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Learning, Evaluation and Analysis Project-II (LEAP-II)

Mid-term Performance Evaluation:

Liberia Investing for Business Expansion Program (IBEX) and Sustainable Markets Initiative – Liberia (SMI-L)

February 2016

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LEARNING EVALUATION AND ANALYSIS PROJECT (LEAP-II)

**MID-TERM PERFORMANCE EVALUATION: LIBERIA
INVESTING FOR BUSINESS EXPANSION PROJECT
(IBEX) AND SUSTAINABLE MARKETS INITIATIVE –
LIBERIA (SMI-L)**

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ACRONYMS

AEDE	Agency for Economic Development and Empowerment
AfDB	African Development Bank
BDSP	Business Development Services Providers
Danida	Danish International Development Agency
DCA	Development Credit Authority
DCOP	Deputy Chief of Party
E3	Economic Growth, Education, and the Environment
FED	Food and Economic Development
GCI	Global Competitiveness Index
GIZ	German International Development Agency
GOL	Government of Liberia
HANDS	Health, Agriculture, and Nutrition Development for Sustainability
IBEX	(Liberia) Investing for Business Expansion
IB	International Bank (Liberia)
IESC	International Executive Service Corps
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
LEAPII	Learning Evaluation and Analysis Project II
LESSP	Liberia Electricity Sector Support Project
LISGIS	Liberian Institute of Statistics and Geo-Information Services
MSME	Micro Small and Medium Enterprise
MOCI	Ministry of Commerce and Industry
NBDAC	National Business Development and Advisory Center
NGO	Non-Governmental Organization
NIC	National Investment Commission
OICI	OIC International
OPIC	Overseas Private Investment Corporation
PDM-L	Peace Dividend Marketplace - Liberia
PDT	Peace Dividend Trust
PROSPECTS	Promoting Sustainable Partnerships for Economic Transformation
SEGEF	Special Economic Growth and Entrepreneurship Fund
SHOPS	Smallholder Oil Palm Support
SIDA	Swedish International Development Agency
SME	Small and Medium Enterprise
SMI-L	Sustainable Markets Initiative – Liberia
SMS	Short Message Service
SOW	Scope of Work
TDS	Tender Distribution Services
UNMIL	United Nations Military
UNDP	United Nations Development Program
USAID	United States Agency for International Development
USG	United States Government
VE	Volunteer Executive
VEGA	Volunteers for Economic Growth Alliance

EXECUTIVE SUMMARY

INTRODUCTION

USAID commissioned an independent, external, midterm evaluation of the Liberia Investing for Business Expansion (IBEX) Project and the Sustainable Markets Initiative – Liberia (SMI-L). The three main objectives of the evaluation were: 1) Map efforts of private sector strengthening in Liberia and determine where USAID/Liberia should focus its efforts for future programming; 2) Identify factors that help or hinder projects' achievements of expected outcomes and determine specific opportunities to enhance programmatic effectiveness and long-term sustainability; 3) Evaluate the existing Development Credit Authority (DCA) credit guarantee programs with Ecobank and International Bank (IB) Liberia.

IBEX's objective is to build the capacity of partner banks to fully utilize USAID's DCA risk guarantee and provide technical assistance to borrowers at small- and medium-sized enterprises. SMI-L's objective is to link buyers, both international and local, with capable local suppliers to expand economic opportunities and promote sustainable, market-driven growth. The evaluation examined the performance of IBEX and SMI-L activities from the start of the agreements through the evaluation period. The evaluation took place October to December 2015, with data collection in the field occurring in November 2015.

EVALUATION METHODS

The evaluation draws on three data sources – secondary data and information contained in project documents (both qualitative and quantitative), key informant interviews (KIIs), and a survey of IBEX's and SMI-L's client small and medium enterprises (SMEs) using Survey Monkey software. The evaluation team conducted 35 KIIs with a range of stakeholders. The SME Survey covered 121 SMEs with 117 conducted over the phone or in-person by the evaluation team and four completed online by SMEs.

FINDINGS

EQ1: What are current private sector strengthening activities?

- a) **Determine the specific private sector strengthening activities that donors, NGOs, and the Government of Liberia are presently working on.**

Private Sector Development Area	AfDB	Chinese Gov't	IFAD	IFC	GIZ	SIDA	UNDP	USAID	World Bank
Business environment reform				X					
Business linkages and value chain development					X	X		X	
Business development services								X	
Entrepreneurship development						X			X
MSME development				X				X	
Access to finance	X		X	X			X	X	
Public-private partnerships	X				X				

Private Sector Development Area	AfDB	Chinese Gov't	IFAD	IFC	GIZ	SIDA	UNDP	USAID	World Bank
Power	X							X	X
Trading across borders				X				X	
Transport sector development	X				X	X			
Infrastructure development	X					X			X
Technical and Vocational Training		X			X	X			

b) Research whether existing national/sub-national systems are assisting or hindering private sector growth, or if there are market failures that exist.

Access to finance, power, transport and customs are among the biggest challenges to doing business in Liberia that hinder private sector development. This finding is supported by the SME Survey, the World Bank Doing Business Report, and the World Economic Forum Global Competitiveness Report.

c) Suggest interventions that USAID should consider, with accompanying cost, intervention outcome and probability of success.

See Private Sector Development Programming section below.

EQ2: How are the IBEX and SMI-L programs performing?

a) What have been the key results and effectiveness of the approach to strengthening SMEs and the banking sector, as well as strengthening supply chain linkages?

Overall the IBEX and SMI-L programs are performing as or better than expected at generating new loans for SMEs that are enhanced by the DCA guarantee (IBEX) and in creating value chain linkages between lead firms and SMEs (SMI-L). A review of program performance against targets shows that each program has achieved or is on its way to completing or exceeding its goal performance, and the SME Survey rates services from each program as good to excellent.

IBEX's services are well-regarded by SMEs, particularly on facilitating loans. Loan facilitation services were rated from 'Good' to 'Excellent' by 82 percent of the respondents, while 96 percent of respondents gave similar ratings to training. Almost 50 percent the respondents to the SME Survey reported that IBEX support had led to an increase in their sales with 24 percent reporting that IBEX services led to an increase in the number of persons they employ.

The sustainability of loan facilitation is a major concern. Both IBEX and the banks view IBEX's role as that of a gatekeeper rather than a loan facilitator. The use of the guarantee is identified with IBEX to the point that one bank official referred to the DCA guarantee as "the IBEX guarantee" throughout the discussion; and Afriland First Bank is waiting to put any loans under the guarantee until IBEX provides training. Additionally, banks are referring to IBEX what they consider to be more complicated business requests that they have generated themselves, so that IBEX will work with the client to pull together all the application documents and supporting material, and further analyze the credit before handing it back to the bank with a recommendation.

IBEX's monitoring and evaluation statistics are questionable. There is an overstatement of the number of client firms that have received services, as IBEX is counting from a base of any business that attended an IBEX information event and filled out an intake form. The loan statistics are also inflated. One of the loan measures is the number and amount of loans submitted to the banks, and in several cases the same loan was submitted to both IB and to Ecobank for credit approval.

SMI-L's services and training are well-regarded by SMEs. The majority of SMI-L clients who participated in the SME Survey were very positive about the services they received. Ninety-three percent rated SMI-L's services as 'Good' to 'Excellent'. Thirty-one percent reported a positive contribution to sales growth, while 23 percent of respondents noted that they had increased staff as a result of SMI-L support.

b) What is the perception of local communities to the private sector in areas that SMI-L has worked to link local suppliers with concessionaires?

SMI-L has created an excellent on-line business directory that is used by both buyers and suppliers. The project also offers listings of tenders, and networking events to bring major lead firms/concessionaires and SME suppliers together.

c) How effective have the programs been in integrating women's access to finance, business opportunities, as well as fostering leadership roles?

Neither program has particularly addressed access to finance and opportunities for women-owned businesses; however, it should be noted that targets by gender were not established for either project.

EQ3: Explore the USAID credit guarantee (DCA) program and banking sector in Liberia.

a) Has there been increased lending to DCA-targeted sectors as a direct result of the guarantees, or can increased lending be attributed to recent economic growth?

Overall the DCA facilities in Liberia have been successful at increasing access to credit for particular businesses, but change of behavior among the banks is expected to be more limited. At the time the DCA facilities were established in Liberia, in 2009 for Ecobank and 2010 for IB Liberia, there was virtually no credit available for SMEs, which reflected the conservative approach of the banks, the very weak condition of the economy, and the lack of track record of individual businesses. The total amount of credit facilitated under the DCA facilities since IBEX entered the scene to provide support, has been \$6,649,449, considerably more than the \$1.8 million goal shown in the M&E plans. There were no baseline numbers, however, for the amount of lending in the sectors, so it is not possible to say how much growth there has been in credit to the sectors overall, and whether it can be attributed to the guarantee or to the economy. Clearly at the start of the project there was considerably less lending to SMEs going on, and the economy and banking system have stabilized and normalized more, in part with DCA assistance.

b) Have borrowing rates or collateral requirements been reduced as a direct effect of the guarantee program?

The banks indicate that the Central Bank of Liberia (CBL) expects for loans to be fully secured. By contrast CBL stated that the banks establish their own collateral requirements. It seems likely that the regulation and the practice are different: while the regulation may indicate that the banks should establish

their own collateral policies, in practice bank examiners are looking for loans to be secured, and expect them to be heavily reserved if they are not.

c) How are different types of collateral (e.g., land, receivables) utilized for lending and are there ways to voluntarily reduce or change collateral requirements by banks?

The banks in the DCA program prefer land and buildings as collateral, but are also broadening collateral categories to include contracts and assignment of proceeds. A major recent advance has been the creation of an easy-to-use movable collateral registry which allows a bank to take liens on equipment and vehicles (in effect any items with a serial number) in addition to assignments of accounts receivable. More use of liens on equipment is expected to open up more lending.

d) Have the capacity and effectiveness of loan officers increased as a direct effect of IBEX technical assistance?

The impact of IBEX's training for loan officers is difficult to measure, but the banks have commented favorably on it. IBEX has offered multiple training programs for bank officers from DCA partner banks, other banks, and financial institutions. Banks reported that training has been satisfactory in general for both training provided by Volunteer Executives (VEs; provided through IESC, IBEX's implementing partner) and by IBEX staff.¹

e) What additional tools do banks and their loan officers need to increase access to finance?

Banks and their loan officers could benefit from establishment of a national credit bureau, improved enabling environment, longer-term funding for loans, and training on collections and on serving women-owned SMEs. A credit bureau can use strong history of good payment as a whole or partial substitute for financial statements and individual credit references, and this can be the basis for building credit scoring. Improved court procedures and a stronger land registry system could decrease heavy reliance on the borrower's character and moral suasion. Most of the loans available in Liberia are only for two to three year terms at the most because of the short term deposit base, and longer term funding for loans is essential.

f) What effects have government laws and regulations had on private sector investment in renewable energy and are there law or regulations that could be introduced to spur investment in this sector?

From a private sector perspective, the new electricity law enacted in October 2015 is not sufficient to encourage investment in renewable energy. The commercial banks in Liberia do not have much interest in targeting the sector. Overall the field is too new, and there is no sense yet of rates, capacity and willingness to repay, and understanding of sector risks and constraints.

¹ IBEX worked with Ecobank, International Bank, and Afriland First Bank to identify training and capacity building needs, and put together a curriculum to identify IESC volunteer experts to deliver training in areas that match their expertise.

EQ4: What adjustments, and/or areas for improvement are needed to ensure effectiveness in achieving expected results during the duration of the Projects?

See recommendations below.

RECOMMENDATIONS

EQ1: What are current private sector strengthening activities?

See “Private Sector Development Programming” below.

EQ2: How are the IBEX and SMI-L programs performing?

1. **IBEX should expand its use of local BDS providers to deliver training and loan facilitation services to SMEs** to promote the sustainability of these services after the project ends.
2. **IBEX should reinforce its capacity building support for DCA banks so that they will be able to assume their primary responsibilities for credit analysis of loan applicants.** Both IBEX and the banks view IBEX’s role as that of a gatekeeper rather than a loan facilitator, to the point that the pattern is for all loans to be submitted to IBEX for DCA eligibility review before approval. This working relationship is not a good foundation for continued SME lending after the IBEX project closes, even with the guarantee still available.
3. **SMI-L should place greater emphasis on the use of local BDS providers,** as was envisioned under the most recent agreement to its cooperative agreement.
4. **Monitoring and evaluation systems should be improved.** A detailed review of IBEX M&E data revealed that the number of client firms that have received services is overstated. IBEX’s loan statistics are also inflated. SMI-L M&E systems should be updated to ensure that all beneficiary companies are included in its reports.

EQ3: Explore the USAID credit guarantee (DCA) program and banking sector in Liberia.

5. **In its support for better information on prospective borrowers, USAID should consider, as an interim step, which might be undertaken in collaboration with the IFC and Central Bank, supporting improvement of the existing Excel spreadsheet reference system that provides information on banks about outstanding credits maintained by the Central Bank.** At the same time, USAID should assist the Government of Liberia in resolving issues related to the choice of a unique identification number needed for the operation of a credit reference bureau.
6. **USAID should make DCA guarantees available for sourcing longer term funding for on-lending,** so that partner banks are able to offer financing for periods of longer than the current two to three years.

7. **Other commercial bank support should include additional training** including on collections and lending into value chains, as well as technical support on areas of interest such as serving women-owned SMEs and collections.

EQ4: What adjustments, and/or areas for improvement are needed to ensure effectiveness in achieving expected results during the duration of the Projects?

8. **USAID should proceed very cautiously with the National Business Development and Advisory Center (NBDAC) as currently proposed.** While there is no clear-cut, successful role model for the center, there are several guiding principles that have emerged over the years. Among these are the exclusion of any government agencies from competing with private BDS providers, and the imposition of clear time limits to subsidies for individual companies as proposed for the NBDAC. USAID should look closely at alternative models of providing BDS services to SME, such as the World Bank/IFC project in Mauritius.
9. **SMI-L should develop a plan for the transfer of its supplier database to a local, for profit entity and conclude the transfer prior to the expiration of its cooperative agreement.** SMI-L's supplier database, which is considered as one of the core services being provided to local buyers and sellers, should be transferred, possibly even sold, to a private sector BDS provide that would agree to maintain and even expand the service and operate it for a profit.
10. **USAID should work with SMI-L to clarify how SMI-L plans to support BDS providers,** a new provision of the amended cooperative agreement, between now and the conclusion of the agreement in 2017.

Private Sector Development Programming

The evaluation team recommends considering providing broader access-to-finance assistance, and for placing access-to-finance programming within broader private-sector development competitiveness programming so that SMEs are being assisted not only with access-to-finance but also in a range of areas where help is needed.

Broader Access to Finance Programming

Commercial banks. More comprehensive assistance could be given to commercial banks to utilize more flexible collateral instruments for loan guarantee purposes and to increase their capacity for successfully lending to SMEs. Technical assistance could include streamlining of loan procedures, developing new or refined loan products for SMEs, simplification of formats, reduction of documentation requirements, development of manuals and guidelines with the goal of improving access to credit for SMEs, and drafting loan processing and monitoring products for SMEs.

Non-bank Financing.

- **“Embedded financing”** – Financing can be provided by partners in a value chain rather than by commercial banks, and these partners can be assisted in finance techniques by USAID. Two mechanisms that USAID could consider include trader credit and contract farming.

- **Franchising** – USAID can consider providing technical assistance to support the establishment of franchising and the capacity building of franchisors. Franchisors can be an important source of financing for franchisees, in addition to other benefits they provide.

Equity. A constructive approach can be to combine together access-to-finance assistance for lending and for equity investment. For instance, in a USAID project in Tunisia that IDG implemented, we created a consortium of banks lending to small businesses, small business equity lenders, and small business capacity building organizations, for joint programs to select promising small businesses, mentor them, and help them gain access to bank and equity financing.

Finance for small energy projects. Many village-level or small-town projects are not independently bankable, given risks, uncertainties of willingness to pay, and other factors, so strong public-sector involvement would be needed to make this work. USAID could also provide DCA-backed lending for small renewable energy equipment, for instance trade financing for traders to acquire equipment from wholesalers (which could be international NGOs) and then sell equipment across the country.

Technical assistance to the Central Bank. USAID should consider supporting the Central Bank to improve credit information systems in coordination with ongoing work by the IFC.

Combining Access-to-Finance Assistance with Broader Private-Sector Development

An approach to access-to-finance that has been successful in other countries is to include such assistance within a comprehensive competitiveness project, which also could focus on a number of other related areas of assistance, such as: value chain strengthening, business enabling environment, accessing domestic and international markets, and vocational education. Below is an illustrative scope of work for such a comprehensive competitiveness project. Annex 8 presents three DCA loan guarantees in Sub-Saharan Africa where the close coordination between the guarantee and USAID-supported technical assistance projects contributed to increased utilization of the guarantees. Annex 9 includes descriptions of comprehensive competitiveness projects, some of which explicitly coordinated with DCA programs in the respective countries and some of which did not.

Component 1: SME Development. The project should target carefully selected value chains that have growth potential. Assistance could include: operations and productivity improvement, product development and marketing, supply-chain management, management enhancement, building linkages to domestic and foreign markets, business-to-business linkages, and improving SME networking.

In conjunction with direct support to SMEs, USAID should consider providing technical assistance to local business service providers in crosscutting business practices and industry-specific assistance. This could include: business and financial management, marketing, HR management, basic IT solutions for business, customer relationship management and quality control. USAID should also explore embedding business development services in the value chain. For example, larger more capable Liberian firms or international companies that source inputs locally can develop programs to provide BDS to the SMEs that supply them with assistance from USAID.

Component 2: Access to finance. See suggestions for programming above.

Component 3: Workforce Development. The project should make systemic improvements to that would most directly benefit targeted value chains. Several ideas for this component include: jointly financed

skills training and job placement program; improving curricula at vocational education institutions; job fairs; and creating or providing technical assistance to university career centers.

Component 4: Private Sector Enabling Environment. USAID should continue to coordinate its direct support for SMEs with the national institutions that are cited by Liberians as being most directly involved in elaborating and implementing policies that affect the private sector, namely the Ministry of Commerce and Industry, the National Investment Commission, and the Ministry of Finance.

USAID should explore opportunities for improving the availability and sustainability of enabling infrastructure, especially in the electric power sector and roads. Power needs to be a reasonable cost and reliable for businesses selling products or services to be viable. This applies not only to rural Liberia but particularly to Monrovia where 80 percent of GDP is. Support to the power sector would complement ongoing activities in rural electrification and could help to leverage additional capital support from the World Bank, the AfDB, and the USAID Power Africa initiative. Roads similarly are critical for getting products to market.

INTRODUCTION

EVALUATION PURPOSE

USAID commissioned an independent, external, midterm evaluation of the Liberia Investing for Business Expansion (IBEX) Program and the Sustainable Markets Initiative – Liberia (SMI-L). The purpose of the evaluation was to assess whether the programs are on course to meet their overall goals and objectives (see Annex 1 for the evaluation SOW). According to USAID, the evaluation should provide an opinion on relevance, effectiveness, efficiency, sustainability, and added value of these programs in Liberia, and recommend specific opportunities to enhance programmatic effectiveness and impact.

The three main objectives of the evaluation were:

- 1) Map efforts of private sector strengthening in Liberia and determine where USAID/Liberia should focus its efforts for future programming;
- 2) Identify factors that help or hinder projects' achievements of expected outcomes and determine specific opportunities to enhance programmatic effectiveness and long-term sustainability;
- 3) Evaluate the existing Development Credit Authority (DCA) credit guarantee programs with Ecobank and International Bank (IB) Liberia.

The primary audience for this evaluation is USAID, for the purposes of potential design of any follow-on activities as well as the design of future private sector strengthening activities. Secondary audiences are USAID and U.S. Government (USG) agency partners including the USAID Bureau for Economic Growth, Education, and the Environment (E3) and USAID Africa Bureau as well as USAID's implementing partners and stakeholders.

EVALUATION QUESTIONS

The evaluation will present responses supported by evidence to the following four overarching evaluation questions and sub-questions.

1) What are current private sector strengthening activities?

