northern Ghana.

awareness-raising sessions to encourage husbands and wives to work together.⁶ PEAJ was also the only project to collect data on the participants' family status and social situation (e.g. single mothers with babies, ethnic minority women), which were then used to tailor the support.⁷

3. **The provision of both non-financial and financial services increased women's access to, and control of, economic resources and assets, in contexts where it was already acceptable for women to work outside the home and run an enterprise.** This was seen in REP and PEAJ (Littoral, South and Centre regions). In REP, women were in the majority across different activities and outputs/outcomes (see table above) and the field mission saw and heard how some of these women were able to run new or existing businesses and contribute to household needs. In Cameroon, according to research, women are increasingly accepted and involved in economic activity, with 43 per cent of businesses now run by women (Meli and Meli 2021). The field mission in PEAJ target areas found that the mix of facilitation, incubation, start-up credit, business coaching and business credit (with women representing 40 per cent of beneficiaries at each stage) showed signs of increasing women's access to and control of economic resources.
4. **In (more) patriarchal contexts where women do not play a leading economic role, some evidence shows that discussing gender norms with local communities can contribute to women's empowerment.** In PACE Bangladesh, women participated in most training and capacity-building activities like men, but women's incomes largely went into the family pot and was not under their control. Evidence suggests that most women accessing ME loans also handed over the money to men in the family who owned and ran the businesses.⁸ This is not uncommon in Bangladesh as there are some challenges to female business ownership acceptance especially in rural Bangladesh (Chowdbury 2009; Jahan 2021).⁹ Men are often in charge of financial decisions, and when women borrow money it is often their husbands who subsequently control it (Jahan 2021). It was not evident that women benefitted from increased access to, and control of economic resources and assets, as was found in past IFAD missions.¹⁰
5. In PEAJ, facilitating NGOs working in more conservative communities organized targeted awareness-raising sessions to encourage husbands and wives to view project activities as a family business. In the relatively conservative Mbororo culture, business has traditionally been done by men while women stay at home. However, as the field visits confirmed, young Mbororo women had become more active and were able to have a say in family decision-making and undertake economic activities. Small but important steps had evidently been made, but monitoring will be necessary to track if and how much men subsequently take over profitable enterprises.
6. **The evaluation found some limited evidence that women increased their influence in decision-making in their businesses and in households, although the projects' direct contribution to these changes is sometimes unclear.** In Bangladesh, the midterm impact study on PACE found that joint decision-making between husband and wife, especially for "social decision-making", increased.¹¹ Women met during the PCE mission suggested that REP support contributed to their: standing in households, and in some cases, husbands provided

⁶ PCE Cameroon field interviews.

⁷ For example, nurseries for children, areas for worship and social activities.

⁸ PCE interviews in Bangladesh 2021; PACE mid-term review 2018.

⁹ PCE interviews in Bangladesh in 2021.

¹⁰ PACE October 2017 supervision mission noted that it could not verify the claim that because women receive loans they were economically empowered and enjoy access and control over productive and household assets. The PACE mid-term review in April 2018 concurred with the past supervision missions that many women do not enjoy improved access and control over productive or household assets and participation in economic decision despite their participation in project activities.

¹¹ PACE Mid-term impact study.

a supporting role to women-owned enterprises; increased confidence; increased access to finance; and improved sales. Most of them also indicated they had control of their financial resources and were able to make financial decisions relating to their families.¹² The PCE field mission to PEAJ Cameroon also found that in most cases, the businesses were viewed as family, rather than individual, enterprises.

