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Investing in rural people

President’s memorandum

Proposed additional financing to the Republic of Ghana for the Rural Enterprises Programme

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Contents

Abbreviations and acronyms

BAC	business advisory centre
BDS	business development service
BRC	business resource centre
DA	district assembly
LBA	local business association
M&E	monitoring and evaluation
MGF	matching grant fund
MoFA	Ministry of Food and Agriculture
MSE	micro and small-scale enterprise/-entrepreneur
NBSSI	National Board for Small-Scale Industries
PCMU	programme coordination and management unit
PFI	participating financial institution
REDF	rural enterprise development fund
REP	Rural Enterprises Programme
RTF	Rural Technology Facility

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed financing to the Republic of Ghana for the Rural Enterprises Programme as contained in paragraph 32.

Proposed additional financing to the Republic of Ghana for the Rural Enterprises Programme

I. Context and justification

A. Background

1. The present memorandum seeks the approval of the IFAD Executive Board for additional financing to the ongoing Rural Enterprises Programme (REP), in the form of a loan in the amount of SDR 28.35 million (equivalent to approximately US$40 million), on highly concessional terms, with a maturity period of 40 years, including a grace period of 10 years, and subject to a service charge of three fourths of one per cent (0.75 per cent) per annum. The additional financing will respond to the Government of Ghana’s request to the Fund in the amount of US$40 million to finance the consolidation and scaling up of successful REP activities.

2. Implementation of activities under the additional financing will require an extension of the current implementation period by two years, so that the programme completion and loan closing dates will be 31 March 2022 and 30 September 2022 respectively.

3. The additional financing will be allocated under the 2016–2018 cycle of the performance-based allocation system (PBAS). The Government will contribute by covering the duties and import taxes resulting from the importation and use of material and equipment under the additional financing. The Government will also finance part of the recurrent costs, salaries and allowances of the business advisory centre (BAC) staff, through district assemblies (DAs) and the National Board for Small-Scale Industries (NBSSI) in the Ministry of Trade and Industry. Participating financial institutions (PFIs) will extend additional credit to REP clients and will contribute to the cost of training their staff. Beneficiaries will provide in-kind or cash contributions for training courses, investments by micro and small-scale enterprises/-entrepreneurs (MSEs) and other services they receive under the additional financing.

4. The original total financing of the REP consists of: a highly concessional IFAD loan of SDR 19.7 million (equivalent to US$31.5 million); a loan from the African Development Bank of US$41.1 million; a grant from the African Development Bank of US$35.4 million; a government contribution of US$25.1 million; a contribution by DAs of US$38.5 million; a contribution by PFIs of US$6.2 million; and a contribution by beneficiaries of US$13.9 million. The loan was approved by the IFAD Executive Board in September 2011 (EB 2011/103/R.16) for an eight-year duration. It entered into force on 12 January 2012.

B. Justification for the additional financing

5. The goal of the REP is to contribute to improving the livelihoods and increasing the incomes of rural MSEs. The development objective is to increase the number of MSEs that generate profit, growth and employment opportunities. The programme covers all regions nationwide. With the additional resources, the Government is seeking to scale up and consolidate successful activities under a value chain arrangement, with a focus on youth, and to introduce changes that will transform

the institutional arrangements of BACs so as to ensure sustainable business development service (BDS) delivery, as requested by IFAD at the midterm review. The Government has unveiled ambitious development initiatives to address, among other aspects, the daunting youth unemployment challenges facing the country. The REP has been identified as a vehicle that will significantly contribute to carrying out this development programme, which the new administration has advanced since coming into power in January 2017.

6. The purposes of the additional financing include: (i) undertaking institutional reforms to realign small-scale business development functions under NBSSI, so as to improve the delivery of BDSs to MSEs; (ii) upgrading the 161 district-level BACs to enhance the efficiency and effectiveness of BDS delivery mechanisms and to ensure sustainability; (iii) linking programme-supported MSEs to markets of well-established commercial off-takers under value chain arrangements, thereby graduating MSEs up the growth curve and transforming them into thriving commercial enterprises; and (iv) scaling up support to youth and mainstreaming tools and approaches that have proven successful in other IFAD projects, such as the Rural Youth Vocational Training, Employment and Entrepreneurship Support Project in Mali.