Responses must include but not be limited to the following areas:

- a. Determine the specific private sector strengthening activities that donors, NGOs, and the Government of Liberia are presently working on;
- b. Research whether existing national/sub-national systems are assisting or hindering private sector growth, or if there are market failures that exist; and
- c. After researching USAID's competitive advantages, suggest interventions that USAID should consider, with accompanying cost, intervention outcome and probability of success.

2) How are the IBEX and SMI-L programs performing?

Responses must include but not be limited to the following areas:

- a. What have been the key results and effectiveness of the approach to strengthening SMEs and the banking sector, as well as strengthening supply chain linkages;
- b. What is the perception of local communities to the private sector in areas that SMI-L has worked to link local suppliers with concessionaires; and
- c. How effective have the programs been in integrating women's access to finance, business opportunities, as well as fostering leadership roles?

3) Explore the USAID credit guarantee (DCA) program and banking sector in Liberia.

Responses must include but not be limited to the following areas:

- a. Has there been increased lending to DCA-targeted sectors as a direct result of the guarantees, or can increased lending be attributed to recent economic growth;
- b. Have borrowing rates or collateral requirements been reduced as a direct effect of the guarantee program;
- c. How are different types of collateral (e.g., land, receivables) utilized for lending and are there ways to voluntarily reduce or change collateral requirements by banks;
- d. Have the capacity and effectiveness of loan officers increased as a direct effect of IBEX technical assistance;
- e. What additional tools do banks and their loan officers need to increase access to finance; and
- f. What effects have government laws and regulations had on private sector investment in renewable energy and are there law or regulations that could introduce to spur investment in this sector?

4) What adjustments, and/or areas for improvement are needed to ensure effectiveness in achieving expected results during the duration of the Projects?

The contractor must prepare responses to question 4 in the form of specific and actionable recommendations in order to address the USAID objective to "focus and concentrate." These may include but not be limited to the following:

- a. Opportunities to add, change, and/or remove activities to meet or surpass the project targets/objectives;
- b. Opportunities to improve project effectiveness through a different or expanded geographic scope or emphasis on alternative activities;
- c. Exit strategy in case there is/are recommendation(s) to remove activities or change the geographic scope; and
- d. Sustainability plan for the continuation of the IBEX and SMI-L programs after USAID funding concludes.

PROJECT BACKGROUND

LIBERIA INVESTING IN BUSINESS EXPANSION PROGRAM (IBEX)

IESC signed a cooperative sub-agreement with Volunteers for Economic Growth Alliance (VEGA) to implement IBEX under Leader with Associate Cooperative Agreement EMM-A-00-04-00002-00. The total agreement value was \$1,599,889² with a period of performance of May 14, 2012 through May 13, 2015. IBEX was designed to provide technical assistance for the DCA credit risk guarantee program. The latter allowed partner banks to lower their risk for lending to renewable energy and agribusiness borrowers, through a 50% risk-share of any net loss on their loans. The USAID/Liberia DCA provided a loan portfolio guarantee to two participating partner banks, IB Bank and EcoBank. IBEX's objective was to build the capacity of partner banks to fully utilize USAID's Development Credit Authority risk guarantee and provide technical assistance to borrowers at small- and medium-sized enterprises. Activities were organized under the following components:

- **Component 1: Technical Support and Capacity Building for SMEs.** Providing technical support and capacity building for SMEs in the agriculture and renewable energy sectors, with the aim of increasing use of the DCA.
- **Component 2: Technical Support & Capacity Building for Banks.** Providing technical support and capacity building for partner banks, International Bank Liberia (IB) and EcoBank, to facilitate lending to SMEs and increase their use and management of the DCA.
- **Component 3: Sustainability and Exit Strategy.** Working with the Government of Liberia and Business Development Services Providers to ensure that the public and private sector is provided with the services of IBEX once the program ends.

In November 2013, USAID/Liberia expanded the guaranty agreements with the existing Partner Banks to include five new sectors (infrastructure, construction, general merchandise, transportation, and hospitality chains). In February 2014 USAID issued modification #1 to IBEX to *inter alia* increase funding to \$3,574,418; add a fourth year of assistance, extending to May 16, 2016; and modify the SOW to include support for five new sectors to both lenders and SMEs.

The original Government of Liberia (GOL) priorities that drove IBEX's approach did not change in any significant way other than to expand the types of SME clients to be served from the five new sectors. The two DCA Partner Banks continued to be the official counterparts to the Liberia IBEX Project, and the IBEX Project team continued to focus efforts in building capacity and providing deal support to these two DCA Partner Banks and their borrowers, actual and prospective. A key element of modified Sub-Agreement was support to and technical assistance for the creation of a National Business Development and Advisory Center (NBDAC) under Component 3: Sustainability and Exit Strategy.

SUSTAINABLE MARKETS INITIATIVE – LIBERIA (SMI-L)

PDT America, LTD (now Building Markets) signed a Grant Agreement with USAID/Liberia for \$3,271,605 effective March 5, 2012 through March 4, 2015 for Peace Dividend Marketplace – Liberia (PDM-L). The

² As per the Cooperative Sub-Agreement the total Agreement Value was \$1,641,879.89 which includes \$41,990 in leveraging from non-Federal sources.

objective of PDM-L was to increase local spending by an amount equivalent to 1.0% of GDP per annum by making it as easy as possible for buyers, including the local government, to find and use local vendors. The purpose was to support the Sustainable Markets Initiative-Liberia launched in 2011. Activities were organized under the following areas: Building Markets Portal, Matchmaking, Tender Distribution Services (TDS), Training, and Market Research and Advocacy. Key indicators to assess impact identified in award include measuring whether transactions:

- Created lasting business relationships and the value of those relationships
- Created jobs (with age, gender, skill level, sector, district and job longevity)
- Created capital re-investment

On March 9, 2015 Modification #3 to the Cooperative Agreement included the following *inter alia*: increased funding to \$6,925,981; extended the Cooperative Agreement to March 4, 2017; and incorporated additional activities to the SOW. The overarching goal remained to promote sustainable, market-driven growth and job creation through the facilitation of economic linkages between major buyers, primarily concessions in the extractive sector, and local suppliers. The specific objectives of the extension phase were:

- Upgrade supply capabilities of local MSMEs to enable them to meet procurement needs of large corporates in extractive sectors of the economy
- Develop the capacity of local business development service providers to support local MSMEs
- Build the institutional capacity of the Liberian Institute of Statistics and Geo-Information Services (LISGIS) to conduct economic impact assessments throughout the country and to timely track and report on key economic indicators and developments.

The extension phase included three components:

- Component 1: Local Supplier Development and Business Linkages
- Component 2: Institutional Capacity Building for Economic Surveillance and Statistical Reporting.
- Component 3: Exit Strategy and Program Sustainability.

EVALUATION METHODS AND LIMITATIONS

Drawing on reports, data, and interviews with key informants, the evaluation compared planned IBEX and SMI-L activities vs. achieved activities, according to inputs, outputs and outcomes. It used, but was not limited to, the following evaluation criteria to frame the questions which informed the key evaluation questions:

- Effectiveness of activities in achieving the activities' objectives
- Efficiency of activities, in using resources (financial, time, skills, management, etc.) to implement activities
- Relevance of activities to objectives
- Sustainability of outcomes linked to activities inputs and outputs
- Factors which impeded or stimulated progress toward the objectives
- Degree of attribution of observed outcomes to the activities

To strengthen the validity and test the reliability of the findings derived both from documents and key informants, the evaluators drew on and compared findings from different sources, whenever feasible. The evaluation team compared internal (project staff) vs. external (beneficiaries and other stakeholders) perspectives, and compared findings with each other and assessed for consistencies or discrepancies.

METHODOLOGY

The evaluation draws on three types of data sources – secondary data and information contained in activities and non-activities documents (both qualitative and quantitative), key informant interviews (KIIs), and a survey of IBEX and SMI-L-assisted SMEs. The evaluation took place October to December 2015. The evaluation team traveled to Liberia in November 2015 to collect data.³

Desk Review

The evaluation team conducted a comprehensive review of program documents and other relevant documents. The evaluation team used the desk review to triangulate data obtained from key informant sources and the SME survey. The list of documents consulted is in Annex 8.

Key Informant Interviews (KIIs)

The evaluation team conducted 35 semi-structured interviews with key stakeholders, including USAID, program staff, beneficiaries (SMEs and banks), donors, and government officials. The evaluation team

³ The evaluation team included the following positions: Evaluation Team Leader, DCA Specialist, LEAP-II COP/Contract Manager, Evaluation Specialist (local), Analyst, and Administrative/Survey Specialist (local). The Evaluation Team Leader spent approximately three weeks in Liberia while the other team members spent between one to two weeks.

developed interview protocols for each of the categories of stakeholder which are presented in Annex 2. The interviews were semi-structured allowing for an open framework, conversational communication and more detailed follow up questions where necessary. Figure 1 presents the types of key informants and the number of interviews conducted. A list of KIIs is included in Annex 4.

Figure 1: Types of Key Informants

No.	Stakeholders	Number of Meetings
1	USAID	2
2	Government of Liberia	6
3	Implementing partners (IESC and Building Markets)	6
4	Other Donors and Donor Programs	6
5	NGOs/Business Association	1
6	Small and medium enterprises ⁴	2
7	BDS Providers	2
8	Buyers/Value Chain Lead Firms	3
9	Banks	5
10	Other USAID implementing partners	2
Total		35

The evaluation team analyzed qualitative data collected from KIIs for patterns that address the relevant questions and speak to effectiveness, efficiencies, relevance, potential sustainability, impeding/facilitating factors, and cause and effect.

SME Survey

The evaluation team implemented a survey of IBEX and SMI-L client SMEs using Survey Monkey software. The survey consisted of 40 questions organized into the following sections:

- Basic company information
- Finance and loan information
- Services provided by IBEX
- Services provided by SMI-L
- Obstacles to increasing sales
- Other training received

The survey was designed to collect data on the quality of services provided by IBEX and SMI-L, the ease at which SMEs can obtain financing, and general obstacles to doing business in Liberia. The survey instrument is presented in Annex 2.

The survey was conducted primarily over the phone; several were completed in-person. The survey was also sent via e-mail to 182 SMI-L clients. E-mails of IBEX clients were not included in the lists provided by IBEX staff, who indicated that many of their clients do not have access to the internet. A total of 121

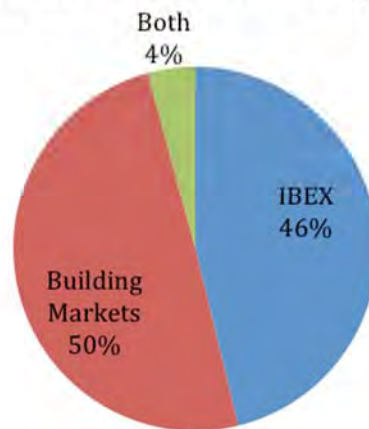
⁴ The number shown for SMEs counts only the face to face meetings. In addition, 121 SMEs were interviewed by telephone using the SME survey instrument.

surveys were completed (117 were conducted over the phone or in-person by the evaluation team and four were completed online by SMEs).

Of the 200 SMEs selected for the survey, only 121 were completed given the time and budget constraints. Annex 3 discusses the selection process for SMEs. Figure 2 below presents the breakdown of SMEs surveyed by project.

Figure 2: SMEs Surveyed

Company identified on list provided by:



LIMITATIONS

There were several limitations that should be noted. However, these limitations do not impact the robustness of the performance evaluation.

Subjectivity and semi-structured interviews. The semi-structured approach to the interviews created the opportunity to explore specific issues and themes in more depth. This increased flexibility, but may also have introduced more interviewer subjectivity. The evaluation team sought to mitigate this problem by carefully evaluating the available data through triangulation.

Sample size for SME survey. Due to time and budget constraints the evaluation team was not able to conduct the 535 surveys necessary for the results to be statistically significant at the 95 percent confidence level (see Annex 3 for sample size calculation). However, the team believes that the 121 SMEs surveyed can be considered a representative sample, and surveying additional SMEs would not significantly change the results.

FINDINGS AND CONCLUSIONS

EQ1: WHAT ARE CURRENT PRIVATE SECTOR STRENGTHENING ACTIVITIES?

Findings

- a) **Determine the specific private sector strengthening activities that donors, NGOs, and the Government of Liberia are presently working on?**

Other than USAID, the International Finance Corporation (IFC) is the most active donor in private sector development in Liberia. The IFC's work includes loans to Firestone Liberia Inc. (rubber) and Wiencek Liberia Limited (cocoa) that are designed to benefit farmers, and to Salala Rubber Corporation to improve operations. The IFC is providing long-term loans and trade lines of credit to GT Bank and Ecobank. The IFC has equity in Access Bank Liberia (an MFI but has a commercial bank license) as well as technical assistance to improve SME lending. IFC was the initial sole investor in the West African Venture Fund (WAVF) (which is an exception to its policy of working with equity partners) with \$13.5 million of capital invested. Since then a Dutch fund has also invested \$4.5 million. The fund has a total capital of \$20 million, is registered in Mauritius, and is managed by an investment firm based in Nigeria. The investments are limited to Sierra Leone and Liberia, for a maximum amount of \$500,000 (maximum 49 percent of equity). There have been 13 investments in Liberia including in logistics, a bakery, rice milling, printing, and a slaughterhouse.

The IFC's advisory services include the Liberia Trade 2 project and the Liberia Secured Transactions and Collateral Registries project. Liberia Trade 2 works to reduce trade costs through simplifying import and export procedures, streamlining and harmonizing customs documents, supporting the implementation of automation for customs clearance (ASYCUDA), advising the GOL on risk-based inspections, and assisting the LRA on revising the customs code. The Liberia Secured Transactions and Collateral Registries project is working to strengthen Liberia's financial infrastructure. As part of this work, the IFC created a movable collateral credit registry which has been functioning since 2014. Some \$300 million of liens have been recorded.

Swedish International Development Agency (SIDA) is working to promote agricultural development, entrepreneurship, and trade. SIDA is active in SME development and funds a program called GROW. GROW works in five value chains (rubber, cocoa, oil palm, vegetables, and transportation), and focuses on improving the functioning of markets, rather than direct support to individual businesses. SIDA works with Mercy Corps Liberia on an economic recovery and development initiative called Promoting Sustainable Partnerships for Economic Transformation (PROSPECTS). The project promotes apprenticeships and business skills training combined with startup grants for youth led businesses. SIDA also works with Mercy Corps on New Day Model. The pilot project has an information provision piece, in the form of a youth-focused website that provides information on job opportunities, work readiness details and a matching piece in the form of a vetting process and a data base of candidates available online to employers. SIDA is also supporting Liberia accession to the WTO.

The African Development Bank's (AfDB) country strategy 2013-2017 focuses on infrastructure and management of resources:

- **Promoting inclusive economic growth through transformative infrastructure investments.** The AfDB is investing in transportation infrastructure to support inclusive growth, stability, and national and regional integration. This includes the Fish Town–Harper Road Paving Project and upgrading the Ganta-Harper corridor as a regional road. The AfDB is also making investments in energy to promote regional energy trade and green growth, while significantly reducing the cost of doing business.
- **Enhancing governance and the efficient management of resources.** This work includes ensuring that revenues from natural resources are leveraged to promote sustainable, inclusive growth; support to Access Bank to increase access to financial services; rehabilitation of the Maryland Oil Palm Plantation; and exploration of opportunities to support the development and financing of Public-Private Partnerships (PPPs) in the energy, transport, and water sectors through technical assistance and direct financing. Non-lending work focuses on strategic support to operations and input to government policymaking.

The German Development Agency (GIZ) focuses on improving private sector capacity in road construction and in particular on increasing the capacity of Liberia’s private sector to build and maintain roads. GIZ coordinates its activities with the Ministry of Public Works, the Ministry of Transportation, and the Ministry of Education, particularly the latter’s vocational training section. GIZ provides training in both management (e.g. organizational development) as well as technical skills to Liberian road construction companies. GIZ also has a project aimed at improving livelihoods in Lofa County.

Annex 5 provides detailed information on private sector development projects in Liberia for the donors discussed above as well as the World Bank, IFAD, China, and UNDP. Figure 3 provides an overview of the areas that donors are currently working in.

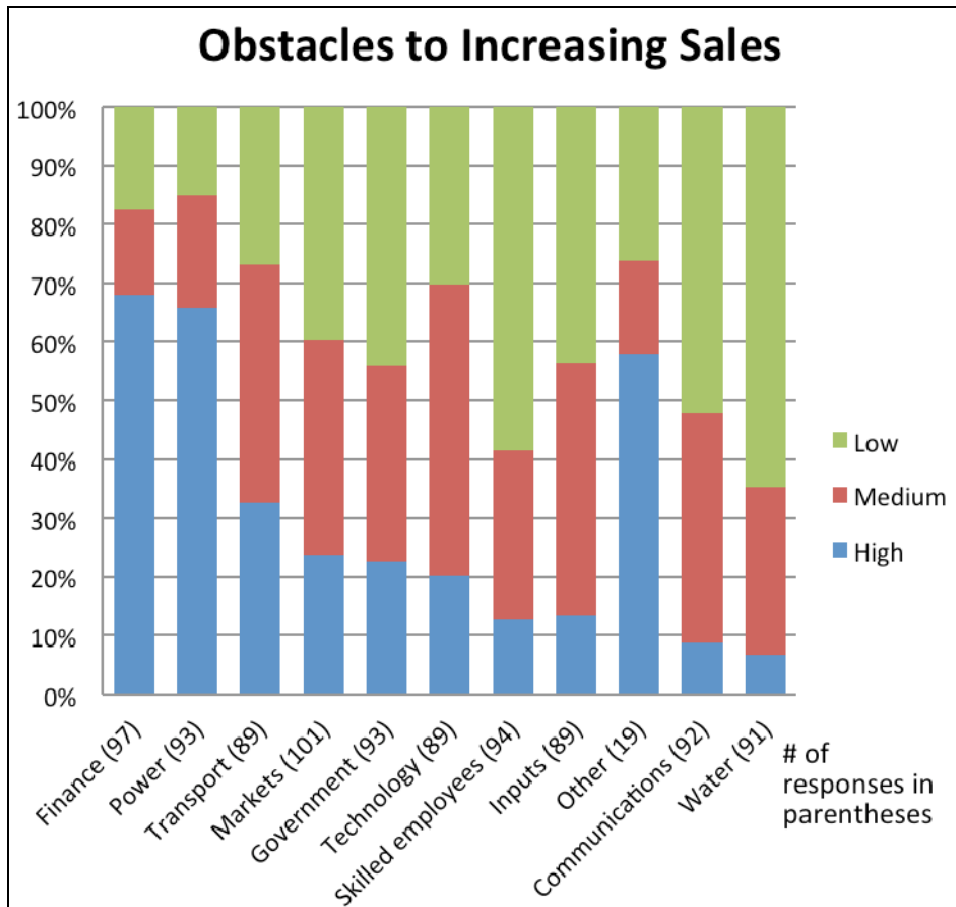
Figure 3: Private Sector Development Donor Work in Liberia

Private Sector Development Area	AfDB	Chinese Gov’t	IFAD	IFC	GIZ	SIDA	UNDP	USAID	World Bank
Business environment reform				X					
Business linkages and value chain development					X	X		X	
Business development services								X	
Entrepreneurship development						X			X
MSME development				X				X	
Access to finance	X		X	X			X	X	
Public-private partnerships	X				X				
Power	X							X	X
Trading across borders				X				X	
Transport sector development	X				X	X			
Infrastructure development	X					X			X
Technical and Vocational Training		X			X	X			

b) Research whether existing national/sub-national systems are assisting or hindering private sector growth, or if there are market failures that exist?

Access to finance, power, transport and customs are among the biggest challenges to doing business in Liberia that hinder private sector development. This finding is supported by the SME Survey, the World Bank Doing Business Report, and the World Economic Forum Global Competiveness Report. SMEs participating in the SME Survey were asked to rate a list of obstacles to increasing sales as low, medium or high. As shown in Figure 4 below, finance and power were the two obstacles that received the most “high” responses.