7. **Beyond the private domain, only PEAJ made a concerted effort to increase women's influence in institutions.** PEAJ supported young entrepreneurs in setting up regional and local networks to improve their access to key services, partners and information. Gender quotas have been used to encourage young women to take leadership roles within these networks. By May 2019, five out of 16 of the main national delegates were young women and women's membership had grown from 76 in 2015 to 1492 in May 2019.¹³ There is no evidence that REP implemented activities to encourage women's leadership development through various means in MSEs, local business associations, the BACs and District MSE subcommittees even though this was in design and mentioned as opportunities in supervision reports.¹⁴
8. **Projects paid limited attention to the issue of women's workload from new or different economic activities.** While women interviewed were mostly content to work more to increase incomes, there were some cases of significant workload increases for women,¹⁵ which could have been mitigated by support reducing their workloads at home or addressing ways to better share workloads with other family members. PEAJ has supported targeted awareness-raising sessions to encourage husbands and wives to work together, but the evaluation was unable to ascertain how this had affected respective workloads.
9. **The project made various attempts to address some of the underlying social norms that lead to gender inequality: PEAJ made concerted efforts and early indications of outcomes are positive.** The 2017 gender strategy and IFAD supervision missions explicitly advised and encouraged the project to challenge restrictive gender norms. Relevant activities implemented include modules on the sociocultural barriers that may prevent women's empowerment, gender awareness-raising sessions with husbands and wives, liaising with local chiefs to obtain land certificates for young men and women and more recently, training modules on women's leadership, gender-based violence and sexual and reproductive health (in partnership with UN Women). It is early to assess some of the outcomes but the evaluation observed and heard how some young women in conservative communities were more able to play a meaningful economic role.
10. Prompted by supervision missions, PACE has recently started to take incremental, culturally acceptable steps to alter the perceived position of women in a professional context. PKSF and POs launched a mentorship programme for eight women PO officials to support their leadership aspirations. This is an important step, but such initiatives would benefit from being built into the design of projects rather than being supplementary steps after mid-term review. The Gender Action Learning System approach was piloted in the previous phase of REP and was designed for implementation in the present phase to tackle some of the issues in gender roles and relations in poor and disadvantaged households. However, it was not implemented due to operational difficulties¹⁶ and the perceived effectiveness of gender performance due to the already high participation of women in the programme, in

¹² PCE Ghana field interviews.

¹³ IFAD gender award brochure 2019.

¹⁴ Including Regional Committees on Micro and Small Enterprises Promotion and the Association of Small Scale Industries.

¹⁵ For example, in the safe vegetables sector women became responsible for preparing organic pesticides to replace the chemical pesticides that were previously purchased. In soft-shell crab cultivation the women are mainly responsible for checking crabs every 2-3 hours during full moon to see if crabs have molted. Women reported reducing the time they spent on social visits and waking up two to three times at night to check crabs. On the other hand, a new variety of mung bean introduced made it easier to harvest and thresh, work which is mainly done by women.

¹⁶ The recruitment of a gender expert was hindered by the outbreak of Ebola (from evaluation interviews).

the view of the programme management. The evaluation finds it a missed opportunity.

11. **The project performance on gender equality and women's empowerment was influenced by the level of attention and support provided by the project teams and IFAD during the implementation.** The quality of targeting, gender strategies and their implementation varied, and quality strategies did not necessarily result in better implementation. PEAJ's performance was stronger due to dedicated staff with specific responsibilities for gender, guided by PEAJ's comprehensive strategy (supported by IFAD's regional targeting, gender and youth coordinator) that considered intersectional vulnerabilities and provided practical strategies to guide youth selection, activity design, delivery and monitoring.¹⁷ Even if designs included detailed strategies that included plans for additional research for more tailored targeting, they were not always implemented and the lack of dedicated staff on PACE and REP likely affected this outcome.¹⁸

¹⁷ In PEAJ, the Gender Officer within the Project Management Unit and the recruitment of a gender expert to prepare a monitorable gender strategy and gender action plan in PEAJ led to more effective promotion of gender equality and women's empowerment than in REP and PACE. Evidence from the field mission shows that PEAJ's NGOs responsible for information dissemination and mobilizing potential participants used relatively detailed data collection forms to record information on young people's gender, family status and social situation and the information was then used to tailor other facilitation activities and incubation.

¹⁸ Assigning the Monitoring and Evaluation Officers in REP and PACE as Gender Focal Points was less effective given their time and capacity constraints. Neither REP nor PACE built on the gender strategies in design to develop a more detailed monitorable strategy and action plan to follow.

List of persons met

Bangladesh

IFAD Bangladesh

Arnoud Hamelaers, country director, Dhaka, IFAD

Nabil Rahaman, country officer, Dhaka, IFAD

Dewan Alamgir, IFAD consultant

Project Team of Implementing Organization

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Niaz Mahmud, sector specialist, Dhaka, PKSF

Sanchita Islam, VC project manager, Dhaka, PKSF

Nafis Islam, VC project manager, Dhaka, PKSF

Masum Sarker, VC project manager, Dhaka, PKSF

Moznu, Sarker, VC project manager, Dhaka, PKSF

Erfan Ali, VC project manager, Dhaka, PKSF

Dr. Bariqul Alam, VC project manager, Dhaka, PKSF

Habibur Rahman, assistant project coordinator, Dhaka, PKSF

NGO Partner Organizations for implementation

Md. Alamgir Hossain, Manager, Satkhira, Nowabenki Ganomukhi Foundation (NGF)