7. Activities to be implemented under the additional financing respond to the REP's objectives and are aligned with the programme design, with a few adjustments to better respond to the Government's newly introduced industrial transformation programme and to ensure the sustainability of the REP. To respond to this priority, 30 of the existing 161 BACs will be transformed into business resource centres (BRCs), and the remaining 131 will be upgraded to enhance the delivery of BDSs to MSEs and further ensure that they are successfully rolled out and sustained after project completion. The activities also follow the recommendations of previous REP evaluations, notably the need for institutional reform and for linking MSEs to secure markets.

C. Status of project implementation

8. Implementation performance. Overall, implementation of the IFAD-financed BDS component 1 and the access to rural finance subcomponent of component 3 are satisfactory. In June 2017, cumulative achievements under the BDS component at the output level are: 158,326 participants trained in business development skills (39.6 per cent of the appraisal target); US$814,134 in matching grant funds (MGFs) disbursed (42.8 per cent of target) to 1,412 clients to acquire various assets to improve their businesses; US$2.8 million in rural enterprise development funds (REDFs) disbursed (57.7 per cent of appraisal target) to 5,376 clients (24 per cent of planned outreach); and 6,687 MSEs (30.4 per cent of appraisal target) having accessed a total of US$2.8 million in REDFs (57.7 per cent of appraisal target).

9. These outputs have led to: creation of 38,954 jobs (38.9 per cent of appraisal target); establishment of 31,495 new rural businesses (86.5 per cent of appraisal); strengthening of 14,300 existing MSEs (20.4 per cent of appraisal); and 19,172 MSEs operational after three years (50.4 per cent of appraisal). In March 2017, of the sampled 151 MSEs, the average income of an entrepreneur was 86,705 Ghanaian cedi (¢)/year (US$19,706), with an average profit of US$314/month (US$10.50/day), which is significantly higher than Ghana's recently raised minimum wage of US$2.27/day.

10. Based on the REP's monitoring and evaluation (M&E) data from 2012 to 2016, MSEs generated gross revenue in excess of ¢232 million (US$52.7 million) and positively impacted more than 162,000 people nationwide. The latest data show a prevalence of poverty of 24.2 per cent in 2013, down from 31.9 per cent in 2006. During the same period, rural poverty declined from 43.7 to 37.9 per cent. Implementation of the first two phases of the REP undoubtedly contributed to the decline in poverty levels in Ghana. REP clients have reported benefits that have made a difference in

the quality of their lives. This is particularly true of the microenterprises that transitioned from REP II to the current programme phase, many of which are operated by women. According to the 2012 REP II impact evaluation study, of the 340 clients that participated in the field survey, 280 (92 per cent) reported increased incomes. Average monthly income before enrolling in the REP was ¢455. After receiving support from the REP, incomes rose to an average of ¢755, an increase of more than 65 per cent. Clients attributed the increased income in part to expansion of their businesses and improved managerial skills and access to programme support services. However, they also cited external factors that contributed to enhanced incomes. Thus it was difficult to attribute the clients' increased income solely to the project. A majority of the clients were engaged in other income-generating activities, particularly agricultural production.

11. Addressing youth unemployment under the REP. The REP provides training and apprenticeships in 161 districts to literate and illiterate rural youth to upgrade or acquire employable skills. With the support of the programme: (i) 1,532 young people have been certified by the National Vocational and Technical Institute; and (ii) 1,233 young graduate apprentices – including graduates of Rural Technology Facilities (RTFs) – have received start-up kits to enable them to establish their own businesses. Overall, 43 per cent of all new businesses established since 2013 are owned by young people, while 45 per cent of all new jobs created by MSEs under the REP have gone to young people.

12. The REP is also implementing special initiatives targeting youth in the agribusiness sector (the Youth In Agriculture Programme). Under this initiative, in collaboration with three Farm Institutes of the Ministry of Food and Agriculture (MoFA) and the Kumasi Institute of Tropical Agriculture, 6,000 secondary and tertiary graduates have been targeted for training and business start-up support. Since 2015, 1,567 youth have been trained at the MoFA Farm Institutes in poultry/guinea fowl-rearing, beekeeping, aquaculture, small ruminant-rearing, mushroom cultivation, grasscutter- and rabbit-rearing. Some trained youth have received start-up kits.