Figure 4: SME Survey - Obstacles to Increasing Sales



This finding is also supported by World Bank Doing Business data. Liberia received an overall ease of doing business rank of 179 out of 189 countries in 2016. Figure 5 shows Liberia’s 2016 rankings out of 189 countries. Liberia’s rank for getting electricity is near the bottom at 180, a decrease of five since 2015. While Liberia has made improvements from 2015-2016 on Getting Credit, it is ranked at in the bottom half at 109. Liberia’s improvement is mostly due to its score for strengthen of legal rights increasing from four in 2015 to eight in 2016, which largely reflects the creation of the movable collateral registry.

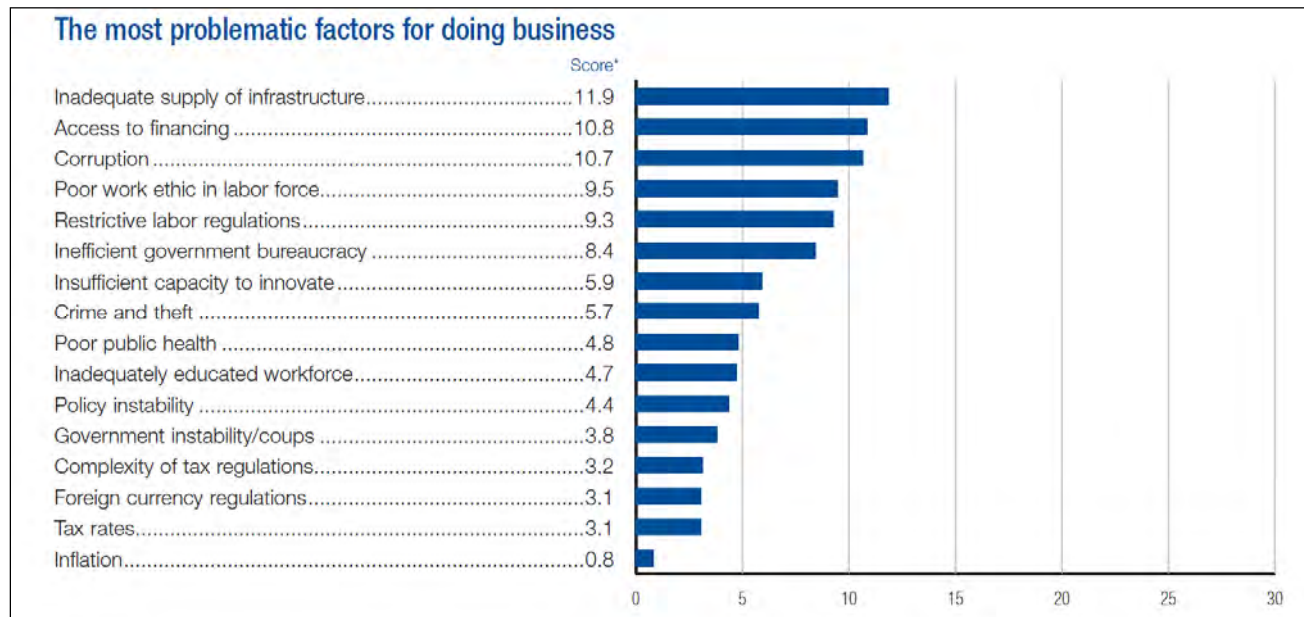
Figure 5: Liberia Ease of Doing Business Rankings, 2016

Topics	DB 2016 Rank	DB 2015 Rank	Change in Rank
Starting a Business	37	30	-7
Dealing with Construction Permits	174	174	No change
Getting Electricity	180	175	-5
Registering Property	178	177	-1
Getting Credit	109	160	51
Protecting Minority Investors	182	182	No change
Paying Taxes	118	76	-42
Trading Across Borders	183	183	No change
Enforcing Contracts	176	176	No change
Resolving Insolvency	168	168	No change

Source: World Bank Doing Business Report, 2016

According to the 2015-2016 World Economic Forum Global Competitiveness Index (GCI), inadequate supply of infrastructure and access to financing are the two most problematic factors for doing business in Liberia as shown below.

Figure 6: GCI Most problematic factors for doing business



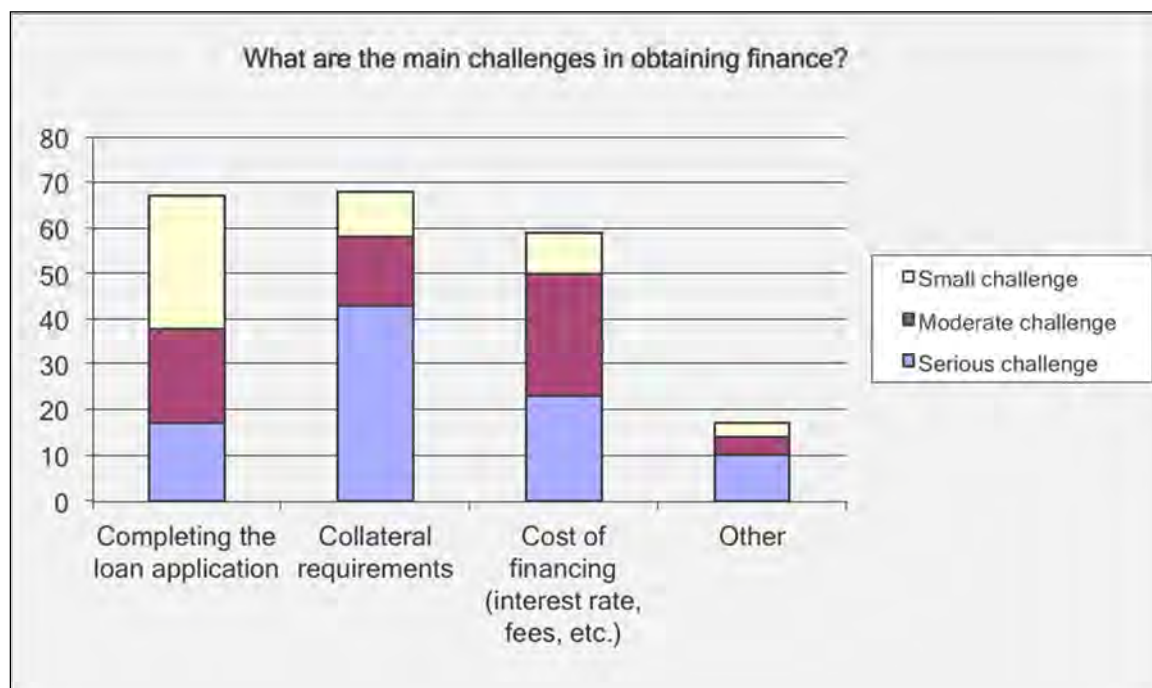
*From the list of factors, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The score corresponds to the responses weighted according to their rankings.

Source: World Economic Forum Global Competitiveness Report, 2015-2016

Access to Credit

In the SME survey, respondents were asked to quantify on a scale of 1-5 how difficult it is to get a loan with one being very easy and five being very difficult. The average score was 3.28. The majority of responses (26 percent) selected five (very difficult). The respondents to the SME survey were also asked to rank several challenges to obtaining finance (see Figure 7 below). Collateral requirements had the highest number of responses identifying it as a serious challenge. The Central Bank says it imposes no specific collateral requirements on banks (although the bankers say it is looking for loans to be secured by land and buildings). An official from the Central Bank stated that that the biggest problem for banks in Liberia is getting enough acceptable collateral to secure loans. He further said that banks establish their own collateral policies and most of them are only “comfortable” with land, buildings, and cash. Except for Access Bank, Liberian banks are not comfortable with moveable property (i.e. accounts receivable, inventory, and equipment).

Figure 7: SME Survey - Challenges to obtaining finance



In the SME survey 17 responses were received in the “Other” category for challenges to obtaining finance. Of the 17, four noted that the loan repayment terms were too short, and that grace periods should be longer. An official at the Central Bank noted that the prevalence of short term deposits in the banking system made it difficult for banks, especially EcoBank, to provide longer terms to SMEs. To address this issue, the Central Bank has made two longer term facilities available to the banks for SME lending: SME1 and SME2, each of which was available to banks for three years. SME2 will come to an end soon. In practice the loan ceilings under these programs are micro-sized.

A new collateral registry was established just before the Ebola crisis started and as a result initial usage has been slow. However, current usage is quite good among credit unions.

Power

Liberia's electricity access rate is less than two percent, which is one of the lowest in world. Liberia Electricity Corporation (LEC), a state-owned entity, is the sole provider of electricity services. LEC operates a small grid in Montserrado County, mostly for the Greater Monrovia District which is supplied with electricity produced by diesel generators. Liberia does not have the capacity to supply electricity to the economy which is essential for the country to reach middle income status. An inadequate and unreliable supply of electricity is a major constraint to the development of the private sector. Sixty-seven respondents to the SME survey identified power as a high obstacle to increasing sales.

Power is also identified as a key constraint in the World Bank Doing Business Report. For "Getting Electricity" Liberia is ranked among the lowest at 180 out of 189 countries. Figure 8 below shows a breakdown of the Getting Electricity indicators and procedures. While Liberia requires fewer procedures to obtain a permanent electricity connection than SSA and OECD high income countries, it takes well over a year and is 335 days longer than the SSA average. Additionally, electricity is unreliable. In the GCI Liberia received a score of 3.1 out of seven for the quality of electricity supply with a ranking of 110 out of 140 countries.

Figure 8: World Bank Doing Business Getting Electricity Indicators

Indicator	Liberia	Sub-Saharan Africa	OECD high income
Procedures (number)	4	5.4	4.8
Time (days)	465	130.1	77.7
Cost (% of income per capita)	3,897.10	4,075.60	65.1
Reliability of supply and transparency of tariff index (0-8)	0.0	0.9	7.2

Source: World Bank Doing Business Report, 2016

Transport and Customs

While it was outside the scope of work of this evaluation to collect data on transport and customs, both were mentioned in the as obstacles to doing business in the SME survey and KIs. Figure 9 below presents Liberia's score and rank for the GCI second pillar: infrastructure. Liberia is ranked near the bottom on the quality of roads.

Figure 9: GCI 2nd pillar - Infrastructure

Indicator	Score (0-7)	Rank/140
Quality of overall infrastructure	3.0	119
Quality of roads	2.7	127
Quality of railroad infrastructure	2.7	66
Quality of port infrastructure	3.6	90
Quality of air transport infrastructure	3.1	117

Source: World Economic Forum Global Competitiveness Report, 2015-2016

Figure 10: World Bank Trading Across Borders

Indicator	Liberia	Sub-Saharan Africa	OECD high income
Time to export: Border compliance (hours)	193	108	15
Cost to export: Border compliance (USD)	750	542	160
Time to export: Documentary compliance (hours)	186	97	5
Cost to export: Documentary compliance (USD)	628	246	36
Time to import: Border compliance (hours)	217	160	9
Cost to import: Border compliance (USD)	655	643	123
Time to import: Documentary compliance (hours)	192	123	4
Cost to import: Documentary compliance (USD)	528	351	25

Source: World Bank Doing Business Report, 2016

- c) **After researching USAID's competitive advantages, suggest interventions that USAID should consider, with accompanying cost, intervention outcome and probability of success?**

Please see "Private Sector Development Programming" section below.

EQ2: HOW ARE THE IBEX AND SMI-L PROGRAMS PERFORMING?

Findings

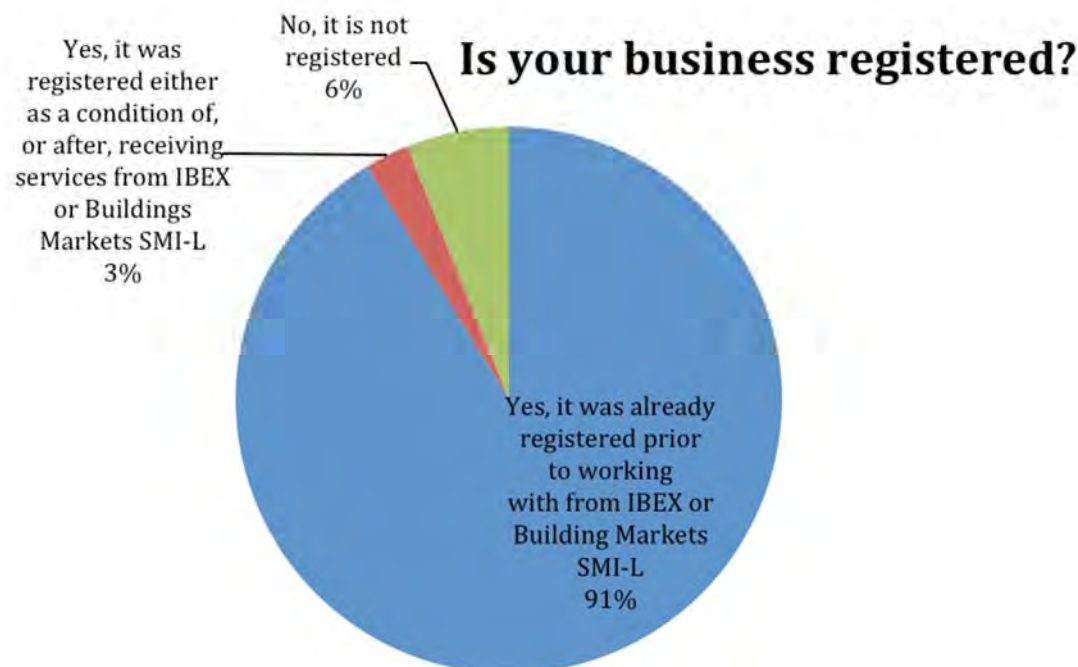
a) What have been the key results and effectiveness of the approach to strengthening SMEs and the banking sector, as well as strengthening supply chain linkages?

Overall the IBEX and SMI-L programs are performing as or better than expected at generating new loans for SMEs that are enhanced by the DCA guarantee (IBEX) and in creating value chain linkages between lead firms and SMEs (SMI-L). A review of program performance against targets shows that each program has achieved or is on its way to completing or exceeding its goal performance, and the SME Survey rates services from each project as good to excellent.

IBEX's and SMI-L's Client SMEs

As the diagram below indicates, most of the businesses served by both IBEX and SMI-L were registered, suggesting that they were already larger than microenterprises.

Figure 11: SME Survey - Business Registration

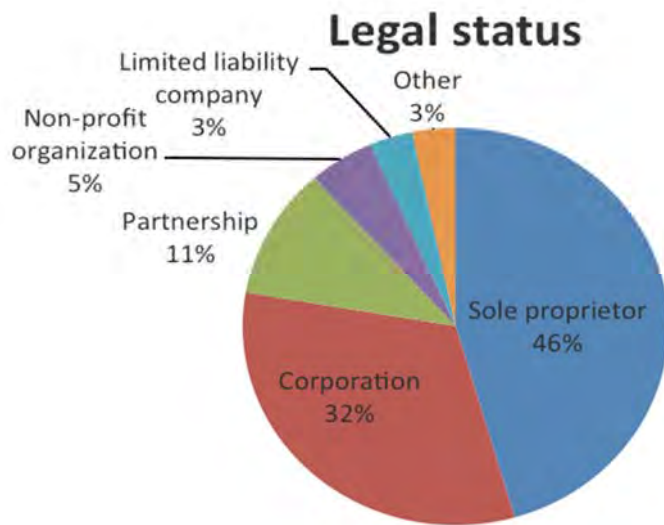


It is useful to have some discussion of what is considered to be an SME in Liberia. There is no government-specified definition, although this was a topic of considerable interest at the November 2015 MSME conference. The Central Bank of Liberia considers that loans of \$7,000 or less are taken by microenterprises, and that larger loans are used by SMEs. The banks are in line with this, typically specifying \$5,000 or \$10,000 as a minimum loan size for an SME. On the upper end the line between small and medium is not clear: Access Bank, which is more oriented to smaller businesses than the other banks, considers that loans of over \$20,000 are taken by what it considers medium-sized businesses.

Afriland First Bank also considers \$20,000 the break between small and medium. Ecobank specified \$200,000 as the maximum loan size for a medium-sized business, with the understanding that parameters would be different based on the type of business. There is some sense of SME through the number of employees, with 5-10 employees considered small and over 10 employees medium (per Afriland First Bank). SMI-L substantially considers business registration to be a key indicator of SME status, and the survey information bears this out.

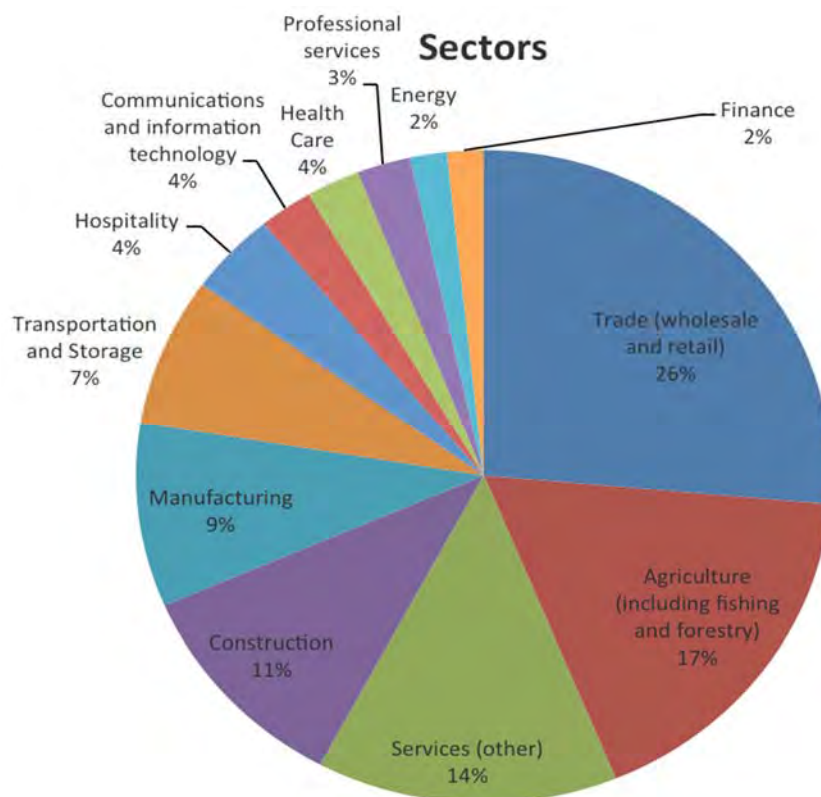
When registered, the most common business form is a sole proprietorship, followed by corporation as shown below.

Figure 12: SME Survey - Legal Status of SMEs



The range of business sectors represented by the respondents is also robust, although not surprisingly trade and agriculture are the most common, as shown in the following diagram.

Figure 13: SME Survey - Sectors of SMEs



IBEX

Per IBEX's reporting, almost all of its targets have been far exceeded. Performance against high level objectives is shown in the table below, while performance against all indicators is shown in Annex 6. As of the 9/30/2015 reporting date, IBEX had already far exceeded most of its high level performance targets for the 5/31/2016 end date of the agreement (IBEX has not achieved its target of "eight changes in bank policies"). In addition to qualifying and creating a pipeline of potential loan customers for DCA-enhanced loans and for other credit, it has provided a range of training opportunities both for DCA and non-DCA financial institutions, for BSPs, and for small business owners and farmers.

Figure 14: IBEX Performance to 9/30/2015 versus Objectives to 5/31/2016

Objective	Indicator	Value/#	Target through 5/2016	Result through 9/2015	% of Target Achieved
SME Access to Finance Improved	Loans approved	Value	\$1,835,000	\$7,491,537	408%
	Loans disbursed	#	\$1,555,000	\$6,539,037	421%
	Loan applications approved	#	25	35	140%
	Loans disbursed	#	18	34	189%
	DCA loan utilization rate	Value	15.68%	59.20%	378%
	Agricultural and rural loans	Value	\$738,000	\$1,803,037	244%

IBEX Strengths

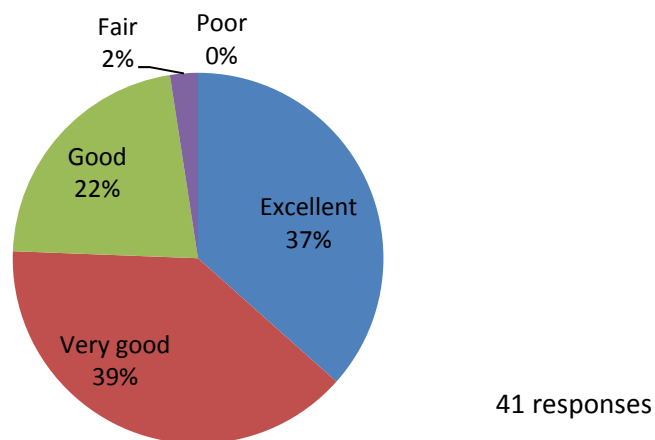
SMEs speak highly of IBEX's services and staff, particularly on facilitating loans, both in direct discussions and per the SME Survey results. Several business owners commented that the process of getting a loan, including assembling all the required documents, was considerably easier with IBEX's assistance.