Md. Alamgir, Executive Director, Chattogram, Organization for the Poor Community Advancement (OPCA)

Habib Siddiq, Manager, Kishoreganj, People's Oriented Programme Implementation (POPI)

Selim Talukdar, Branch Manager, Micro credit, Kishoreganj, POPI

Yakub Ali, Branch Manager, Microcredit, Jashore, Rural Reconstruction Foundation (RRF)

Md Shamim Uddin, Deputy Director, Jashore, RRF

Md Abul Kalam, Azad, Director and training RRF, Automobile Training Center, Jashore, RRF

Rukhsana Tasrin, Monitoring Officer RRF, Automobile Training Center, Jashore, RRF

Shamsul Haque, Executive Director, Dhaka, Society for Development Initiative (SDI)

Abhijit Debnath, Manager Microcredit, Dhaka, SDI

Md Ashraf Hussain, Manager Microcredit, Dhaka, SDI

S.K. Eman Ali, Executive Director, Satkhira, Satkhira Unnayan Sangstha (SUS)

Amin Uddin, Ex-VC Facilitator, Present Area Manager, Chattogram, Young Power in Social Action (YPSA)

Didarul Islam, Programme Coordinator, Chattogram, YPSA

Sumon Devnath, Project Officer, Chattogram, YPSA

Government Agencies

Shofikul Islam, Sub-Assistant Agriculture Officer, Tangail, Department of Agriculture Extension

Sushanta Kumer Tarafdar, Deputy Director, Jashore, Department of Agriculture Extension

Tushar Majumdar, Upazilla Fisheries Officer, Satkhira, Department of Fisheries

Snigdha Kha Babli, Senior Upazilla Fisheries Officer, Satkhira, Department of Fisheries

Focus group discussion participants

Three sub assistant agriculture officers, Savar, Department of Agriculture Extension

Jashore District, automobile sector, RRF

Habibur Rahman, automobile workshop employee
Enamul Haque Chunnu, automobile workshop owner

Sitakunda District, bean sector, YPSA

Amir Hossain, contractor and processor
Golam Nizami, dried bean retailer
Bodi Rahman, bean farmer (non-beneficiary)

Focus group discussion participants:

- 3 bean farmers
- 4 women who shell/dehull beans.

Chattogram District, black pepper sector, OPCA

Md. Ruhul Amin, black pepper farmer
Pritilata Tripura, black pepper farmer
Suresh Kanti Tripura, black pepper farmer
Iqbal, input seller

Satkhira District, carp-prawn sector, SUS

M Sardar, fish Aarotdar (trader)
Showmik Biswas, input seller
Keshab Debnath, manager, input importer of fisheries and crab hatchery inputs

Focus group discussion participants:

- 5-7 carp-prawn farmers
- 5 carp-prawn lead farmers and local service providers

Satkhira District, crab sector, NGF

Shotodal Mondol, crab export company manager
Md Ruhel, crab aggregator
Md Mintu, crab input seller
Md. Masudul Haque, hatchery manager

Focus group discussion participants:

- 10 crab farmers

Chattogram District, Eco-tourism, YPSA

Ismail Hossain, boat trip guide, Guliakhali beach
Nizamuddin boat trip guide, Mohamaya Lake
Md. Ziaur Rahman, catering and common service owner, Guliakhali beach
Farhanuddin Tuhin, home stay owner
Md Yusuf, home stay owner
Raihanuz-zaman Chowdhury, Jannat Enterprise - catering service
Md Mohiuddin, lease holder Mohamaya Lake
Jibon Sinha, photographer
Md. Mashuk, restaurant and toilet services
Md Sarwar Jahan Prince, tour guide
Md Kamrul, boat rental

Jashore District, flower sector, RRF

Pradeep, tissue culture lab manager
Md. Imamul Hossain, flower farmer

Jashore District, rice and mung bean sector, RRF

Md Asaduzzaman Milon, rice and mung bean input retailer in market
Robin Ghosh, rice and mung bean input retailer in market

Focus group discussion participants

- 8 rice and mung bean beneficiary farmers
- 3 rice and mung bean seed grower and dealer

Dhaka District, safe vegetables sector, SDI

Md Shobuj Miah, input seller, GME Chemicals Ltd

Ripon Sen, input seller, Ispahani Agro Limited

Focus group discussion participants

- 2 safe vegetables traders
- 4 safe vegetables farmers

Dhaka District, shoe sector, POPI

Faisal, common service centre, owner

Ibrahim Khalil, common service centre owner

Jakir Hossain, micro shoe-making factory owner

Mosharraf Hossain, micro shoe-making factory owner

Baharul Alam Bacchu, owner Diamond Pu Footwear

Md Sohel Mia, waste processing factory owner

Kohinoor, worker, Diamond Pu Footwear

Tangail District, honey sector, Bangladesh Association for Social Advancement (BASA)