13. Gender strategy. Most women lack basic skills, start-up capital and other essential assets for generating income. The targeting strategy has strongly focused on women and women-owned/managed enterprises, as is evidenced by the fact that approximately 65 per cent of supported MSEs are owned/managed by women. Additional financing resources will be used to finance activities to develop women's organizational and decision-making capacities. Training will also be provided to clients who are linked to women-dominated trades (agroprocessing and pre- and post-harvest activities), using household methodologies such as the Gender Action Learning System.

II. Description of activities to be supported

14. Activities to be financed under the additional financing are within the framework of the REP design, with a few adjustments to improve operational efficiency and ensure sustainability. Activities will fall under components 1, 3 and 4.

Component 1: Business development services

15. The expected outcome for this component is upgrading of the entrepreneurial skills of rural MSEs by providing access to BDSs at the district level. It will support the creation of profitable, viable agricultural and rural enterprises. Activities will include:

(a) Transforming business advisory centres. With the additional financing, the REP will transform 30 BACs into BRCs and establish an improved BDS delivery model. The remaining 131 BACs will be upgraded. The BRCs and upgraded BACs will be supported and given incentives to generate internal resources to meet part of their operational costs. This will reduce their overall financial dependency on government funding. The African Development Bank has allocated funds to establish another 17 BRCs. The government is actively exploring partnerships with private-sector investors involved in providing BDSs to rural MSEs. Success will be defined and measured based on the viability of the centres in supporting MSEs and generating revenue. With a percentage of operating costs financed from internally generated revenues, the sustainability of BRCs and BACs will increase, providing a valuable exit strategy for the REP.

(b) The performance of the 161 BACs can be assessed by the number of MSEs a BAC has supported, and of these, the number of MSEs that have remained profitable or expanded. As of June 2017, 35 (22 per cent) are assessed as high performers, 65 (40 per cent) as average performers and 61 (38 per cent) as low performers. A consulting firm is developing transformed, cost-effective model(s) for district-level BDS delivery. These will be one-stop-shop BRCs providing a full range of services, including facilitating: (i) business registration; (ii) preparation of business plans; (iii) access to credit; (iv) access to markets (v) Food and Drug Administration certification; (vi) Ghana Standards Authority certification; (vii) Ghana Environmental Protection Agency compliance; and in addition providing (viii) training; (ix) mentoring; (x) organizing business events; and (xi) providing advisory services.

(c) *Value chain approach.* To effectively and significantly scale up MSEs established and managed by REP clients, the REP will invest in upstream value chain activities. This will involve supporting groups of REP clients for targeted, high-income-generating commodities and linking them with well-established commercial markets. The REP will coordinate closely with the IFAD-financed Ghana Agricultural Sector Investment Programme and other value chain projects as entry points for integrating MSEs into value chains with market linkages. The knowledge acquired over 21 years of implementing the REP will be valuable in strategically linking REP clients to lucrative and dependable markets.

(d) *Youth support.* A total of 5,000 young men and women will be targeted, on a demand basis, in groups with intensive support. The programme will seek to strengthen the capacity of rural youth and help them develop bankable proposals. Using the standard process adopted under the REP, support will be intensive and will include: counselling; technical skills and business management training; provision of advisory services; mentoring and coaching; and financial support to establish group enterprises appealing to youth. MSEs will then be linked to well-established commercial buyers under value chain arrangements.

(e) *Mentoring/coaching.* Mentoring is an effective personal development and empowerment tool. It will be used in preparing young people before they establish their selected MSEs and during the first two years of running their businesses. The REP will invest in identifying and training business mentors and coaches. Appropriate platforms will be established for interaction between youth and successful business role models in communities, in order to build young people’s self-confidence and skills in business management and decision-making.

Component 3: Enabling MSE development

16. *Access to rural finance.* The expected outcome for this subcomponent is to enhance access to financing for rural MSEs. The additional financing will be used as follows:

(a) To supplement resources allocated to the existing REDF and MGF to expand and deepen targeted rural MSE loan portfolios. The Bank of Ghana will continue to manage REDF resources and disburse through the PFIs accredited by the Bank of Ghana under the REP, using ARB Apex Bank as an intermediary for rural and community banks.