The training provided by IBEX was also well-regarded by SMEs, per the SME Survey IBEX ran a number of trainings on accounting and financial management, often in preparation for the annual MSME conference, so that small businesses would be better prepared to present themselves at the business showcase. Training for facilitating credit requests was also provided for business development services providers.

The SME Survey asked IBEX clients to provide an overall rating of IBEX services. As shown below, an overwhelming majority of the 42 respondents, 98 percent, rated their services as 'Good' to 'Excellent'. Only one respondent characterized the services as 'Fair' and no one rated the services as 'Poor'.

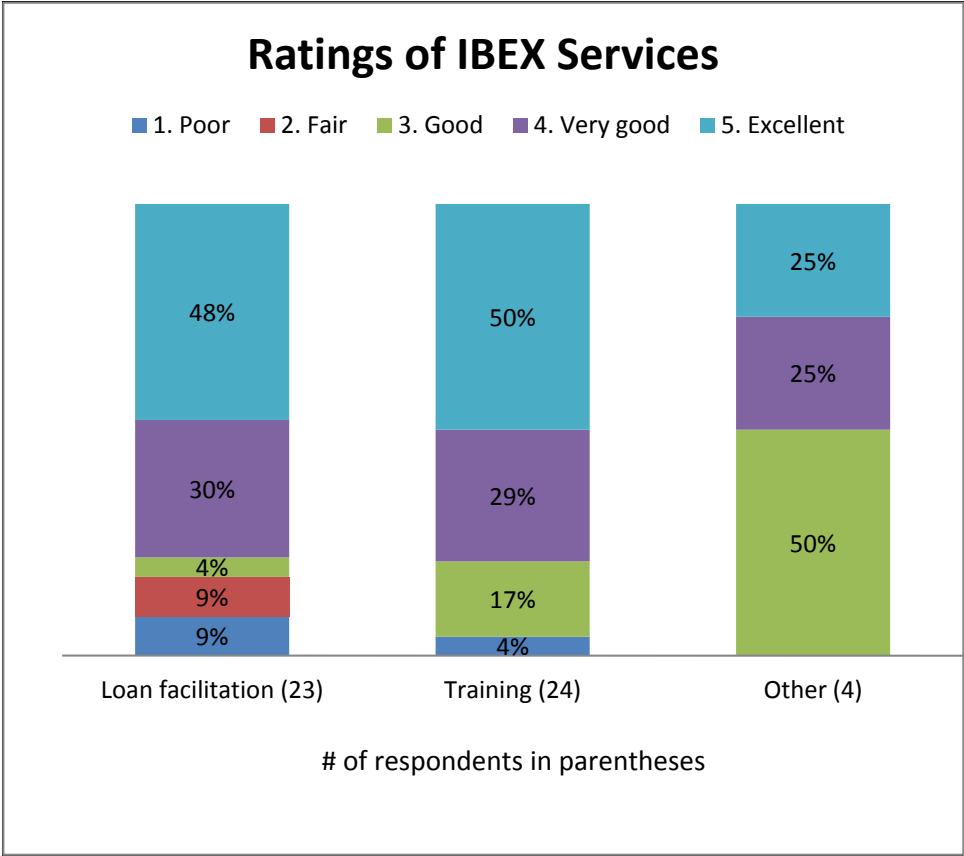
Figure 15: SME Survey - Overall Rating of IBEX Services

How would you rate the services provided by IBEX?



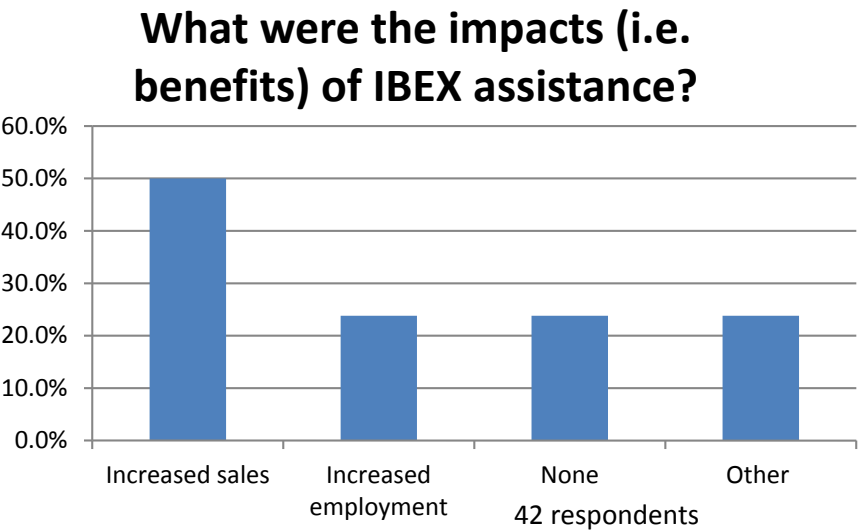
In another survey question, IBEX clients were asked to rate the specific services provided by IBEX. Loan facilitation services were rated from 'Good' to 'Excellent' by 82 percent of the respondents, while 96 percent of respondents gave similar ratings to training. In the category of 'Other' several clients gave high marks ('Good' to 'Very Good') for business plan development support and information about loan facilitation.

Figure 16: SME Survey - Ratings of IBEX’s Loan Facilitation and Training Services



When asked about the impact of IBEX services, almost 50 percent of the 42 IBEX clients said that IBEX support had led to an increase in their sales as noted in the table below.

Figure 17: SME Survey - Impacts of IBEX Assistance



About 24 percent (10) of respondents also reported that IBEX services had led to an increase in the number of persons they employ. Another 24 percent of this same group of respondents said that IBEX had no impact on their either sales or employment. Among the 24 percent of clients who cited 'Other' impacts, several mentioned new skills in business plan development and one talked about improvements in company efficiency.

IBEX demonstrated considerable flexibility in program presentations, in that it was able to comply with a number of requests and demands for service that did not seem to fall under its purview. In May 2014, for instance, it ran a poultry farm commissioning event in Obasanjo that attracted 200 participants. It is not realistic to think that small scale poultry producers might be potential bank loan clients. However, IBEX was able to offer an event that promoted its services and might arguably lead to better business management for these producers. IBEX, as did other projects, was able to respond to the Ebola crisis with appropriate training support for banks and business service providers.

IBEX Weaknesses

The major concern with IBEX is sustainability with respect to loan facilitation. Both IBEX and the banks view IBEX's role as that of a gatekeeper rather than a loan facilitator, to the point that the pattern is for all loans to be submitted to IBEX for DCA eligibility review before approval. Of even greater concern is that the banks are referring to IBEX what they consider to be more complicated business requests, so that IBEX will work with the client to pull together all the application documents and supporting material, and further analyze the credit before handing it back to the bank. This working relationship is not a good foundation for continued SME lending after the IBEX project closes, even with the guarantee still available. The use of the guarantee seems to be over-identified with IBEX to the point that one bank official referred to the DCA guarantee as "the IBEX guarantee" throughout the discussion, even after a clarification that the guarantee was from USAID; and Afriland First Bank is waiting to put any loans under guarantee until IBEX provides training on eligibility. The direction of support for the DCA guarantee has to be to enable the banks to make their own decisions about credit-worthiness and qualification for the guarantee, not to be a beneficent gatekeeper.

A related concern is that IBEX is generating and analyzing some credit requests from startup businesses, then referring them to the banks for approval under a DCA guarantee. In general, banks are not willing to lend to startups, specifically because they want to see an operating track record, which is standard in credit evaluation. Some of the analyses of these types of credits were provided as a part of the evaluation and it is hard to see what IBEX considered bankable, as none of the credits could be considered to be an exception to the "no startups" rule (e.g., experienced owner-operators, an existing related business that could service the debt as need be, highly liquid collateral). One of the banks in fact complained that referrals of these loan requests from startups were inappropriate.

IBEX's monitoring and evaluation data appear inflated. There is an overstatement of the number of client firms that have received services, as IBEX is counting from a base of any business that attended an IBEX information event and filled out an intake form. A great many of these businesses never received or never sought any further services, which was revealed through the SME Survey, for which several businesses were surprised that they had been contacted. Twenty-eight out of 60 SMEs (46 percent) surveyed from IBEX contact lists indicated that they had not received any loan facilitation, training, or other services from IBEX. IBEX should consider its base number of clients to be those businesses that went one step further than just filling out the intake form, and should start with having actually received a service or attended a class.

On a related note the loan statistics are similarly inflated. One of the loan measures is the number and amount of loans submitted to the banks, and in several cases the same loan was submitted to both IB and to Ecobank for credit approval. While submitting the same credit to both banks is laudable (banks do have different risk appetites and interests; further, submitting a loan to more than one bank can create some competition) there is still only one credit request, and the statistics should reflect this.

SMI-L

Building Markets, the NGO implementer of SMI-L, has developed a workable information platform for connecting suppliers and buyers, often in value chain transactions, which it implemented in Liberia following prior use in other war- or disaster-recovering countries such as Afghanistan and Haiti. Its performance per its targets as shown below (details in Annex 6) has either been exceeded or is on track for completion. We note that these targets are particularly results- and impact-oriented, e.g., value of transactions and numbers of jobs created, which are more meaningful for understanding the benefits of the project.

Figure 18: SMI-L Performance to 9/30/2015 versus Objectives to 3/31/2017

Objective	Indicator	Value/#	Target through 3/2017	Result through 9/2015	% of Target Achieved
GOAL: Sustainable, market-driven growth and job creation through the facilitation of economic linkages between buyers and local suppliers	1 Number of micro enterprises linked to larger-scale firms as a result of USG assistance to the value chain (male/female) (micro/small/medium) (EG F Indicator 4.7.3 - 2)	#	238	175	74%
	2 Number of jobs created due to contracts won by suppliers with help of Building Markets. (adapted from EG F Indicator 4.5 - 2) A FTF Indicator	#	2,000	3,162	158%
	3 Value of transactions facilitated through the supplier directory, matchmaking activities, Tender Distribution System (TDS) and trainings	Value	\$60,760,000	\$58,168,770	96%

SMI-L Strengths

SMI-L's major strength is the creation of an excellent on-line business directory that is used by both buyers and suppliers. The directory is created through entries from the participants, and entries are reviewed and updated every six months by SMI-L staff based on input received from client companies. While SMI-L is not guaranteeing accuracy, users are comfortable that some vetting has taken place so that the listings are reliable. In order to participate a business must be registered, which already suggests some level of on-going operations. It should also be noted that to use the directory and listings a firm must have internet access, which will limit participation by microenterprises, also by businesses in the regions where

internet signals are poor. Given that commercial business is concentrated in Monrovia and to some extent in Buchanan, this is not considered an issue.

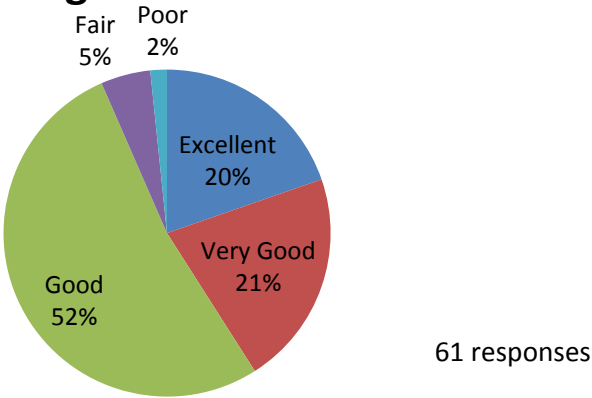
The project offers listings of tenders, and networking events to bring major lead firms/concessionaires and SME suppliers together. It has also developed customized programs on procurement for specific concessionaires, given the potential for the volume of business, and is working to have large firms open up their procurement sourcing lists.

SMI-L’s training is well-regarded by SMEs. It offers two free courses, on procurement and on business financial management, as well as a range of follow-on one to two-day business courses that cost \$30-\$50, priced appropriately to encourage participation and to be perceived as valuable.

The majority of SMI-L clients who participated in the SME Survey were very positive about the services they received. As shown in the graph below, 93 percent (57 of 61 respondents) rated the program as ‘Good’ to ‘Excellent’.

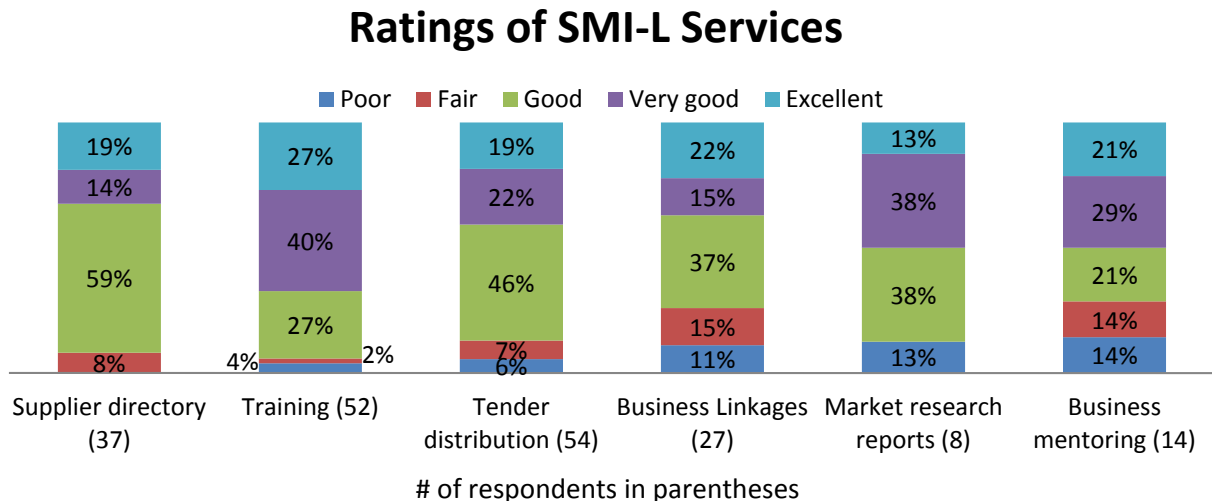
Figure 19: SME Survey - Overall Rating of SMI-L’s Services

How would you rate the services provided by Building Markets SMI-L?



The Survey also asked SMI-L clients to rate the six specific SME services offered by Building Markets. Once again, the majority of respondents rated SMI-L services from ‘Good’ to ‘Excellent’. It is interesting to note that of the 61 survey respondents that were identified by Building Markets as SMI-L clients, only 37 mentioned their listing in the SMI-L supplier directory as a service. The evaluation team believes that these clients, while listed in the directory, did not perceive their inclusion as a service per se. It is also worth noting that business mentoring is a new service being offered by Building Markets to selected clients and that they are still in the selection phase. Whether the survey respondents were referring to this new service or to SMI-L’s general support for their businesses is unclear.

Figure 20: SME Survey - Ratings of SMI-L's Services



The evaluation team asked the sample of SMI-L clients about the impact of the program in terms of sales and employment. As shown below, 31 percent reported a positive contribution to sales growth, while 23 percent of respondents noted that they had increased staff as a result of SMI-L support.

Figure 21: SME Survey - SMI-L's Impact on Sales

Did Building Markets SMI-L help you to increase your sales?

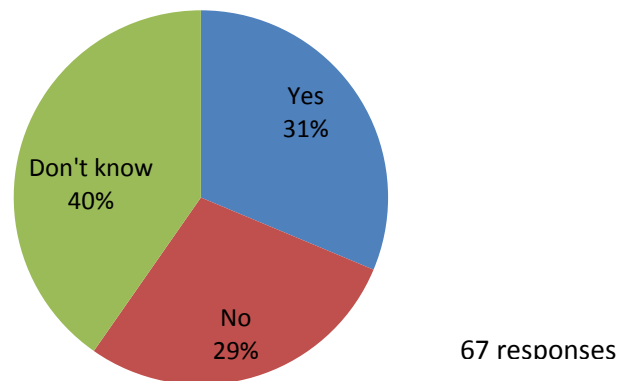
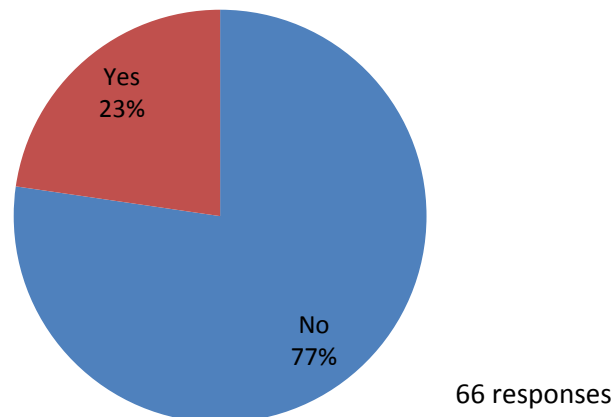


Figure 22: SME Survey - SMI-L's Impact on Staffing

Did you increase your staff as a result of Building Markets SMI-L assistance?



SMI-L Weaknesses

Discussions with major concessionaires suggested that they would like to see more follow-up from some of the small business suppliers, and that SMI-L could have more impact by ensuring that the small business suppliers be more pro-active. An example of this is described in the section below. The business mentorship called for in the 2015 extension of the SMI-L program would appear to cover this type of proactive support, and could make SMI-L services less passive.

Another area for improvement for SMI-L could be considered to be its sustainability plan. Overall it appears that its services could be offered commercially, and the project and USAID may wish to consider simply selling off the database to a commercial or quasi-commercial holder. There are indications of willingness to pay for the services or have a membership fee structure that should be investigated.

b) What is the perception of local communities to the private sector in areas that SMI-L has worked to link local suppliers with concessionaires?

The SMI-L strategy of incorporating local suppliers into buyer supply chains underpins activities such as networking events and meetings to facilitates business relationships, and linkages with concessionaires and other private sector Institutions working in Liberia. The perceptions of those interviewed, especially the buyers, was based on their participation in targeted networking events and meetings with SMEs, and Interaction with staff members of Building Markets, the NGO implementer of SMI-L. To a great extent, buyers/concessionaires interviewed had apparent understanding of the operations of Building Markets in Liberia as they were seen as facilitators of buyer-supplier relationships, which according to them have a significant positive effect on performance of the entire supply chain. There is significant agreement among buyers about the relevance of the business relationship-building strategy by Building Markets. They perceive the networking events and supplier data base developed by Building Markets as an interactive

system within a business context that gives buyers the opportunity to organize their transactions with their suppliers quite easily, because there exists an understanding of multiple suppliers. One of the buyers was very positive about the services provided by Building Markets, he said that his company has used:

“...the Building Markets data base at least 3 or 4 times to identify local, especially ones that can provide building materials and Construction services. I like the data base because the companies in the data base have already been vetted by Building Markets.”