Focus group discussion participants

- 4 beekeeper/farmers
- 3 honey input suppliers
- 3 honey processor and marketers

Microfinance borrowers (start-up, leasing and Agrosor loans)

Shanta Ahmed, owner cement shop, leasing loan beneficiary of POPI

Moinul Hossain Rana, shoe accessories retailer, microenterprise borrower of POPI

Ohidul Islam, owner furniture workshop, start-up capital loans of RRF

Md Russel Razi, owner lathe workshop, start-up capital loans of RRF

Development agencies and others

Parvez Kamal Pasha, Team Leader, Nobo Jatra Project, Khulna, Winrock International

Mostaq Ahmed, Market Systems Specialist, World Fish, Dhaka, World Fish, implementing USAID program.

Mansib Khan, Manager SME loan products, Dhaka, BRAC Bank

Mohammad Hossain Shobuj, Market Systems Development Specialist, Dhaka, CARE Bangladesh Shomoshti Program

Cameroon

IFAD Cameroon

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Ndofor Emilienne

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Epassy Marthe IFAD consultant

Sourdois Rémy, IFAD consultant

Mr Sanon Raoul, IFAD consultant

Mme Oumou

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Project staff (PEA-J)

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Essomba Ernest, project finance officer
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Mukam Charles, consultant
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Regional centers

Center:

Zobo Mvogo Hyacinthe, regional adviser
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Bessi Aboganina Hubert

Littoral:

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Yao Francis, assistant regional advisor
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Njile Harmine Nicole, focal point PEAJ
Nouva Kansev, focal point, PEAJ

Regional services North West:

Awe Baina Modeste, regional coordination
Dakoua Endo Chushire

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Guefo Tafiana, focal point
Zoyuim Andre, focal point

EPAB:

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IG Poivre:

Atomfack Borel, SE/focal point

ETA Dibombari:

Mbock Jacques, director
Assongni Lekemo, government delegate,
Mbella Esther Narquire, assistant director

ISMAM:

Nkongsamba
Njankou Nkuissi, CEO

Nazareth Center:

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Sama Meck Stephen, focal point

CDSTS-Santa:

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Yende Issiaka, focal point,

ISSAEER:

Awono Jean Christian, focal point

CEPISA:

Nteupw Guy, focal point

Business coaches

IAO/Center region

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Nyomi Ongolo Xavier. A
Etono ABE Roger Guy
bikele Mvouda Daniel

ETA/Dibombari

Penka Benedicte

ISMAM-Nkongsamba

Edgar Wekam

IG Poivre de Penja

Kandem Fotso Juleb,
Batchamba Honore Marie
Seumo Ngongang Gilles Brice

Nazareth Center

Kenfack Jof Aymard
Kuagno Fonowa Idriss
Yiva Chick Herman
Gewkaha Florence

Facilitating NGOs

CODAS Caritas

Mbock Emile G, representative

SIRDEP

Ndifor Patience, supervisor

REPA Jeunes (young entrepreneurs)

Akam Rachael Nkezi, national president
Zelap Sophonie, national vice president
ANJEMBE Amou Innoncent, vice president
Tafandji Lekenfack Nadine, vice financial resident
Atebete Cyrille, administrator
Nsouke Non Marie, representative Littoral R
Tafadji Nadine, vice president Littoral R

Young agropastoral entrepreneurs

Center region

Kanait Ntonga Landry
Njana Colette
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Mekongo Mboudou

Babaitou Doudou
Mapoure, Poulet de chair à Akack, Yaoundé

Littoral region

Makewoung Damene Josiane, Provenderie Doual
Elomo Mbida Melene, poulet de chair, Restaurant Douala
Tatang Gaël Nzipie conditionnement poivre, Penja
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Kouatcha Simo, Africaine Avicole SARL
Tchemkam Wouam Patrick, Andy Fresh Fish SARL
Njilehmine Nicole ETA Dibombari
Mofor Josephine, piggery, Nkonsamba
Mirah Dione Emeh, piggery, Nkonsamba
Mewouwo. T Chantal, piggery, Nkonsamba
Chengua Sama Bixtou, piggery