(b) A Youth Business Investment Fund will be established to finance youth projects.

(c) Given the persistently high interest rates in Ghana, other financing instruments are being explored, such as a challenge grant fund, microleasing and involvement in venture capital funds. In June 2017, the Bank of Ghana reduced its prime rate of 22.5 per cent by 6 percentage points, which will potentially lower the bank rates for lending to MSEs. The country team will continue to work closely with the Bretton Woods Institutions, other development partners and the Government to address macroeconomic issues, including high interest rates.

(d) Under the additional financing, the REP will work closely with PFIs through training in options for reducing operating costs by streamlining operations and reducing the cost of borrowing for MSEs. It will continue to foster new partnerships with other financial institutions. These include Advans Bank, Union Capital and Dalex Financial Services. The REP is supporting specialized training for PFI staff in critical areas of credit management by MSEs, where capacity gaps have been identified. These include preparation of simple business plans, realistic cash flow projections, loan scheduling and group loan management.

17. Institutional capacity-building. The current expected outcome for this subcomponent is strengthened and mainstreamed MSE support to institutions throughout the country, to contribute to creation of a favourable environment for the growth of rural MSEs. With the additional financing, the Government will also seek to ensure that the institutional set-up will be sustainable. This will be achieved: (i) by establishing a system where BACs will generate internal revenues to meet part of their operational costs; (ii) through training, enhancing the quality of BDSs and operational management of the centres for effective impact; and (iii) by promoting commodities that have strong demand among established off-takers under value chain arrangements.

18. MSE institutional reform. As part of the industrial transformation initiative, resources will be used to realign the small-scale business development functions currently under NBSSI, so that it has better tools and resources to improve delivery of BDSs to MSEs. This will involve: reviewing the functions of relevant units within NBSSI, upgrading and aligning staff skills with the functions of the institution, so that it is better able to provide technology solutions and enhanced BDSs, as well as market development support to medium-sized, small and microenterprises. Specifically, this will include: (i) standardizing training materials; (ii) certifying training for BDS providers; (iii) preparing and organizing well-structured training courses to address the particular needs of various categories of BRC/BAC staff; and (iv) improving the quality of backstopping in the BRCs/BACs.

19. Local business associations (LBAs). The REP will continue to actively involve LBAs in the planning and implementation of programme activities. They will contribute to identifying support needs, design of interventions and (although not exclusively) selection of target groups. With the expanded number of target beneficiaries and the corresponding increase in the number of LBAs, their umbrella organizations will receive training to empower them to represent the rural MSE sector. LBAs will be strengthened to transform members into corporate business entities able to participate in viable industrial value chains, linking to industrial hubs that the government is creating under the “One District, One Factory” initiative.

Component 4: Programme coordination, monitoring and evaluation

20. Programme management and coordination will continue to be undertaken by the REP programme coordination and management unit (PCMU). Only one additional full-time staff member will be required: a value chain specialist to develop and manage the value chain arrangement under the REP. A functional analysis of the PCMU will be conducted and job descriptions redefined to align staff expertise and

functions for effective management. Additional PCMU salaries and operating costs of the expanded activities to cover the two-year extension will amount to about US$2.4 million (6 per cent) within the additional IFAD financing, and US$7.08 million (10 per cent) of the total IFAD financing (original and additional financing). Expenditure in these two categories will be closely monitored during implementation to ensure efficiency and development impact.

III. Description and quantification of expected benefits

21. The additional financing will create 50,000 new jobs and directly benefit 36,000 entrepreneurs, who will have access to MSE BDSs provided by BRCs and upgraded BACs. Some 20,000 enterprises are expected to graduate from survival to normal and rapid-growth businesses. The programme seeks to ensure that 45,000 enterprises are in operation after three years. Overall, the programme will upgrade the entrepreneurial skills of target beneficiaries and provide access to BDSs through district-level BRCs/BACs. Through BRCs, 110,000 rural MSEs will receive training, mentoring and counselling, and business advisory services. The additional financing will further enhance access to rural finance – facilitating the setting up of new businesses and expansion of existing ones.