From the perspective of the buyers, SMEs do not make efforts to extend their relationships with buyers after networking events/happy hours. This is likely to hinder the business relationship, especially where a past relationship with the buyer is nonexistent. One buyer mentioned:

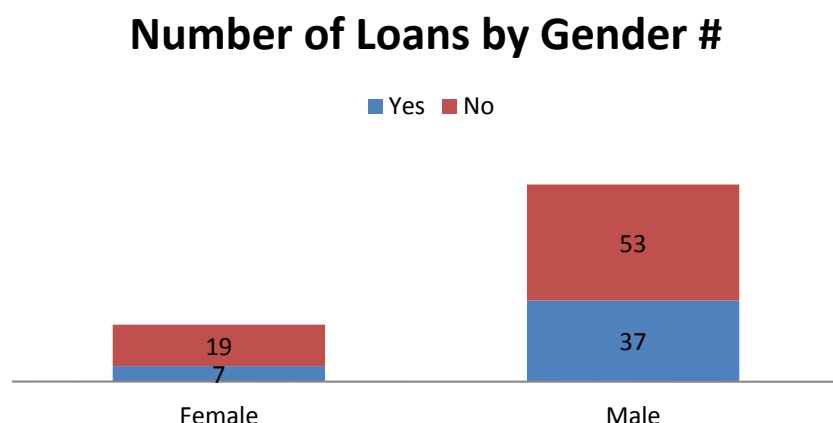
“From the last happy hour one small business construction firm (Ammerton Construction) did send a follow up e-mail to us and others that he had met at the networking event, and sent along a company description. I will arrange for this businessman to visit the plantation, so he can meet the purchasing department, which would actually negotiate with him. Otherwise, however, the other SMEs I met during the happy hour are too passive, seem to have the idea that they have passed on a business card, that (we the buyers) will contact them. Building Markets could do a better job by not just hosting the networking events but explaining to the SMEs how they can use them, follow up, etc.”

The respondents feel that the buyer-supplier relationship is important, and could provide a most significant impact to SMEs in terms of access to business opportunities, but this process would be rendered ineffective if follow-up activities are not implemented by Building Markets. One respondent cited a market study of the iron ore sector dated July 2014, which he said should have been followed up with workshops for the industry.

c) How effective have the programs been in integrating women’s access to finance, business opportunities, as well as fostering leadership roles?

Before commenting on this question it is appropriate to point out that neither project had gender-related targets per se, but both projects did collect gender information from participants. Overall the perception is that women-owned businesses are smaller and less likely to borrow. In one bank’s view, women-owned businesses do “not have enough exposure to what a loan could do” for the business, so are afraid of borrowing. The SME Survey, which focused more on the borrowers than on the entire group of businesses served by IBEX and SMI-L, identified 26 of 117 respondents (22 percent) with a primary owner who was a woman vs. 91 (78 percent) which were owned by men. The survey also determined that 44 of 120 (37 percent) of the respondents had loans, vs. 72 (63 percent) that did not. When these two results are overlaid, it can be seen that businesses owned by men are more likely to have access to loans than businesses owned by women, as shown in the chart below from the SME survey.

Figure 23: SME Survey - Number of Loans by Gender



The differences in these results seem to stem from business size, that larger businesses are more likely to qualify for credit, as well as this “reluctance to borrow” factor. The DCA partner banks were aware of which DCA-guaranteed borrower businesses were owned by women. Afriland First Bank recognizes this size difference, and noted that the bank mostly serves its women customers through its microfinance units (MC2 units) because they need loans that are smaller than the bank can give. Access Bank stated that 50 percent of its SME clients are women (and that 70 percent of its micro clients, who also receive individual loans, are women).

All the financial institutions interviewed seemed to hold women-owned businesses in high regard. Access Bank indicated that it finds that women are more involved in business in Liberia than men, and that they are more dedicated to it. Ecobank indicated that lending to women is less problematic because they are more willing to pay, and are “more genuine”. Notwithstanding, the banks’ approach is reactive: one bank stated that it wanted to prioritize serving women but “does not have a lot of women coming in”. These comments suggest that a proactive push on addressing women business owners would be appropriate.

IFC has been dealing with a similar issue and it did have a gender specialist in place for a while, but that staff person left and has not been replaced; the work that she was doing was disrupted by the Ebola crisis. IFC now has an institution-wide policy of considering a “gender tilt” on any new project, and adding a gender lens of this type can be a useful screening technique for activities.⁵ IBEX in particular might consider offering a training program conducted by a Volunteer Executive (VE) on serving women-owned businesses and addressing gender issues. Too frequently financial institutions do not give attention to what the true constraints for women-owned businesses are, and jump to offering a discounted loan rate as a benefit (and the interest rate may or may not be an issue, but is rarely the only problem). Truly serving an underserved segment requires market research to understand problems, which can then be specifically addressed.

⁵ A good example of using a gender lens comes in the recommendation that a financial institution NOT develop a “gender neutral” policy. Banks may develop a practice, for instance, of lending to any borrower with demonstrable cash flow that can provide property as collateral. While this is nominally neutral, it will often exclude women-owned businesses in countries where women cannot or are highly unlikely to own property. If this type of requirement is considered more deeply the bank might offer alternatives to securing a loan with property, and thereby would also broaden the pool of eligible borrowers to also include businesses owned by men who do not have property to pledge.

EQ3: EXPLORE THE USAID CREDIT GUARANTEE (DCA) PROGRAM AND BANKING SECTOR IN LIBERIA.

Findings

A DCA guarantee is typically targeted to perform two tasks:

- 1) Increase access to credit for financially underserved but credit-worthy businesses and borrowers; and
- 2) Change the behavior of the financial institution that benefits from the guarantee, so that in the future it will make comparable loans without the guarantee.

Ideally accomplishment of these two tasks will lead to a change in overall market behavior, such that other banks recognize the success that the first financial institution has had in lending to the new sector, and will also enter the market.

A guarantee can be effective when lending does not take place because of what is considered to be a “market imperfection” can be cured by the guarantee. Most commonly the market imperfection reflects the financial sector not having enough experience in lending in particular businesses or to a particular type of borrower, thus over-collateralizing loans to compensate for limited ability to underwrite the credit. During the time that the guarantee facility is in place the financial institution can learn more about the sector and the borrowers, and become more confident in ability to evaluate the loans; in the meanwhile, however, the guarantee facilitates getting capital to these businesses so that they can grow and generate an economic benefit.

At the time the DCA facilities were originally established in Liberia, in 2009 for Ecobank and 2010 for International Bank Liberia Ltd, there was virtually no credit available for SMEs, which reflected both the conservative approach of the banks in serving the sector and the very weak condition of the economy, as well as the lack of track record of individual businesses. Per the Office of Development Credit, Ecobank and IB were selected for the guarantee because they were leaders in the banking sector, and had expressed a desire to expand their portfolios to the targeted sectors. The DCA facilities as originally established were specifically intended to increase lending for agriculture and for clean energy; these were broadened in March 2014 to include trading, transportation, construction, infrastructure, and healthcare, which was added when the Ebola crisis hit.

Overall the DCA facilities in Liberia have been successful at increasing access to credit for particular businesses (DCA Task 1 above), but change of behavior of the banks (Task 2) is expected to be more limited. These findings are discussed more fully below.

a) Has there been increased lending to DCA-targeted sectors as a direct result of the guarantees, or can increased lending be attributed to recent economic growth?

Businesses in the DCA-targeted sectors appear to be getting more credit because of the guarantees, but the economic growth in the country has also had an inextricable impact. The sectors have also benefitted from more market entrants into the financial sector.

The tables below, for IB and Ecobank respectively, show the number and amounts of loans that the banks have approved and declined that would be covered by the DCA guarantee:

Figure 24: International Bank Liberia Ltd DCA-Guaranteed Loans

	Approved	Number	Average	Declined	Number	Average
Agriculture	525,000	3	175,000	2,105,000	5	421,000
Energy	0	0	0	1,010,603	3	336,868
Trade	555,000	7	79,286	25,000	1	25,000
Transportation	125,000	2	62,500	0	0	0
Construction	2,891,393	9	321,266	774,521	2	387,261
Health	85,000	1	85,000	0	0	0
Infrastructure	894,500	3	298,167	1,043,106	1	1,043,106
Totals	5,075,893	25	203,036	4,958,230	12	413,186

Source: IBEX Annual Report 30 September 2015, with updated information provided by IBEX

Figure 25: Ecobank DCA-Guaranteed Loans

	Approved	Number	Average	Declined	Number	Average
Agriculture	280,556	3	93,519	595,000	4	148,750
Energy	0	0	0	0	0	0
Trade	320,000	2	160,000	250,000	1	250,000
Transportation	848,000	1	848,000	130,000	1	0
Construction	0	0	0	725,861	2	362,931
Health	125,000	1	125,000	0	0	0
Infrastructure	0	0	0	0	0	0
Totals	1,573,556	7	224,794	1,700,861	8	212,608

Source: IBEX Annual Report 30 September 2015, with updated information provided by IBEX

As discussed an original target of the DCA facility was to support lending in agriculture (including agribusiness, particularly processors) and clean energy. Despite the banks' stated interest in the sectors very little lending took place under the facility (two loans each, for an aggregate total of \$230,000, not included in tables above) before IBEX was developed to facilitate bank lending. IBEX was able to get both banks to consider more credits. Prior to March 2014 IB additionally approved one agricultural loan and declined five agricultural loans and two clean energy loans; Ecobank additionally approved two agricultural loans and declined two agricultural loans (all included in tables above). IB in particular complained that it could not make loans in these sectors because the necessary terms were too long, and that it only has short term deposits to lend. It indicated that the agricultural loans that it has made were short term, and were repaid from assignment of sales proceeds from agricultural consolidators.

The biggest breakthrough in lending came when the sectors eligible for the guarantee expanded, and IB in particular has done a lot more lending in the trade and construction sectors. It is particularly interesting to note that the average size of the declined loans for IB is about twice the size of the average approved loan, which suggests that IB is interested in serving more of a medium-sized business market than larger clients.

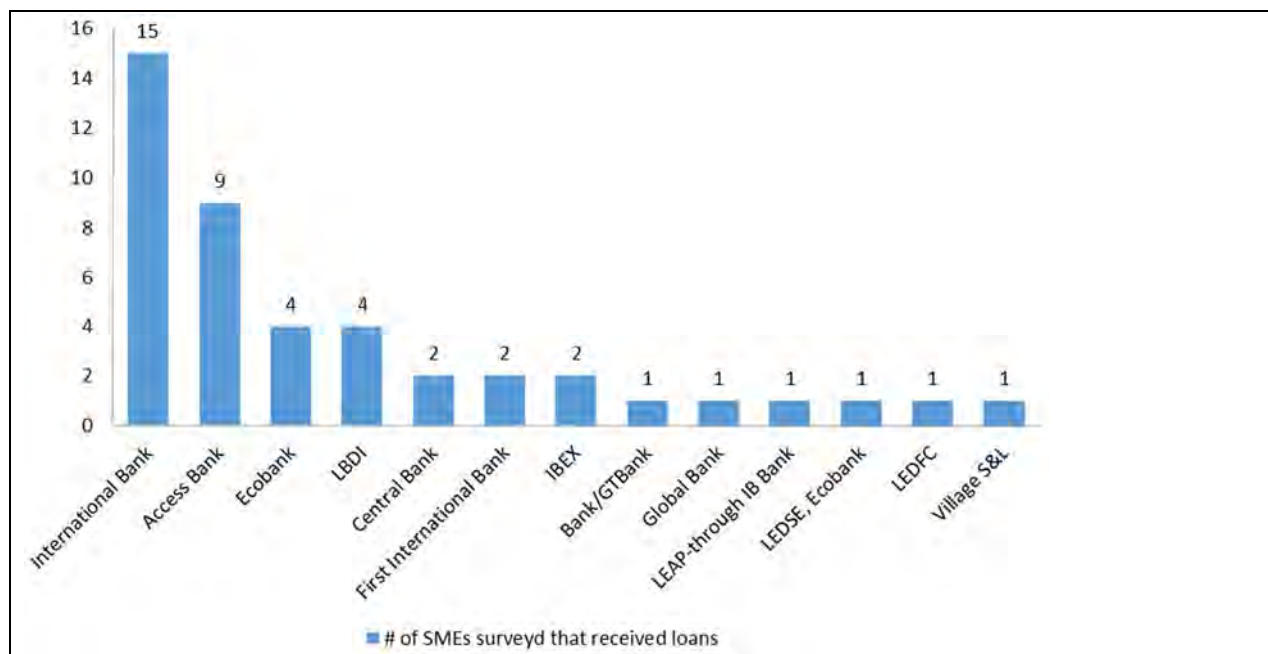
The total amount of credit facilitated under the DCA facilities since IBEX entered the scene to provide support, has been \$6,649,449, considerably more than the \$1.8 million goal shown in the M&E plans. There were no baseline numbers, however, for the amount of lending in the sectors, so it is impossible to say how much growth there has been in credit to the sectors overall, and whether it can be attributed to the guarantee or to the economy.

While the agriculture sector has not been a focus for these two banks, it is interesting to note that both have been willing to continue to consider agribusiness credits, and both have approved loans in the agricultural sector post-March 2014. The low number of clean energy loans even under consideration, however, reflects a lack of possible projects and borrowers, as well as risk concerns. In retrospect the DCA guarantee for the clean energy sector was premature, and a number of factors suggested that the sector has not been commercially viable to date. This is discussed more in EQ3 f) below.

Consensus seems to be that overall the economy is performing better, and that SMEs generally have more access to credit than before because they have better track records. There were business setbacks because of Ebola, and other negative impacts at present are the drop in mining prices, a drop in the price of rubber, postponement of oil drilling because of the low price of oil, and the downscaling of UNMIL operations.

The SME Survey questions about whether bank financing had been obtained, and which bank had provided financing, are revealing. Forty-four of the 120 SMEs surveyed, 37 percent indicated that they had received credit from formal financial institutions. While it is not surprising that the DCA partner banks are prominent providers for this group, given that the survey was particularly looking for responses from those SMEs that had benefited from DCA guarantees, what is interesting is the range of institutions that have provided SME credit without the DCA guarantee, as the chart below shows.

Figure 26: SME Survey - Banks Providing Loans to SMEs Surveyed



As noted above there are also more banks in the market. Both Afriland First Bank and Access Bank are serious competitors for small business clients, as both are specifically targeting these markets and Afriland is particularly focused on agricultural clients. The West Africa Venture Fund, which provides equity capital to businesses in Liberia and Sierra Leone, notes that its equity investee companies (which would be considered top-end medium-sized businesses in the Liberian market) are able to approach their own banks for business credit: banks mentioned include GT Bank, United Bank of Africa, LBDI, and First International Bank of Liberia, in addition to Afriland First Bank, Ecobank, and IB.

It appears that once the guarantee program expires IB will remain active in the SME market. Ecobank however has made a change in its overall strategy and is now only focused on corporate relationships. Its interest in cultivating the SME sector will be confined to those businesses with value chain relationships to lead firms, where the source of loan repayment can be a direct assignment of sales proceeds from the lead firm.

b) Have borrowing rates or collateral requirements been reduced as a direct effect of the guarantee program?

IB indicated that there are a number of loans that it would not have done because there was not enough collateral available, although it otherwise considered the borrower and deal credit-worthy. It also indicated that its particular interest in the guarantee came post-war, when many prospective borrowers did not have collateral and property titles were particularly confused. Afriland First Bank also indicated that it intended to use the guarantee for projects it considers credit-worthy but which do not have enough collateral. The SME Survey indicated that small business owners found that providing collateral was the biggest problem in getting credit.

The banks indicate that the Central Bank of Liberia (CBL) expects for loans to be fully secured, and IB stated that it has done some unsecured lending but that such loans need to be reserved. By contrast CBL says that the banks establish their own collateral requirements. It seems likely that the regulation and the practice are different: while the regulation may indicate that the banks should establish their own collateral policies, in practice bank examiners may be looking for loans to be secured, and expect them to be heavily reserved if they are not.

IB specifically stated that it charges the same interest rates on guaranteed and unguaranteed loans. While it might appear desirable for the bank to reduce its rates because of the guarantee, the concern would be that borrowers come to expect a lower rate which would no longer be offered once the guarantee program expires. Anecdotal evidence from an Ecobank borrower is that the interest rate on its loan would be 16 percent without the guarantee, vs. the 10-12 percent that the borrower is paying.

c) How are different types of collateral (e.g., land, receivables) utilized for lending and are there ways to voluntarily reduce or change collateral requirements by banks?

The banks in the DCA program look to take land and buildings as collateral, but are also broadening collateral categories to include contracts and assignment of proceeds. These latter items may be considered accounts receivable (if sales have occurred or services have been performed) and covered under the new movable collateral registry, and the banks have been using DCA as a safety cover as they become more accustomed to this value chain lending approach.

A major recent advance has been the creation of an easy-to-use movable collateral registry which allows the bank to take liens on equipment and vehicles, substantially any items with a serial number, in addition to assignments of accounts receivable. More use of liens on equipment is expected to open up more lending. Per the Central Bank, Access Bank is the one bank that is actively lending using equipment as security.

d) Have the capacity and effectiveness of loan officers increased as a direct effect of IBEX technical assistance?

In addition to DCA training and refreshers, IBEX has offered multiple training programs for bank officers from both DCA partner banks and other banks and financial institutions, as summarized in the table below.

Figure 27: Training Offered for Bank Officers

Fiscal Year	Topic	Number of Attendees	Taught By / Program Length
2012	Financing Renewable Energy	15	Gregory Altman VE / 2 days
2013	Agricultural Lending Training	18	Scott Stovall VE / 3 days
2013	Credit Training	39	Lucretia Buster VE / 4 days
2014	Clean Energy Learning Toolkits Workshop	18	Local staff / 1 day
2014	Impact Investing	36	Bob Brager VE / 1 day
2015	Impact of Ebola Crisis	29	Local staff / 1 day
2015	Healthcare Financing	24	Chris Linder IESC / 1 day

The impact of the training is difficult to measure, but the banks have commented favorably on the training provided. IB reports that 4-5 staff, maybe more, have been trained by IBEX, and that the bank typically sends 6-7 participants to a training session. It states that it has gotten training on (DCA) portfolio administration, credit and risk management, and that the branches have gotten DCA training. Some staff have moved on. Ecobank states that it has benefitted from training provided by IBEX, and most recently had 8 staff in a program, but typically sends 4-5 staff to a training session. Ecobank's main source of training is the Ecobank Academy located in Togo (headquarters for the pan-African bank) which has a lot of external trainers. While these programs are free they are more expensive for the bank because of travel costs to Togo.

Afriland First Bank indicates that some 15 bank staff have attended training programs presented by IBEX and that this has helped to build capacity. The bank does send staff out of the country for training, and will hire trainers and handle some training internally. It considers that IBEX training has been satisfactory, both training programs presented by Volunteer Executives (VEs) and by IBEX staff. Access Bank stated that it had not gotten any training through the IBEX program.

e) What additional tools do banks and their loan officers need to increase access to finance?

There are several tools that could benefit the banks and their loan officers in increasing access to finance for SMEs. These are:

- **Credit Bureau** – Around the world this has arguably been the single best fix for access to credit for SMEs (and for consumers) over time, because a strong history of good payment can be used as a whole or partial substitute for financial statements and credit references, and can be the basis for building credit scoring. Per IFC it offered support in building a credit bureau capacity at the same time that it offered work on the movable collateral registry, but that the central bank was not amenable to a credit bureau that maintained a database outside of the country.⁶ Per the CBL, however, it was considering establishing a credit bureau for the MFIs at a cost of \$750,000 but that the sticking point was the lack of a national identity numbering system. It also says that it put the idea of a credit reference bureau on hold when IFC started talking about creating a national credit reference bureau.

If USAID is willing to support the establishment of a national credit bureau, this topic might be taken up with concerned government agencies after the next election. We note that any credit bureau should be national in scope, and would be more effective if it covers the entire financial sector, as well as other payments receivers such as utilities and stores.

- **Additional enabling environment issues** – Banks note that the courts and collection system in Liberia can take three to five years for a lien to be enforced, i.e. collateral seized and sold. Further, there is no good land registry system. These factors mean that collection of collateral is problematic, thus banks need to rely more on the borrower's character and moral suasion.
- **Longer term funding for loans** – The lack of funds other than short term deposits means that the banks cannot make longer term loans, and most of the loans available in Liberia are only for two to three year terms at the most. There are some loan facilities to banks that allow for longer term loans – Afriland First Bank, for instance, has a three-year loan from IFC for on-lending, and the central bank has had some facilities for on-lending, although loan amounts have been low. There may be some potential to use DCA as a liability enhancement, so that a bank could get a loan for on-lending that allows it to make longer term loans.
- **Training and strategy on collections** – The banks are generally having problems with PAR 30 loans (portfolio at risk; loans with some payment amount 30 or more days past due). Ecobank and IB, for instance, have PARs 30 of > 10 percent, and Access Bank's PAR 30 is at 6.5 percent, much higher than its historic PAR 30 rate of 1.5-2 percent. Afriland First Bank's PAR 30 is 9 percent, and the bank specifically mentioned that it needed to build more capacity to manage collections.
- **Training and technical assistance on serving women-owned SMEs**, per the discussion above.

f) What effects have government laws and regulations had on private sector investment in renewable energy and are there law or regulations that could introduce to spur investment in this sector?