North West region

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Awah Relindis Wonzie, Santa Basin
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Kingtang Synthia, Santa Basin
Lamuh Oratou, Cdsts-Santa, Basin
Christian Kueji Akih, Cdsts-Santa, Basin
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Banks and rural finance institutions

Société Generale du Cameroun (SGC)

Mohamed Djehaiche, Marché Grandes Entreprises
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Oyono Brice Kevin, focal point

RIC SA

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Claude Jato Nfor, branch manager
Arnaud Tedontsa, point focal

UNICS PLC

Franklin Fosack Fonkeng, focal point
Tache Rene Nje, credit agent

ACEP Cameroon

Nke Abe Lydie, focal point
Ndongo Serge Eric, focal point

LA REGIONALE

Angos Angos Giscard, focal point

CAPFINANCE

Ekessi Piere, focal point

People Finance SA

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CEPI

Nteupe Guy

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Other

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Seraphine Hawa, PROCASUR

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Patrick Amvella, consultant/rural finance specialist (previously with Développement International Desjardins)

Ghana

IFAD

Hani Abdelkader Elsadani Salem, Country Director for Ghana

Theophilus Otchere Larbi, Country Programme Officer, Ghana

Ulac Demirag, former country director for Ghana

National government/public institutions, REP programme coordination and management unit

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Hon. Ofinam Techie, municipal chief executive, District Assembly

Abdul Majeed, coordinating director, Lawra District Assembly

Kwasi Attah-Antwi, national director, REP programme coordination and management unit (PCMU)

Charles Mensah, financial controller, PCMU

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Irene Amponsah, procurement & administration manager, PCMU

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Vincent Akoto, technology promotion officer, PCMU

Ishau Abdulai, rural finance officer, PCMU

George Afriyie, institutional development officer, PCMU

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Rosemary A. Akabutu, head project administration, Financial Market, Bank of Ghana

Lucy Tetteh-Akuetteh, deputy head project Administration, Financial Market, Bank of Ghana

Bono East Region: Techiman Municipality

Owusu-Dankwah Yaw Ansong, BAC head, GEA

Felix Kanlake, TSC manager, TSC-GRATIS

Patrick Asante, BRC manager, Ministry of Trade and Industry

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Bono Region: Berekum Municipality

Esther Tweni Baffoe, administrative secretary, GEA
Nuhu Salifu Dimah, BAC Hhad, GEA
Martin Ampongasa Nyame, supervising manager, Bomosadu Rural Bank

Ahafo Region: Bechem, Tano South District

Zakaria Seidu, business Development officer, GEA
Darius Nii-Ashiedu, manager TSC, GRATIS

Upper West Region: Lawra District

Mahammouod Mohammed, BAC head, GEA
Fredrick Atta Diegol, manager, Lawra Rural Bank
Benard Buntuoluu, credit officer, Lawra Rural Bank

Northern Region: Yendi Municipality

Seidu Wasilatu, BAC head, GEA
Mohammed Abdul Somed, BDO, GEA
Mohammed Bako Alhassan, branchm, Bonzali Rural Bank

Volta Region: Hohoe Municipality

Hodanu K. Makafui, BAC head, Hohoe Municipality
Akpalu Besa Michael, chairman, Board of Directors, Paradise Cooperative Credit Union
Edem Lawson Adobor, manager Paradise Cooperative Credit Union

Central Region: Mfantseman Municipality

Emelia Eyeson, BAC head, Mfantseman Municipality
Kwame Yankson, RTF manager, Mankesim
Daniel Tettey, deputy coordinating director, Mfantseman Municipality
Vida Wiredu Akorful, assistant director, Mfantseman Municipality
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Dawda Erskine, Head, compliance and risk, Enyan Denkyira Rural Bank
Ebenzer Ampiaaw, credit officer, Enyan Denkyira Rural Bank
Bismark Etsiako, disbursement & recovery officer, Enyan Denkyira Rural Bank

Key informant

Prof. William Steel (rural finance specialist)

Focus group discussion with BAC Heads

Marina Serwaah Kusi, Ashanti Region, BAC head
Eric K. Obeng, Eastern Region, BAC head
Naomi Panwum, Upper East Region, BAC head
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Juliana Bemah Adubofour, Great Accra, BAC head
Richard Fosu, Western Region, BAC head
Abdul-Rahman Moomin, Upper West Region, BAC head
Emmanuel Deteah, Central Region, BAC head
Prince Anku, Volta Region, BAC head
Nuhu Salifu Dimah, Bono Region, BAC head

Nepal

Bashu Babu Aryal, former country programme officer, Nepal
Nigel Smith, IFAD consultant

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IFAD internal printing services