22. Economic and financial analysis of the additional financing demonstrates satisfactory results, with an overall internal rate of return of 22 per cent and an economic rate of return of 24.3 per cent, which is higher than that of the original programme at 21.9 per cent. Financial analysis of the most popular income-generating activities (over seven years) demonstrates commercial viability. This is consistent with an independent assessment carried out by KPMG.

IV. Financial management, procurement and governance

23. In accordance with IFAD guidelines, a financial management assessment has been undertaken of the ongoing REP. The PCMU's financial management (FM) unit has arrangements that meet IFAD's requirements. The unit is also adequately staffed to manage the additional funding. The programme FM risk has been assessed as medium.

24. As a result, the PCMU, through its FM unit, will be responsible for the financial management aspects of the additional funding, including budgeting, accounting, preparation of withdrawal applications, monitoring of implementing partners, preparation of consolidated financial reports, and internal and external audit arrangements. Accordingly, the PCMU will record all programme transactions in a customized accounting software package, in accordance with the International Public Sector Accounting Standards (IPSAS) cash basis accounting, and will prepare periodic financial reports in formats to be agreed with IFAD. The consolidated financial statements will be audited annually by an independent auditor, in accordance with the International Standards on Auditing (ISA) and IFAD's Guidelines on Project Audits. The IFAD financing will be disbursed in accordance with IFAD disbursement procedures. The funds will be transferred to a separate designated account denominated in United States dollars, and to programme accounts maintained in a bank acceptable to IFAD. IFAD funds will not be commingled with other funds.

25. Procurement. The ordering and provision of works, supplies and services will be done in accordance with the procurement guidelines of the Government, IFAD procurement guidelines and the provisions indicated in the administrative and financial procedures manual.

26. Anticorruption policy. IFAD applies a zero-tolerance policy towards fraudulent, corrupt, collusive or coercive actions in all projects financed through its loans and grants. Its anticorruption policy and whistle-blowing procedures will be mainstreamed in the programme implementation manual.

V. Programme costs and financing

27. The additional financing consists of a highly concessional loan from IFAD, equivalent to US$40 million (SDR 28.35 million); a government contribution of US$17.3 million in the form of a tax exemption and the running costs of BRCs/BACs; and resources from other financiers. Tables 1 and 2 show the distribution of costs by financier, category of expenditure and component. The estimated total recurrent cost of the additional financing is US$14.4 million (22 per cent of total additional financing of US$64.7 million), of which only US$2.4 million (4 per cent) is associated with the PCMU. The remaining US$12 million forms an integral part of the activities under components 1 and 2, implemented by NBSSI and Ghana Regional Appropriate Technology Industrial Service (GRATIS), to cover the staff salaries and operating costs of the 161 BACs and the 36 RTFs.

Table 1
Additional financing programme costs by expenditure category and financier
(Thousands of United States dollars)

	IFAD additional loan		*PFIs*		*Other financiers (beneficiaries, grantees)*		Government *(taxes + DAs + NBSSI + GRATIS)*		*Total*
Expense category	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*
1. Civil works	12 735	90.0	-	-	-	-	1 415	10.0	14 150
2. Equipment and materials	3 705	85.1	-	-	-		649	14.9	4 354
3. Vehicles and motorcycles	411	70.0	-	-		-	176	30.0	587
4. Technical assistance and studies	7 573	85.1					1 330	14.9	8 903
5. Training and workshops	7 502	74.5	36	0.4	809	8.0	1 721	17.1	10 068
6. Credits (financing)	5 666	46.2	4 893	39.9	1 718	14.0	-	-	12 277
7. Salaries and operating costs	2 408.	21.2	-	-	-	-	8 953	78.0	11 361
8. BAC/RTF operating cost fund	-	-	-	-	-	-	3 037	100.0	3 037
Total	**40 000**	**61.8**	**4 929**	**7.6**	**2 527**	**3.9**	**17 281**	**26.7**	**64 737**

Table 2
Additional financing programme costs by component and financier
(Thousands of United States dollars)