⁶ IFC indicated that the cost of housing the database in Liberia would be about \$ 6 million, which would be twice the cost of piggy-backing on an existing system housed, for example, in Ghana, and that at \$6 million the system could not be cost-effective. IFC also indicated that it found that CBL was blocking creation of a national credit bureau with a database located elsewhere, and that IFC did not want to pursue a project that might be setting one government department against another.

To date there has been little interest in investing in renewable energy, although lack of power, specifically electricity, is a major constraint in the country. A new electricity law was enacted in October 2015 that will allow small scale electricity generation to be undertaken by cooperative groups and for-profit companies for resale, without a licensing requirement (although these will all be registered with the Ministry of Land, Mines, and Energy). The next step in implementation of the law and support of energy projects will be for the Ministry to specify threshold standards, safety requirements, and the like, so that small scale projects and producers around the country can be supported and their work replicated.

From a private sector perspective, the new law may be viewed as necessary but not sufficient to encourage investment in renewable energy, and realistically the private generation of renewable energy is not commercially viable yet. IFC reported that it had considered investing in a couple of Chinese companies that intended to generate and resell power to mining companies, but that these prospective customers were not willing to experiment with renewable energy technology. The commercial banks in Liberia do not have much interest in the targeting the sector, although would look at loan requests on a case by case basis (with credit likely based on the strength of the borrower, not evaluation of cash flow from energy savings) if brought to them. Overall the field is too new, and there is no sense yet of rates, capacity and willingness to repay, and understanding of sector risks and constraints. Another issue from the banks' perspective is the lack of long term funding to support the longer term credits that energy projects would need.

Having said this, it seems that renewable energy could be an important niche market for a bank, particularly because mini hydro projects may be feasible in many areas of the country due to the extensive river system. Right now the small scale cooperatives around the country that are being supported by Power Africa can be thought of as pilot projects that could lead to a more widespread rollout, once more is known about workable organization, payment rates and structures that encourage bill payment, and fixed and variable costs of power generation. A financial institution like Afriland First Bank might be interested, both because it is operating directly and indirectly out in the regions and because village cooperative members would be its target market to serve.

EQ4: WHAT ADJUSTMENTS, AND/OR AREAS FOR IMPROVEMENT ARE NEEDED TO ENSURE EFFECTIVENESS IN ACHIEVING EXPECTED RESULTS DURING THE DURATION OF THE PROJECTS?

Findings

- a) Opportunities to add, change, and/or remove activities to meet or surpass the project targets/objectives?**

IBEX

Overall the DCA guarantee does seem to be encouraging more SME lending, and more SME lending generally seems to be occurring in the market. The “gatekeeper” issue is less a question of how DCA works to encourage SME lending, but how can this be done by the banks rather than it being foisted off on IBEX or IBEX inserting itself into all decisions. A couple of tools may address this, which would be individually developed for each partner bank (because DCA agreements are not identical, and because banks have different market interests and risk appetites).

Develop a DCA Template: IBEX should not have to review every application to determine whether it qualifies under DCA regulations and contract terms. The banks should be able to do this themselves, and the easiest way to do it would be to create a DCA template to review each loan – is the loan for a business in the appropriate sector, is the business function not in violation of particular USAID requirements, etc. The agreement terms and the USAID regulations are not complicated, and determining whether a loan qualifies should be straightforward.

Develop Minimum Acceptance Risk Criteria (MARC): SME lending often becomes overwhelming for banks and loan officers because documentation requirements to meet central bank standards are high, and the interest in developing the customer relationship is lost amid paperwork. One way to address this is to develop Minimum Acceptance Risk Criteria (MARC), which are intended to identify those customers that are considered attractive to the bank, and provide a quick decline to others. IBEX and the bank would jointly develop a list of criteria that should be met, and IBEX then would only refer over clients that meet the requirements or can provide a satisfactory substitute or alternative to a requirement. The MARC review would be done before the bank goes through the process of obtaining all the required documentation. MARC questions may include, for example:

- Operating business for one year
- Two-three years experience in sector
- Acceptable debt/equity ratio for new project
- Profitable operations
- Not in bankruptcy
- Clean credit report/acceptable handling of deposit account

The objective here is to get a good idea of who the prospective borrower is, what the business is, and what the new project will be. IBEX could continue to prospect for customers, but would have this quick screening to gauge bank interest, and the good prospects could then be developed by the bank. Individual banks should also adopt this sort of screening tool for their own use as a time management mechanism for loan officers.

Conduct targeted training: A lot of the training provided by IBEX to bankers to date has been chosen because USAID wanted to support certain market segments through providing a DCA facility, namely agriculture and renewable energy. Since the sectors that the DCA guarantee now covers are much broader, training would be more conducive to encouraging SME lending if it were demand rather than supply-driven, so that training support comes because it addresses segments and issues that the banks want more information on. For example, training sessions on loan collections have been requested by one of the banks, and SME lending would be more attractive if the banks were better equipped to do loan recovery from this type of borrower. While EcoBank has indicated that it henceforth will have a corporate focus, it does plan to do more value chain lending for the SME suppliers to corporate customers, and training on how this could be done (particularly so that collateral is contract-based) should be well-received. More demand-based suggestions should be reflected in the training topics survey that IBEX was conducting.⁷

Collaborate with local BDS providers: Rather than performing any loan analysis itself, contract with local, private, independent BDS providers that could provide these support services on a fee basis. Training can be provided to the banks and to the BDS providers, in joint sessions, on topics of interest selected by them. These might include a re-presentation of the original credit training sessions, training work on collections, and perhaps a training session on serving women-owned businesses.

Coordination with business development assistance: The banks need to be encouraged to do their own client sourcing and to make their own decisions. One good step in this direction is occurring with the newest DCA partner bank, Afriland First Bank, which says that it does cooperate with SHOP and GROW, and is starting a relationship with FED. These are the types of project referral sources that the banks should work with directly, in addition to getting referrals from the BDS providers of their clients. Around the world USAID has offered a DCA guarantee in tandem with a business assistance project, which has strongly encouraged use of the DCA facility. Examples include Rwanda, in tandem with coffee sector growth; and agricultural and eco-tourism value chain development in Ecuador.

IBEX should also be doing considerably better collection of monitoring and evaluation data. Given the importance of training in the project, for instance, a more detailed report on training that itemizes the dates, training topic, target audience, and number of attendees should be available than the report shown in Annex 7, which was cobbled together from two separate reports from IBEX but which still does not properly reflect the parties who were trained.

SMI-L

Other than the plan to facilitate more mentoring of some clients, the SMI-L project should continue as in the past, through the current expected end date in 2017. However, we do recommend that the project develop a plan for the transfer of current services, especially the on-line directory, to a private sector entity that would operate the directory on a for-profit basis, charging fees and accepting advertising.

b) Opportunities to improve project effectiveness through a different or expanded geographic scope or emphasis on alternative activities?

⁷ IBEX indicated that it was surveying banks to determine training topics of interest, although results were not provided as a part of this evaluation.

IBEX

Rather than an alternate set of activities or a geographic expansion we recommend that IBEX narrow its focus to supporting SMEs through development of local business service providers. While we complimented IBEX on its flexibility in providing some events that were outside of the range of its planned targets, we find very limited benefit of providing services directly to smallholder farmers (such as the poultry event described above).

SMI-L

No applicable comments.

c) Exit strategy in case there is/are recommendation(s) to remove activities or change the geographic scope?

There are no recommendations to remove activities or change the geographic scope.

d) Sustainability plan for the continuation of the IBEX and SMI-L programs after USAID funding concludes?

Although not explicitly stated in the evaluation question, the implicit, and perhaps more important question about sustainability is, what is the plan for sustainability of the SME financing and SME market access activities that have been the focus respectively of the IBEX and SMI-L programs. When looked at from this broader perspective, there may be alternative approaches that should be more closely explored by USAID. For example, an important weakness in financial markets relates to the lack of credit information on potential borrowers. As explained elsewhere in this report, the IFC and the Central Bank have been working on creating a comprehensive credit reference bureau that would provide up to date information on all extensions of credit, including but not limited to those provided by banks. An interim step, which might be undertaken in collaboration with the IFC and Central Bank, is improvement of the existing Excel spreadsheet reference system maintained by the Central Bank. At the same time, USAID could assist the Government of Liberia in resolving issues related to the choice of a unique identification number needed for the operation of a credit reference bureau.

IBEX

The Program Description of the 2012 Cooperative Agreement between USAID and IESC includes a specific component, “Component 3: Sustainability and Exit Strategy”, which addresses the question of sustainability of the loan facilitation and other services provided by IBEX to Liberian SMEs. It states in part that:

“IESC will work with the partner banks to determine the best means for institutionalizing professional skills capacity building, likely through some kind of membership-based business support organization (BSO) or affiliation with a Liberian university or training center that will carry on programmatic training for bankers and/or borrowers.”

At the time of the initial Agreement the focus appeared to be more on the training needs of bankers than of SMES, although the Agreement cites IESC’s experience in Jordan with the \$27 million USAID-funded Jordan-United States Business Partnership (JUSBP). According to the agreement “IESC spun off JUSBP as

a self-supporting local entity known as the Business Development Center (BDC). Today BDC still serves SMEs, long after the USAID program ended in 2004”.

The 2014 amendment to the USAID VEGA/IESC agreement envisioned the creation of three separate entities to further the objectives of IBEX: 1) “A fund to complement bank capital, allowing riskier investments or the quasi-equity risk capital needed to borrow loan capital from banks. Privately run, this fund will have initial start-up capital from the GOL but will also seek out private and multi-lateral investors”; 2) “A business development center to be supported by GOL/NIC but run by vetted, private-sector Business Development Service Providers (BDSPs) that earn income from service provision fees from SMEs; and 3) “working with the Central Bank of Liberia and the Liberia Banking Association to develop a Banking Training Institute as a part of its exit strategy.” It appears that IBEX has focused most intently on the second of these three proposed initiatives, which has come to be known as the National Business Development and Advisory Center (NBDAC), an idea proposed by the National Investment Commission (NIC).

In 2015, IBEX commissioned a detailed feasibility study of a proposed NBDAC which was conducted by a local non-profit group, the Agency for Economic Development and Empowerment (AEDE) and the results of which were presented in a public forum in September 2015. AEDE is organized as a non-profit organization that works with small businesses and non-profit, community groups and is funded by various international donors and organizations (e.g. USAID, SIDA, US Africa Development Foundation, UNMIL). It also has a for-profit affiliate (Wudarbo) that focuses on serving the needs of larger, private businesses.

The AEDE study suggests the creation of the NBDAC as a private, non-profit entity based in Monrovia with branch offices in major regional capitals of Liberia. The Center would be managed by a private sector company selected through a competitive process, and overseen by an Advisory Board of seven persons drawn from various Liberian Government entities, private sector, and contributing donors. The initial capital of approximately \$7 million would be provided by the international donor community. The Center would facilitate services to local SMES by local business development services (BDS) at subsidized rates. The feasibility study envisions that the center could reach the break-even point within five years, at which point higher fees, and possibly subscriptions, would cover all operating costs. NBDAC would not only house the BDS providers, but would also house various government agencies, like the Liberian Business Registry, in order to provide in one physical location many of the public and private services needed by SMEs. According to IBEX, the Government of Liberia has already donated land in Monrovia for the establishment of the center.

The evaluation team discussed NBDAC with several organizations that have played a direct role in its conception and analysis, including IBEX, AEDE, the National Investment Commission (NIC), and the Ministry of Commerce and Industry. IBEX management informed the evaluation team that IBEX is organizing and funding a ten-day trip to South Africa in January 2016 to look at business centers there. AEDE informed us that they are also looking at the experience of several other African countries in setting up business service centers, including Nigeria, Rwanda, and Ghana (they are not looking at the business center developed in Jordan by IESC.) Four persons would go to South Africa: two from IBEX, one from the GOL, and one private sector person (according to an earlier meeting with AEDE, an executive from AEDE will go). In response to a question about whether the manager would be eligible to provide services to SMEs, the IBEX Deputy Chief of Party (DCOP) said that there would be ‘equal opportunity for SMEs and BDS providers’, and that the manager could ‘perhaps’ also provide services. In response to a question about possible conflicts of interest between the manager’s role as manager and its role as BDS provider, the DCOP agreed that there are ‘potential conflicts’, but that IBEX would like to get the Center started as

soon as possible and see how to handle these issues as they arise. When we discussed this same issue with AEDE, they suggested that the manager would provide some basic services, like IT, that ‘cannot be outsourced’, and other services would be provided by independent BDS providers. AEDE is clearly very interested in competing for the NBDAC management contract.

Sustainability is an important and desirable objective for projects like IBEX (and SMI-L, discussed below). Donors, including USAID, have struggled for years with the challenge of creating viable markets in business development services in developing countries (in addition to financial markets that serve the needs of SMEs). While there are, to our knowledge, no clear-cut, successful role models, there are several guiding principles that have emerged over the years. Among these are the exclusion of any government agencies from competing with private BDS providers, and the imposition of clear time limits to subsidies for individual companies. There are also many different and innovative approaches that have been tried around the world. One of the most interesting is in Mauritius, where the World Bank/IFC requires SME recipients to pay back the costs of BDS services into a revolving fund, out of increased revenues derived as a result of implementing BDS provider recommendations. The fund is managed by a local non-profit entity which recycles repayments into additional services for other SMEs. The latter are independently audited by the project manager to determine whether revenues have increased following the provision of business development services.

Whether or not USAID decides to extend the IBEX Cooperative Agreement, the evaluation team recommends that USAID proceed very cautiously with NBDAC as currently proposed. Ideally, any entity set up to facilitate the development of a market in BDS would be managed by a totally independent, non-government organization that would not compete for business with local service providers. In principle, this would rule out local BDS providers, as there would be an inherent conflict of interest between their role as manager and their role as BDS provider. Alternatively, a foreign, private organization may be able to impartially play such a role as long as they are not competing as a service provider in the local market. The main problems with the latter approach are the additional costs and time needed to develop the local services market.

The evaluation team recommends that IBEX increase its efforts to develop local BDS providers as financial advisors to SMEs. This could be done in two ways. First, IBEX should continue to provide training and technical support to local BDS providers. Second, IBEX should begin to outsource its loan facilitation services to local BDS providers on a fee for service basis. In other words, rather than relying on IBEX staff to provide loan facilitation services, IBEX would train and hire local BDS providers to provide these services. Obviously, it would be difficult to accomplish meaningful results with this approach in the time period remaining in IBEX current agreement, i.e. until May 2016. However, it is a much more market-oriented approach than the one envisioned in the NBDAC feasibility study, and possibly one that would merit a longer term commitment of USAID funds.

SMI-L

The Cooperative Agreement for SMI-L between USAID and Building Markets (formerly Peace Dividend Trust) was signed in March 2012 with a term of three years, and was later extended for an additional two years until March 2017. The Program Description included the following ideas concerning sustainability:

“The full project will run for a 72 month (six year) period, although this funding proposal only covers the first 36 months. Following the first 36 months, the project will shift gears and focus more heavily on transitioning activities to local actors if appropriate and phasing down/out”...

“PDM-L will begin evaluating and charging for services from the beginning. The specific services and costs will be adjusted during the first twelve months of the operational phase.”

SMI-L management is aware of the discussions regarding the creation of an NBDAC. In fact, it was interviewed by AEDE, the feasibility study consultant. At this point, SMI-L management is thinking that its operations, especially the supplier database, would be handed over to a local entity that promotes small business development when the agreement ends in 2017. Among the candidates being considered is the Small Business Administration Department in the Ministry of Commerce and Industry (MOCI).

The evaluation team recommends that SMI-L’s supplier database, which is considered as one of the core services being provided to local buyers and sellers, be transferred, possibly even sold, to a private sector BDS provider that would agree to maintain and even expand the service and operate it for a profit. The alternative is transferring the database to a government organization, notably the new SBA Department at MOCI. However, given traditional budget constraints in any government entity, it is unlikely that the SBA would be able to continue the services over the long term.

Similar to the recommendation above concerning IBEX services, the evaluation team also recommends that during its remaining two years, SMI-L increase its use of local BDS providers to deliver the matchmaking services required by both buyers and sellers. A two pronged approach could include: 1) training programs and advisory services specifically targeted for BDS providers, and 2) contracting with the same companies to provide the fee-based training courses now conducted by SMI-L staff.

With respect to the broader question of sustainability of SME sales to buyers, such as concessionaires, donors, international organizations like UNMIL, and the Government of Liberia, USAID may also want to examine the following additional options. Earlier in 2015, the Government adopted a measure that requires all its ministries and agencies to purchase at least 25 percent of all needs from local, small businesses. USAID, probably through the SMI-L program, may expand its assistance to Government organizations and SME suppliers to ensure that these goals are met. A second option would be to further examine an approach being used under the Danida-funded GROW program that is working closely with buyers to develop their own supplier networks for rubber products.

RECOMMENDATIONS

Many of the recommendations and suggestions of the evaluation team are contained throughout this document, so this section will generally serve to summarize these, and prioritize the recommendations that the evaluation team considers the most important. Overall we consider that Liberia is past its most fragile state as a post-war, recovering economy, and despite current economic downturns caused by lower commodity prices and the Ebola crisis, is on its way to normalized operations. We therefore consider that interventions should focus on improving the enabling environment so that businesses and financial institutions may operate on a commercial basis rather than relying on unsustainable subsidies.

EQ1: WHAT ARE CURRENT PRIVATE SECTOR STRENGTHENING ACTIVITIES?

See “Private Sector Development Programming” section below.

EQ2: HOW ARE THE IBEX AND SMI-L PROGRAMS PERFORMING?

1. **IBEX should expand its use of local BDS providers to deliver training and loan facilitation services to SMEs** to promote the sustainability of these services after the project ends.
2. **IBEX should reinforce its capacity building support for DCA banks so that they will be able to assume their primary responsibilities for credit analysis of loan applicants.** Both IBEX and the banks view IBEX’s role as that of a gatekeeper rather than a loan facilitator, to the point that the pattern is for all loans to be submitted to IBEX for DCA eligibility review before approval. This working relationship is not a good foundation for continued SME lending after the IBEX project closes, even with the guarantee still available.
3. **SMI-L should place greater emphasis on the use of local BDS providers,** as was envisioned under the most recent agreement to its cooperative agreement.
4. **Monitoring and evaluation systems should be improved.** A detailed review of IBEX M&E data revealed that the number of client firms that have received services is overstated. IBEX’s loan statistics are also inflated. SMI-L M&E systems should be updated to ensure that all beneficiary companies are included in its reports.

EQ3: EXPLORE THE USAID CREDIT GUARANTEE (DCA) PROGRAM AND BANKING SECTOR IN LIBERIA.

5. **In its support for better information on prospective borrowers, USAID should consider, as an interim step, which might be undertaken in collaboration with the IFC and Central Bank, supporting improvement of the existing Excel spreadsheet reference system that provides information on banks about outstanding credits maintained by the Central Bank.** At the same time, USAID should assist the Government of Liberia in resolving issues related to the choice of a unique identification number needed for the operation of a credit reference bureau.

6. **USAID should make DCA guarantees available for sourcing longer term funding for on-lending**, so that partner banks are able to offer financing for periods of longer than the current two to three years.
7. **Other commercial bank support should include additional training** including on collections and lending into value chains, as well as technical support on areas of interest such as serving women-owned SMEs and collections.

EQ4: WHAT ADJUSTMENTS, AND/OR AREAS FOR IMPROVEMENT ARE NEEDED TO ENSURE EFFECTIVENESS IN ACHIEVING EXPECTED RESULTS DURING THE DURATION OF THE PROJECTS?