	IFAD additional loan		*PFIs*		*Other cofinanciers (beneficiaries, grantees)*		*Government (taxes + DAs + NBSSI + GRATIS)*		*Total*
Component	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*
1. Business development services	19 363	59.3	-	-	-	-	13 264	40.6	32 627
2. Technology promotion and dissemination	-	-	-	-	-	-	1 256	100.0	1 256
3. Enabling MSE environment	15 401	61.6	4 929	19.7	2 527	10.1	2 164	8.6	25 021
4. Programme coordination, monitoring and evaluation	5 236	89.8	-	-	-	-	597	10.2	5 833
Total	**40 000**	**61.8**	**4 929**	**7.6**	**2 527**	**3.9**	**17 281**	**26.7**	**64 737**

VI. Proposed amendments to the financing agreement

28. Once the additional IFAD financing is approved by the Executive Board, the REP financing agreement will be amended to take it into account. No new expenditure category will be created. This financing completes the financing plan initially approved during programme design. It will not involve changes to the programme description, objectives, target area or target group. The Government will cover the tax related to the expenditure envisaged with the additional financing, in the form of exemptions and/or cash as required.

VII. Legal instruments and authority

29. An amendment to the current financing agreement between the Republic of Ghana and IFAD will constitute the legal instrument for extending the proposed additional financing to the borrower.

30. The Republic of Ghana is empowered under its laws to receive financing from IFAD.

31. I am satisfied that the proposed IFAD additional financing will comply with the agreement establishing IFAD and with the Policies and Criteria for IFAD Financing.

VIII. Recommendation

32. I recommend that the Executive Board approve the proposed additional financing in terms of the following resolution:

> RESOLVED: that IFAD shall provide a loan on highly concessional terms to the Republic of Ghana in an amount equivalent to twenty-eight million three hundred and fifty thousand special drawing rights (SDR 28,350,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Gilbert F. Houngbo
President

Rural Enterprises Programme updated logical framework

Narrative Summary	Key Performance Indicators (PDR)	Progress at June 2017 (Baseline for AF)	Original Project Target	AF Project Targets	Consolidated Project Targets at completion	Means of Verification	Assumptions(A)/Risks (R)
Outreach:	•Total Outreach	•N/A	•200,000	•50,000	•250,000	•Impact assessment at the end of project	
Goal:							
To contribute to improving the livelihoods and income of rural poor MSE entrepreneur	•Reduced % of rural poverty prevalence •Reduced unemployment rates (by gender)	•National poverty 24.2% •Current estimate 5.2%	• N/A • N/A	•N/A •N/A	•N/A •N/A	•National household expenditure surveys •National statistics on MDGs	
Project Development Objective:							
To increase the number of rural MSEs that generate profit, growth and job creation	•No. of jobs created •No. of new businesses created •No. of existing businesses strengthened •No. of MSEs graduating from survival to normal & to growth •No. of MSEs in operation after 3 years •Average profit/MSE/year after 3 years of operation •% annual increase in household net income	•38,954 jobs created (11,215 m / 25,739 f) Jobs to Youth 15,664 (5,769 m/ 9,895 f) •31,495 (10,713 m/20,782 f) •14,300 (1,721 m / 1,348 f) •1,095 MSEs (495 m / 600 f) graduated to rapid growth (40% startups, 37% Survival & 23% rapid growth) •19,172 MSEs •N/A •N/A	•100,000 •36,400 •70,000 •20,000 •38,000 •N/A •30%	•50,000 • 600 •- •- •7,000 •USD 5,000 •-	•150,000 •37,000 •70,000 •20,000 •45,000 •USD 5,000 •30%	•REP database •Reference surveys, studies •Tracer study •Client profile and poverty analysis	
Outcome 1: Business development services accessible to MSEs in rural	•No. BACs operational REP •Turnover of BACs •Level of institutional performance of BACs (measured by average efficiency) •Percentage of BRCs covering all of	•161 •N/A •N/A •N/A	•150 •USD 25,000 •0.80 by Yr8 •N/A	•- •- •- •50%	•161 •USD 30,000 •0.80 by Yr10 •50%	•REP & NBSSI records •Institutional performance surveys	Decentra-lization policy remains supportive

Narrative Summary	Key Performance Indicators (PDR)	Progress at June 2017 (Baseline for AF)	Original Project Target	AF Project Targets	Consolidated Project Targets at completion	Means of Verification	Assumptions(A)/Risks (R)
districts on sustainable basis	their operating costs ●Level of effectiveness of BDS training (60% of trainees established enterprises)	●51%	●60%	●60%	●60%	●Tracer study	for integration of BAC in DA.
Outputs: 1.1 BACs are established and strengthened	●No. of new BACs established ●No. of BACs transformed to BRCs ●No. of BACs to be upgraded ●No. of BACs/BRCs staff (re)trained	●95 ●N/A ●N/A ●416	● 84 ● N/A ● N/A ● 600	●- ●30 ●131 ●235	●95 ●30 ●131 ●835	●NBSSI records ●REP database & reports	Successful restructuring of NBSSI.
Outputs: 1.2 Capacity of rural MSEs and their associations strengthened	●No. of rural MSEs receiving business advisory services ●No. of persons trained ●No. of LBAs supported ●% of MSEs consolidated into legally registered entities ●% of MSEs accessing commercial market	● 49,147 MSEs (18,302 m / 30,845 f) ● 158,326 (46,843 m /111,483 f) ● N/A ● N/A ● N/A	●74,000 ●400,000 ●2,000 ●N/A ●N/A	●36,000 ●- ●- ●60% ●80%	●110,000 ●400,000 ●2,000 ●60% ●80%	●NBSSI records ●REP database & reports	
Outcome 2: Access of MSEs to finance is ensured	●No. of active borrowers of which at least 50% women (by gender and age)	●4,563 (1,653 m/ 2,910 f)	●27,000	●10,000	●37,000	●BAC quarterly reports ●PFIs quarterly reports ●REP reports	Effective linkages with other IFAD projects
Outputs: 2.1 PFIs capacity Improved 2.2 MGF operational 2.3 REDF operational	●No. of PFI staff retrained ●No. of PFIs in partnership with REP ●No. of MSEs accessing MGF ●MGF amount disbursed ●No. of MSEs accessing REDF ●Amount of REDF disbursed ●No. of Youth accessing YBIF	●259 ●61 PFIs (MGF and REDF) ●1,456 MSEs (699 m /757 f) ●$ 814,134 ●6,687 (1,456 m /5,231 f) ●$ 2.8 million ●N/A	●N/A ●80 ●7,000 ●$ 1.9m ● 22,000 ●$ 4.85 m ● N/A	●245 ●20 ●3,000 ●$1.8 m ● 9,500 ●$2.0 m ● 5,000	●504 ●100 ●10,000 ●$1.9+$1.8 m ● 31,500 ●$4.9m+$ 2.0 m ● 5,000	●ARB Apex Bank reports ●REP reports ●BoG reports ●ARB Apex Bank reports	PFIs' capacities remain sufficient to handle a portfolio of small loans
Outcome 3: Pro-poor MSE support institutions	●Disbursement rate of DAs ●NBSSI management capacity is strengthened and is	●N/A ●N/A	●At least 80% ●N/A	●– ●At least 10	●At least 80% ●At least 10	●MSE sub-Committee reports	NBSSI and GRATIS are restructured

Narrative Summary	Key Performance Indicators (PDR)	Progress at June 2017 (Baseline for AF)	Original Project Target	AF Project Targets	Consolidated Project Targets at completion	Means of Verification	Assumptions(A)/Risks (R)
and policies in place	providing quality business support to BACs and BRCs ●No. of functional MSE Sub-Committees ●No. of RECOMEPs operational at RCCs ●No. of functional ASSI branches at district level	●161 ●10 ●69	●150 ●8 ●100	●- ●- ●-	●161 ●10 ●100	●Supervision Reports ●REP reports	and have capacity to fulfil their role in providing necessary technical support to BACs/BRCs and RTFs
Outputs: 3.1 Institutions strengthened at district and regional level 3.2 Support to policy dialogue	●No. of DOTI, MSE Sub-Committees, DAs trained ●No. of trainings conducted to strengthen NBSSI management capacity ●Establishment of light industrial estates supported ●No. and quality of policy Initiatives emanating from REP and DAs	●161 ●N/A ●N/A ●MSE Policy study	●150 ●N/A ●20 ●N/A	●- ●177 ●- ●2	●161 ●177 ●20 ●2	●NBSSI reports ●Supervision reports	