8. **USAID should proceed very cautiously with NBDAC as currently proposed.** Donors, including USAID, have struggled for years with the challenge of creating viable markets in BDS in developing countries. While there are, to our knowledge, no clear-cut, successful role models, there are several guiding principles that have emerged over the years. Among these are the exclusion of any government agencies from competing with private BDS providers, and the imposition of clear time limits to subsidies for individual companies. USAID should look closely at alternative models of providing BDS services to SME, such as the World Bank/IFC project in Mauritius.
9. **SMI-L should develop a plan for the transfer of its supplier database to a local, for profit entity and conclude the transfer prior to the expiration of its cooperative agreement.** SMI-L's supplier database, which is considered as one of the core services being provided to local buyers and sellers, should be transferred, possibly even sold, to a private sector BDS provide that would agree to maintain and even expand the service and operate it for a profit.
10. **USAID should work with SMI-L to clarify how SMI-L plans to support BDS providers**, a new provision of the amended cooperative agreement, between now and the conclusion of the agreement in 2017.

PRIVATE SECTOR DEVELOPMENT PROGRAMMING

This section presents ideas for future private sector development programming in Liberia. We first present ideas for broader access to finance programming in Liberia. Next we discuss placing access-to-finance programming within broader private-sector development competitiveness programming including a draft scope of work for such a project. Annex 8 presents three DCA loan guarantees in Sub-Saharan Africa where the close coordination between the guarantee and USAID-supported technical assistance projects contributed to increased utilization of the guarantees. Annex 9 includes descriptions of comprehensive competitiveness projects, some of which explicitly coordinated with DCA programs in the respective countries and some of which did not.

BROADER ACCESS TO FINANCE PROGRAMMING

We recommend considering providing broader access-to-finance assistance, and for placing access-to-finance programming within broader private-sector development competitiveness programming so that assisted SMEs are being assisted not only with access-to-finance but also in a range of areas where help is needed.

Commercial Banks

The evaluation team learned from KIIs that banks rely heavily on IBEX to review DCA loan applications which banks should be doing themselves (discussed in detail below). Also, there is a heavy emphasis on “hard” collateral requirements and limited focus on cash flow and character analysis-based lending decisions. More comprehensive assistance could be given to commercial banks to utilize more flexible collateral instruments for loan guarantee purposes and to increase their capacity for successfully lending to SMEs. Suggested activities include:

- Identify commercial banks or finance companies with strong SME client outreach potential and strong evidenced interest in accessing SMEs as a major new clientele (candidates appear to be existing partner banks IB and Afriland First, also Access Bank);
- Develop MOUs with each of these institutions detailing technical/training support activities and corresponding expected changes in risk analysis and management-related policies/procedures, along with up-scaled SME loan origination and loan administration-related (e.g., non-performing loans (NPL) rate, SME loans/officer) and product development targets;
- Depending on bank interest, encourage at least one MOU to include a focus on outreach to women-owned businesses, as discussed in this report;
- Provide technical assistance and training to banks to meet goals outlined in the MOUs. Experts ideally should be located with banks to provide assistance. Activities could include:
 - Review institutional and organizational structures;
 - Review existing SME and client identification/outreach and credit
 - Analyze and map the decision making process and procedures for appraisal,
 - Identify, review and analyze current sector-specific SME product offerings
 - Define clear strategies /policies on client eligibility criteria, loan destination, amounts, terms, grace periods, interest rates, repayment frequency and other loan terms and

conditions.

- Define clear step by step procedures for client outreach, loan application, analysis, approval, closing and disbursement for SME loans including to the agriculture sector (or other sectors).
- Define clear step by step policies and procedures for loan monitoring, collection, structuring, sanctioning, provisioning and write offs.
- Redesign loan documentation and formats including loan application (new and repeat borrowers), contract/closing and disbursement.
- Select pilot branches for the testing of loan procedures and formats
- In coordination with the marketing departments of each bank, propose marketing strategies for the new ag product including branding and marketing materials.
- Develop and implement (how-to-do) guides for loan officers on loan promotion/marketing, portfolio transfers among other.
- Make adjustments to the job description and profile of loan officers and supervisors to reflect the new responsibilities as defined by the loan manual.
- Redesign current staff incentive system to reflect the new approach to SME lending and client outreach.
- Review current/planned credit staff training programs and make recommendations for improvement/design and implement new programs as required.

Given the need for longer term finance but the very short term asset-liability mix of Liberian banks, DCA facilities to guarantee loans for longer term on-lending would be appropriate. In these cases, the DCA would enhance bank liabilities (loans for funding credit to clients) rather than bank assets (credit to clients).

USAID should take a broader and longer term view of the question of finance for SME development. As further elaborated in this and other sections of the report, efforts to increase the utilization of existing DCAs should be subsumed under a broader effort to make financial markets work without long term donor intervention. The work initiated by the GOL in collaboration with the IFC to expand the types of collateral and improve information flows should be at the heart of USAID assistance on the supply side of the equation.

Non-bank financing

It is important to keep in mind the relevance of non-bank sources of lending, which even in developed economies are a significant source of financing.

- **“Embedded financing”.** Financing can be provided by partners in a value chain rather than by commercial banks, and these partners can be assisted in finance techniques by USAID. For instance, USAID could teach credit assessment skills and policies, and financing perspectives to agro-processes and agro input sellers for farmers, or to wholesalers that sell to retailers to provide financing to those retailers. These partners can be effective suppliers of credit to small producers and traders as they already have the market linkages and market knowledge.

Trader credit and contract farming are “embedded financing” mechanisms that can expand access to finance in rural areas. Trader credit refers to short-term or seasonal loans between buyers and sellers. It is typically provided in commodity-based value chains such as rice or other grains. In contract farming, loans are tied to purchase agreements where farmers agree to sell to a given buyer, who in turn often commits to providing additional services such as technical assistance.

- **Franchising.** USAID can consider providing technical assistance to support the establishment of franchising and the capacity building of franchisors. Franchisors can be an important source of financing for franchisees, in addition to other benefits they provide.

Equity

A constructive approach can be to combine together access-to-finance assistance for lending and for equity investment. For instance, in a USAID project in Tunisia that IDG implemented, we created a consortium of banks lending to small businesses, small business equity lenders, and small business capacity building organizations, for joint programs to select promising small businesses, mentor them, and help them gain access to bank and equity financing.

BiD Network: SME Web Platform

On the USAID Tunisia ICT Competitiveness Project, IDG launched a Tunisian SME Portal to support SME financing, development and entrepreneurship through BiD Network. BiD Network is an online platform and service that prepares emerging market entrepreneurs for investors. The core goal of BiD Network is to facilitate the start, growth and finance of businesses in emerging markets, serving entrepreneurs, coaches, investors, business angels and business incubators with an international network of partners in Africa, Eastern Europe, Latin America, and the Middle. The BiD Network web platform (www.bidnetwork.org) – currently with more than 46,000 members – facilitates business plan competitions, business plan tools, online community building, coaching programs and the assessment of business plans.

Upon registration on the platform, Tunisian SMEs were guided through the process of developing their project descriptions and business plans that will bring them to “fundable” status and served to invite investors. Tunisian partners on the initiative included BIAT, the country’s largest private bank, and the government-owned Bank for the Financing of SMEs, Tuninvest-Africinvest Group (a leading private equity house in North and sub-Saharan Africa), Carthage Business Angels (an association that brings together individual investors in business ventures, known as angel investors, with high-impact entrepreneurs), and IM Bank (a merchant bank with a strong capacity to provide mentoring and expertise to start-ups and early-stage companies). Two other members are SOTUGAR, a government credit guarantee institution, and ESPRIT, a leading private university focused on engineering and technology.

These partners collaborated to collectively identify, evaluate and vet SMEs for financing and support, using common criteria, on a pilot basis introducing improved lending and investment practices that later can be rolled out nationwide, organized and supported by the BiD Network platform. SMEs upload business plans and financial plans to the platform. The partners evaluated the plans and determine financial and technical assistance needs, and coordinated investment and lending decision-making, complemented by mentoring of local entrepreneurs.

The platform was launched in the final months of the project. At project completion, the core group of Tunisian counterparts, with organizational and technical support from IDG, had reviewed the first batch of applications for financing from 15 start-up firms and early-stage companies.

Financing for Small Energy Projects

Many village-level or small-town projects are not independently bankable, given risks, uncertainties of willingness to pay, and other factors, so strong public-sector involvement would be needed to make this work. USAID could also provide DCA-backed lending for small renewable energy equipment, for instance

trade financing for traders to acquire equipment from wholesalers (which could be international NGOs) and then sell equipment across the country.

Technical Assistance to the Central Bank

USAID should consider supporting the Central Bank to improve credit information systems in coordination with ongoing work by the IFC. For example, a senior official at the Central Bank would like to update an existing Excel-based system that provides information on banks about outstanding credits. The cost would be minimal and could pave the way for a more comprehensive credit reference bureau.

To date the Central Bank has done a lot of work to support credit availability for microenterprises and smallholder farmers, by supporting MFIs and particularly by offering lines of credit for on-lending to the MFIs and to village savings and loan associations. More outreach to support banks providing banking services to SMEs would provide parallel support to these larger businesses that do create arm's length employment (businesses that are creating real jobs that people other than family members are hired for and paid for – vs. micro enterprises, which will use family labor but not necessarily provide payment, just a benefit of the family profiting). While lines of credit for on-lending of the amounts that are realistically needed by the businesses likely would not be feasible (amounts would be too great for the government budget to fund), a joint effort by the central bank and interested commercial banks to document use of alternative collateral and approaches to credit evaluation and monitoring would encourage lending based on value chain relationships, and less reliance on immovable collateral. The sense now is that the central bank may not actually require land and buildings as collateral, but in practical terms this is most likely what the bank examiners are looking for.

DCA Program

Annex 8 discusses three DCA programs in Sub-Saharan Africa where the close coordination between the guarantee and USAID-supported technical assistance projects contributed to increased utilization of the guarantee.

COMBINING ACCESS-TO-FINANCE ASSISTANCE WITH BROADER PRIVATE-SECTOR DEVELOPMENT

In supporting IBEX and SMI-L, plus other programs such as FED and Rural Energy, USAID has staked out for itself an important role in promoting private sector, especially SME, growth and employment creation. The evaluation team believes that as IBEX and SMI-L wind down in the next two years, USAID should be thinking in terms of broadening and deepening its support for SME development, building on the experience of the last three to four years. In addition to near-term adjustments to existing IBEX and SMI-L programs which are detailed in EQ4, the evaluation team suggests the development of longer-term interventions.

An approach to access-to-finance that has been successful in other countries is to include such assistance within a comprehensive competitiveness project, which also could focus on a number of other related areas of assistance, such as: value chain strengthening, business enabling environment, accessing domestic and international markets, and vocational education. Below is an illustrative scope of work for such a comprehensive competitiveness project. Annex 9 includes descriptions of several such projects,

some of which explicitly coordinated with DCA programs in the respective countries and some of which did not.

Component I: SME Development

The project should target carefully selected value chains that have growth potential. Following is a list of criteria that could be used to select value chains:

- **Quantitative analysis of comparative advantage which could include domestic resource cost analysis (DRC).** DRC analysis seeks to estimate the opportunity cost (shadow price) of factors of production (i.e., the price that would prevail in the absence of market distortions). This allows determining whether a product or service would have a comparative advantage in the absence of subsidies, impediments, and other distortions.
- **Employment potential.** Assess employment potential particularly for high-unemployment population segments and women.
- **Existence of policy/infrastructure barriers.** Assess relevant laws/regulations, the types and quality of supply and distribution chain linkages, the role and behavior of anchor firms, the presence of foreign investors and their effect on improving the industry, and the types and strength of cooperative action through associations and PPPs. (This assessment can be used to inform Component 4).
- **Presence of progressive firm management.** The project should seek to work with firms with progressive managers interested in assistance and change.

Assistance to value chains could include the following:

- **Operations and productivity improvement.** Improve internal business processes (e.g., HR management, operations, etc); enhance workflow; eliminate production bottlenecks; invest in technologies that enhance productivity and cut costs.
- **Product development and marketing.** Strengthen product development capabilities to respond to market trends and tastes; improve marketing capabilities (branding, packaging/labeling, customer relations).
- **Supply-chain management.** Establish practices and introduce technologies that optimize the flow of information and movement of goods along supply chain and across borders.
- **Management enhancement.** Training for SME managers will focus on developing a market orientation as well as basic management skills: strategic planning, project management, scheduling, quality control, product design, ISO standards and communications.
- **Building linkages to domestic and foreign markets.** The Team will help select firms identify potential international markets and partners, make initial contacts, build relationships, and close deals.
- **Business-to-business linkages.** Strengthen supplier and sub-contractor networks (e.g. farmers and local raw input suppliers) with focus on contract compliance, standardization and quality control.
- **Improve SME networking.** During KIIs buyers did not provide evidence of networking among SMEs in Liberia. The networking events hosted by Building markets were meant to connect buyers and suppliers not necessarily to initiate networking among SMEs. Cluster initiatives/networking activities suggested here include the view of UNIDO, the promotion of efficient systems of relations between enterprises and between enterprises and institutions which allow SMEs to overcome their isolation and reach new collective competitive advantages beyond the reach of individual small firm. The emphasis should be placed on BDS providers acting as facilitators of SME

Networks or system integrators. This would enhance the development of a collective entrepreneurial vision that breeds a whole business system including SMEs, buyers and the service providers themselves. The focus of the networking or cluster initiative is not on individual business but on a whole business system. Initial actions should focus on the identification of SMEs with similar features, including challenges and market interests.

The emphasis should be on SME growth and employment creation first and foremost, making maximum use of local goods and services providers. A key recommendation is to transition to more sustainable models of BDS. The assistance outlined above can be provided through local BDS firms. In this section we discuss two approaches to build sustainable BDS capacity locally over the longer term.

Direct assistance to business service providers (BSPs). In conjunction with direct support to SME job creators, provide technical assistance to BSPs in crosscutting business practices and industry-specific assistance. This could include: business and financial management, marketing, HR management, basic IT solutions for business, customer relationship management and quality control. Training programs that address specific cross-sector issues could include supply chain management, ISO or industry specific topics. Expatriate experts can be twinned with local consultants to ensure transfer of knowledge, and also organize training workshops for both BSPs and SMEs to maximize the cost-effectiveness of their trips. SMEs that receive services should be requested to evaluate BSPs so they can improve their services and to spur competition. To ensure strong partner commitment, BSPs can be invited to submit proposals to receive assistance. BSPs should be selected with a view towards maximizing the impact of USAID funding on productivity gains, new sales/exports and employment creation.

Embedding BDS in the value chain. Larger, more capable Liberian firms or international companies that source inputs locally can develop programs to provide BDS to the SMEs that supply them with assistance from USAID. Improving quality and consistency of inputs is beneficial for both the buyer and supplier (BDS is “embedded” in the value chain rather than provided by an outside third-party consulting firm). For example, Firestone Liberia could provide training to rubber farmers on improving agronomic practices which would benefit both the farmers and Firestone to receive higher quality input. Potential partner companies include LAC, and other lead firms that SMI-L is already cultivating. In addition to agricultural firms, larger construction firms would be good targets, given the amount of infrastructure, particularly road development, needed in the country. USAID can approach potential companies, develop and agree on programs, and draft MOUs detailing USAID’s and the companies’ commitments.

Component 2: Access to Finance

See section above on broadening access to finance programming.

Component 3: Workforce Development

The project should make VOCED systemic improvements that would most directly benefit targeted value chains. Several ideas for this component include:

Jointly financed skills training and job placement program. IDG had success on the USAID Tunisia ICT Competitiveness Project implementing a cost-shared training program and job placement program that provided training for soon-to-be-hired job seekers in skills areas identified by their future employers. Employers paid 20 percent of the cost of the training and the project paid 80 percent. The training followed a Quick Start model, tailored to give workers skills for specific jobs for which workers already

have been chosen. Through a competitive process, the project signed blanket purchase agreements (BPAs) with 10 local training providers. The BPA allowed IDG to quickly and efficiently procure training services. Forty-seven employers signed sign commitment letters to participate in the cost-shared training program. Training was provided in a range of areas including workplace communication, language skills, management techniques, ISO 14001 certification, ICT skills, and strategic sales and marketing, among others. IDG trained a total 847 people, and employers paid \$289,305 to training organizations for training programs organized by IDG.

Improving curricula. The project should work with select institutions to create and improve communication channels with the private sector, including collaboration to design and implement short-term and pilot courses that address specific value-chain needs. Curricula developed could be disseminated to all relevant VOCED institutions. The project could also provide training to interested teachers from any relevant VOCED institutions. Assistance to VOCED institutions to focus more on student employment, part time jobs and unpaid internships.

Job fairs. Working with local counterparts, the project could organize job fairs aimed at young, unemployed people educated in targeted sectors. The fairs would bring together companies with job openings and the unemployed, at an event in Monrovia. The goal should be to build the capacity of a local counterpart to organize and implement job fairs. Additionally, seminars could be provided to job seekers on resume writing, job seeking, interviewing, etc.

Create or provide technical assistance to career centers at universities. Career centers play an important role helping students find and prepare for jobs centers. The project could support the establishment of career centers and build their capacity to train students on job searching, interviewing, CV writing, etc, and matching local employers to suitable student job seekers.

Component 4: Private Sector Enabling Environment

In addition to working with the Central Bank and other donors, especially the IFC, on access to credit issues, USAID should continue to coordinate its direct support for SMEs with the national institutions that are cited by Liberians as being most directly involved in elaborating and implementing policies that affect the private sector, namely the Ministry of Commerce and Industry, the National Investment Commission, and the Ministry of Finance. The knowledge and understanding gained through USAID's support for bankers and entrepreneurs should be invaluable inputs for policy reformers, including those working on topical issues like local content policy and WTO accession.

USAID should also explore additional opportunities for improving the availability and sustainability of infrastructure services, especially in the electric power sector. The latter would complement ongoing activities in rural electrification and could help to leverage additional capital support from the World Bank, the AfDB, and the USAID Power Africa initiative.

ANNEXES

ANNEX I: EVALUATION STATEMENT OF WORK

MID-TERM PERFORMANCE EVALUATION OF Liberia Investing for Business Expansion (IBEX) Program and Sustainable Markets Initiative – Liberia (SMI-L) Program

I.0 BACKGROUND INFORMATION

I.1 Identifying Information

1. Activity Name:	Liberia Investing for Business Expansion Program
2. Award Number:	LWA EMM-A-00-04-00002-00 AID-669-LA-12-0001
3. Award Dates:	May 2012 – May 2016
4. Funding:	\$3,570,000
5. Implementer:	IESC
6. AOR/Alternate AOR:	Samba Kawa/Samsudeen Amusa

1. Activity Name:	Sustainable Markets Initiative - Liberia
2. Award Number:	AID-669-G-12-00001
3. Award Dates:	March 2012 – March 2017
4. Funding:	\$6,925,981
5. Implementer:	Building Markets
6. AOR/Alternate AOR:	Samsudeen Amusa/Maurice Oguthu

I.2 Background and Development Context

Since end of the civil war in 2003, Liberia has begun the long process of rebuilding. Under President Ellen Johnson Sirleaf's leadership, the country has made progress in restoring peace and security, establishing the legitimacy of democratic institutions, stabilizing macroeconomic conditions, and improving many indicators of basic human needs. The United Nations Mission in Liberia (UNMIL), USAID and other donors have played a critical supporting role – maintaining a strong security presence, rebuilding infrastructure, providing basic public services, and filling key management, decision-making and other human resource gaps.

Liberia has made great strides economically, albeit from a low base. Per capita income has increased an average of 11.94% per year over the last ten years, and FDI has increased from \$75.4 million in 2004 to \$700.3 million in 2013, mainly related to commodity concessions. However, even though the data is positive there still remain large segments of the population that have yet to see the benefits of this growth. In general, access to finance, in particular small and medium sized enterprises' (SMEs) ability to access finance, remains a challenge in the country. The financing constraint faced by Liberian SMEs (especially those in the agricultural sector) is attributable to a combination of factors that are rooted in: (i) a legal/regulatory framework that controls and restricts money transfers, bankruptcy and contract enforcement by creditors; (ii) institutional weaknesses, such as the absence of good credit appraisal and risk management/monitoring tools; (iii) absence of reliable credit information on SMEs; and (iv) lack of

sufficient market credibility of the SME sector. This has made it difficult for lenders to assess SME risk appropriateness, creating differences in the perceived versus real risk profiles of SMEs and resulting in untapped lending opportunities for SMEs. Furthermore, while ‘green technologies’ gain popularity and market share in developed countries, their use in many developing countries (such as Liberia) is still in its infancy.

To address access to finance constraints, in 2009 USAID established two credit guarantees with Ecobank and IB Liberia Bank, with a total value of approximately \$12 million. From 2009 to 2012 utilization remained extremely low, approximately less than one percent. It was determined at that time to seek additional support for the credit guarantee schemes by creating a program that could not only assist banks and their lending officers in making loans in sectors they normally did not lend in, but also work with SMEs to strengthen their business and ability to apply for loans. In addition, the existing credit guarantee sector foci, agriculture and renewable energy, were expanded to include Construction, Infrastructure, Agribusiness, Hospitality and Transportation and General Merchandise. As of February 2015, the credit guarantee utilization rate increased to approximately twenty five percent.

In addition to addressing access to finance, USAID/Liberia determined the need for general SME development, in particular integrating SMEs into international concessionaire supply chains. Mining has traditionally played a fundamental role in Liberia’s economy; however, in the past most, if not all, of procurement was obtained outside the country, which ultimately led to political and economic instability in the country. SMI-L’s program addresses this issue by strengthening SMEs and helping concessionaires access a database of vetted businesses to purchase local goods and services. There is close collaboration between IBEX and SMI-L.

I.3 IBEX Program Intended Results

The principal objective of the Liberia IBEX program is to improve Liberia’s lending environment in order to support the Agriculture, Renewable Energy, Construction, Infrastructure, Agribusiness, Hospitality, Transportation and General Merchandise/Trade sectors. The program plans to achieve this through technical assistance (TA) support for improved risk management, outreach and access to technical expertise and financial intermediation advisory support. Program advisory support is designed to help mitigate risks and costs associated with lending in these sectors. The aim of the program is to encourage lending to small and medium enterprises (SMEs). The program will work closely with the private sector, government, donors and USAID-supported programs in focused activities in three key areas:

- Technical Support and Capacity Building for SMEs;
- Technical Support and Capacity Building for Banks; and
- Sustainability and Exit Strategy.

As with all of its projects, USAID/Liberia promotes achievement of measurable impacts on the ground, and the establishment of sustainable platforms. IBEX will measure impacts in terms of:

- Increased utilization of existing guarantees, as well as expression of interest of other banks to utilize a guarantee program;
- Additional loan applications to banks from target sectors;
- Number of new policies implemented at banks as a result of IBEX interventions; and
- The creation of the National Business Development and Advisory Center.

I.4 SMI-L Program Intended Results

The objective of SMI-L is to link buyers (both international and local) with capable local suppliers to expand economic opportunities, strengthen local capacity, increase employment, and enable private enterprise development. SMI-L will achieve this objective by implementing a suite of complementary activities that match demand from buyers with local enterprises to enable more contracts to be won by a wider range of local enterprises.

I.5 Approach and Implementation – IBEX Program

Component 1: Technical Support and Capacity Building for SMEs

IBEX is concentrated on supporting SMEs in the area of capacity building and technical support. Specific activities include:

- Support to DCA credit applicants with financial documentation necessary to obtain guaranteed loans;
- Create a portfolio of value-chain business opportunities/bankable projects and make available to various potential investors (USAID project beneficiaries, Diaspora investors, impact investors);
- Develop, test, and deliver an outreach/communication strategy designed to create awareness and inform potential borrowers (small/medium producers, processors, marketers in the agriculture and rural energy sectors) of lending opportunities. The goal will be to help SMEs understand how to grow their businesses, the role credit plays in this process, as well as the importance and nature of quality loan applications. The strategy is not to advertise the fifty percent guarantee of the loan product; and
- Coordinate activities with other USAID programs (e.g., FED) to avoid duplication of efforts.

Component 2: Technical Support and Capacity Building for Banks

As increased utilization of the existing guarantees was an impetus for the creation of the program, this component is a critical area for IBEX. The program:

- Reviews and collects data on the current situation of USAID/Liberia's DCA agreement with the two Partner Banks, writing-up findings as a baseline;
- Conducts constraint analyses that articulate constraints to bank lending. Constraints such as: lack of understanding of sector credit needs and credit worthiness; lack of outreach plan; insufficient training and/or inadequate tools in credit appraisal, portfolio analysis, cash-flow lending, credit risk analysis, comprehensive loan process review, change and risk management; limited capacity to develop products to attract new clients;
- Provides detailed technical support and capacity development plans to address constraints identified;
- Validates/revises plans with Partner Banks and other relevant stakeholders;
- Implements plans with the Partner Banks via learning materials provision, workshops, seminars, short courses, on-the-job-training, mentoring, coaching, and on-line training;
- Measures and reports results of technical support capacity development and increases in Development Credit Authority (DCA, or credit guarantee) lending against baseline; and
- Plans and Implements a marketing program to generate awareness of the DCA program. The goal will be to help banks better understand, in Monrovia and branch offices, technical aspects of the DCA guarantee consists of, the role banks play in this process, as well as the importance and nature of quality loan applications.

Component 3: Sustainability and Exit Strategy

The program will continue to operate after the conclusion of USAID funding. IBEX is currently exploring various business models for financial viability, including subsidies from Government of Liberia (GoL), or creating a fee-based model.

1.6 Approach and Implementation – SMI-L

SMI-L consists of five components that, when combined, work in a synergistic manner to achieve results.

Component 1: Business Portal and Supplier Directory. Available through liberia.buildingmarkets.org, this online platform provides resources that help facilitate local procurement including a supplier director containing verified profiles of local companies. It is searchable by sector and location.

Component 2: Tender Distribution. SMI-L collects tenders from institutional buyers and disseminates them to local suppliers via SMS, email and other means. This helps to connect local companies to new business opportunities that they may not be able to otherwise access.

Component 3: Business Matchmaking. SMI-L facilitates transactions with local suppliers by helping international buyers identify cost-competitive and high-quality domestic products and services on request and through networking events.

Component 4: Training. SMI-L delivers training sessions to entrepreneurs that aim to cultivate skills and increase competitiveness in the local marketplace. Seminars are focused on contracting requirements, international standards and tender procedures.

Component 5: Market Research and Communications. From research to awareness-raising campaigns and seminars, opportunities that promote the importance of supporting local enterprise are pursued by SMI-L.

1.7 Existing Documents

A variety of project-related documents, including but not limited to the following, will be available and provided by USAID to the contractor upon award:

- IBEX, SMI-L Award and Statements of Work
- IBEX, SMI-L annual work plans
- IBEX, SMI-L Monitoring and Evaluation Plans (previously called Performance Management Plan or PMP)
- IBEX, SMI-L quarterly and annual reports
- Leaving a Trace A report on the Potential Economic Impacts of Mining in Liberia
- Constraints to Domestic Enterprise Financing in Post-Conflict Liberia
- Gathering Competitive Momentum: Overview of the Liberian Economy
- The Impact of Ebola on Liberian Businesses
- Liberia Women's Entrepreneurship Diagnostic
- USAID/Liberia CDCS
- Government of Liberia MSME Development in Liberia: 2011-2016 Strategy

2.0 EVALUATION RATIONALE

2.1 Evaluation Purpose

Irrespective of location, a country's economy is a complex interaction between individuals and companies that seeks to maximize their business' profit. The Liberian economy is no exception and USAID/Liberia is seeking an evaluation that will not only determine the effectiveness of the programs in which it invests, but also answer the larger question of where USAID's value addition is with respect to strengthening the private sector. Many donors, NGOs and the Government of Liberia are working to strengthen the economy. This increases the risk of duplicative investments or programs that have the unintended consequence of suboptimal performance when combined with other programmatic activities.

USAID/Liberia's Economic Growth Office (EG) is conducting an evaluation of the Liberia Investing for Business Expansion (IBEX) Program and Sustainable Markets Initiative – Liberia (SMI-L). While the two activities are separate and have different timelines (IBEX ends in May 2016, SMI ends in May 2017), they work together, which leads to an increased probability of private sector strengthening success. This evaluation will look at both projects individually and in tandem, in order to achieve three main objectives:

- 4) Map efforts of private sector strengthening in Liberia and determine where USAID/Liberia should focus its efforts for future programming;
- 5) Identify factors that help or hinder projects' achievements of expected outcomes and determine specific opportunities to enhance programmatic effectiveness and long-term sustainability;
- 6) Evaluate the existing credit guarantee programs with Ecobank and IB Liberia.

The scope of this evaluation will encompass all the key activities that contribute to the achievement of the IBEX and SMI-L's Programs overall goal and objectives. Data-based evidence in support of the evaluation findings will be essential. The evaluation will be used to improve the performance of the remainder of the program and make necessary adjustments to enhance the measurement of outcomes when the project is complete. The evaluation is also expected to be of use to donors, NGOs, the host country government, and other USAID missions working access to finance and SME strengthening in similar operating environments.

2.2 Audience and Intended Uses

The primary stakeholders to benefit from the findings of the mid-term evaluation include:

- USAID/Liberia;
- The IBEX program team, including VEGA/IESC;
- The SMI-L program team, including Building Markets
- Other USAID and U.S. Government agency partners currently supporting IBEX including:
 - o USAID Bureau for Economic Growth, Education, and the Environment (E3);
 - o USAID Africa Bureau (USAID/Africa);
- USAID's external bilateral, regional, and international partners and key stakeholders addressing economic growth, SME strengthening, and access to finance issues, including participating host country government agencies and other international partners (bilateral donors, multilateral institutions, NGOs, academic institutions, research institutions, think tanks, etc.).

USAID/Liberia anticipates that E3 will be able to disseminate the evaluation findings to Missions with similar projects, and that NGOs and multilateral organizations operating in this sphere will also benefit from reviewing the evaluation results.

This table summarizes how these audiences will or could use the evaluation results.

Evaluation Task	Principle Information Users
Evaluate progress to date towards agreed project objectives and intermediate results	USAID/Liberia, implementing partners
Identify implementation challenges, corrective actions needed and/or areas for improvement related to project management and progress towards achieving expected results for the duration of the project period	USAID/Liberia, implementing partners
Recommend specific opportunities to enhance programmatic effectiveness and impact at the regional level, strengthen the regional cohesive approach of the project, and ensure sustainability.	USAID/Liberia, implementing partners, NGOs, USAID bilateral Missions

2.3 Evaluation Questions

The evaluation will focus on answering the following questions. The contractor must prepare responses to the questions based on the evidence collected as part of this evaluation.

5) What are current private sector strengthening activities?

Responses must include but not be limited to the following areas:

- Determine the specific private sector strengthening activities that donors, NGOs, and the Government of Liberia are presently working on;
- Research whether existing national/sub-national systems are assisting or hindering private sector growth, or if there are market failures that exist; and
- After researching USAID's competitive advantages, suggest interventions that USAID should consider, with accompanying cost, intervention outcome and probability of success.

6) How are the IBEX and SMI-L programs performing?

Responses must include but not be limited to the following areas:

- What have been the key results and effectiveness of the approach to strengthening SMEs and the banking sector, as well as strengthening supply chain linkages;
- What is the perception of local communities to the private sector in areas that SMI-L has worked to link local suppliers with concessionaires; and
- How effective have the programs been in integrating women's access to finance, business opportunities, as well as fostering leadership roles?

7) Explore the USAID credit guarantee (DCA) program and banking sector in Liberia.

Responses must include but not be limited to the following areas:

- Has there been increased lending to DCA-targeted sectors as a direct result of the guarantees, or can increased lending be attributed to recent economic growth;
- Have borrowing rates or collateral requirements been reduced as a direct effect of the guarantee program;
- How are different types of collateral (e.g., land, receivables) utilized for lending and are there ways to voluntarily reduce or change collateral requirements by banks;

- d. Have the capacity and effectiveness of loan officers increased as a direct effect of IBEX technical assistance;
- e. What additional tools do banks and their loan officers need to increase access to finance; and
- f. What effects have government laws and regulations had on private sector investment in renewable energy and are there law or regulations that could introduce to spur investment in this sector?

8) What adjustments, and/or areas for improvement are needed to ensure effectiveness in achieving expected results during the duration of the Projects?

The contractor must prepare responses to question 4 in the form of specific and actionable recommendations in order to address the USAID objective to “focus and concentrate.” These may include but not be limited to the following:

- a. Opportunities to add, change, and/or remove activities to meet or surpass the project targets/objectives;
- b. Opportunities to improve project effectiveness through a different or expanded geographic scope or emphasis on alternative activities;
- c. Exit strategy in case there is/are recommendation(s) to remove activities or change the geographic scope; and
- d. Sustainability plan for the continuation of the IBEX and SMI-L programs after USAID funding concludes.

3.0 EVALUATION DESIGN AND METHODOLOGY

3.1 Evaluation Design and Process

This performance evaluation is intended to answer the evaluation questions presented above. The suggested conceptual approach to be used to answer these questions will focus on but not be limited to the following: desk study, key informant interviews, site visits, and consultations with relevant stakeholders. Other applicable quantitative and qualitative methods are also welcomed as appropriate.

An evaluation team comprised of independent external consultants, with possible additional support from members of USAID (see section 5.0), will examine the performance of the IBEX and SMI activities from the start of the agreement through the evaluation period. While the evaluation should address past performance, USAID/Liberia is also interested in forward-looking recommendations on possible strategies for achieving the expected results during the duration of the Program and enhancing the Program’s effectiveness as well as its ability on a regional level in facilitating access to finance.

The independent external consultants are to work in conjunction with other team members to plan and implement the proposed evaluation. USAID/Liberia and the full evaluation team will remain involved with design, planning, and logistics, but the consultants are expected to provide significant overall leadership and direction, and exercise a degree of autonomy, as well as have the final responsibility for conducting the evaluation and completing evaluation deliverables.

3.2 Data Collection and Analysis Methods

The evaluation team will be required to evaluate this multi-faceted project in a timely manner. Data requirements, collection methods, and required analyses will be determined collaboratively with USAID/Liberia under the direction of an independent team leader (not affiliated with USAID or the program). Details on final datasets, collection methods (including interview questions and key informants

to be interviewed), and analytical framework(s) will be approved by USAID/Liberia as part of the initial work plan approval. Data are expected to be disaggregated by sex.

As summarized below, the data collection and analysis process will comprise three phases. All questions stated in section 2.3 must be addressed, to the extent practical, in all three phases. The desk study and internal consultations may also support planning for external interviews and focus group discussions.

- **Desk study:** The evaluation team must review existing documents and information listed in section 1.7 above, and work with USAID/Liberia to acquire additional documents and information as needed, and prioritize primary data collection where gaps remain.
- **Internal Consultations:** The evaluation team must meet in-person or hold conference calls with key stakeholders to identify specific priority areas of consideration for the evaluation. These may include but are not limited to USAID/Liberia; USAID/Africa Bureau; USAID/E3; and the State Department.
- **External interviews and focus group discussions:** The evaluation team must conduct in-person interviews and focus group discussions with project implementing partners, collaborating partners, project beneficiaries, and others listed among the key stakeholders in section 2.2 to allow for a range of perspectives and give depth to the evaluation.

3.3 Methodological Strengths and Limitations

Methods	Strengths	Limitations
Desk study	• Provides valuable information on substantive issues and generates a list of questions including key stakeholders that can be used in other methods. • Helps to focus efforts and prioritize issues and gaps	• Time consuming. • Depends on resource availability.
Consultations	• Provides valuable information on substantive issues and generates a list of questions including key stakeholders that can be used in other methods. • Provides greater depth and insights and general surveys	• Depends on availability of key stakeholders. • Need to consider time zone differences.
Individual interviews	• Potentially data rich, detailed answers	• Might need to interview through translators (possible loss of meaning and data richness). • Might have informant bias.
Focus group discussion	• Can generate a broader range of ideas and responses. • Can include a greater number of participants in less time and result in rich discussion, if facilitated well.	• Discussion might need to happen through translators (possible loss of meaning and data richness). • Some respondents may dominate the discussion.

4.0 EVALUATION PRODUCTS

4.1 Key Deliverables

- Kick-off meeting with USAID/Liberia (by conference call) (completed by 1 week after award)
- Evaluation work plan, comprising all evaluation questions, evaluation design and detailed methodology, and logistical arrangements (proposed fieldwork and tentative work schedule) submitted to COR (by 3 weeks after award)
- Kick-off meeting with all team members and USAID COR and program AOR (in person and/or conference call) (by 4 weeks after award)
- Consultations with U.S.-based stakeholders (by 6 weeks after award)
- Desk study (completed by 7 weeks after award)
- Travel and team planning meeting (by 7 weeks after award)
- Preparation meeting with USAID/Liberia (by 7 weeks after award, by telephone)
- Inception Report (approximately 25 pages total) which will include: (1) summary of findings from desk study and internal consultations; (2) data collection methods, tools, analysis and data quality assurance; (3) draft questionnaires for interviews and focus group discussions as applicable; and (4) detailed schedule for field work⁸ (by 8 weeks after award)
- USAID/Liberia in-brief: to present evaluation plan, methodology, and process to the Mission (by 8 weeks after award)
- Field activities for internal and external consultations and data collection (weeks 9-10 after award).
- Mid-point oral briefing (by conference call): to update the COR and other relevant USAID/Liberia staff on the progress of the evaluation activities and initial findings (by 10 weeks after award)
- USAID/Liberia out-brief: to discuss field observations and present preliminary findings based on fieldwork. The presentation will be provided to USAID/Liberia orally in country and in PowerPoint or other media presentation format (by 13 weeks after award)
- Data analysis and draft report preparation (by 13 weeks after award)
- Draft evaluation report submission to USAID/Liberia (in English, meeting the criteria outlined in USAID Evaluation Policy, Appendix I, as described in section 4.2; electronic MS Word format, formatted, line edited and grammatically correct, corrected branding and marking, with full citations provided) (by 14 weeks after award)
- Final evaluation report in electronic MS Word and PDF format submission to USAID/Liberia (by 18 weeks after award)
- Final version of evaluation tools such as the guides for the interviews and focus group discussions, indices, any other tools, as well as raw data needed to be recorded and submitted to USAID/Liberia on CD-ROM (sent together with the hard copies of the final report) (by 19 weeks after award)
- Final evaluation report in hard copies (4 hard copies of final evaluation report must be sent to the AOR after the electronic copy receive approval from the AOR but before the contract end date) (by 19 weeks after award)

The final report will be uploaded by the evaluation team to the public area of the Development Experience Clearinghouse⁹ (DEC) within three months of being finalized.

Deliverables are also provided in the evaluation schedule in Section 6.2, below.

⁸ Detailed schedule of fieldwork should at least describe the names and organizations of target informants who will be interviewed or met for each day including status of meeting arrangement.

⁹ See <https://dec.usaid.gov/dec/home/Default.aspx>

4.2 Reporting Guidelines

The evaluation report should be approximately 30 pages (excluding attachments), and be written in English. In order to ensure the highest quality reporting, the final report must follow the guidelines below as stated in Appendix I of the USAID Evaluation Policy:

- The evaluation report should represent a thoughtful, well-presented, well-researched, and well organized effort to objectively evaluate what has worked in this project, what has not worked, and why.
- The evaluation report is expected to be a high quality technical report, in a professional writing style fully referenced and free from grammatical errors, which can be subjected to peer review and is publishable by USAID.
- Evaluation reports shall address all evaluation questions included in this scope of work.
- The evaluation report must include all the key sections, including: title page, table of contents, acronym list/glossary of terms, executive summary, background, evaluation objectives, main evaluation questions, methods, findings, conclusions and lessons learned, recommendations, and any other sections requested.
- The evaluation report must include the statement of work as an appendix. All modifications to the statement of work, whether in technical requirements, evaluation questions, evaluation team composition, methodology, or timeline need to be agreed upon in writing by USAID/Liberia/EG, and any modifications to the contract must be approved by the Contracting Officer.
- The evaluation report must include an introduction that adequately describes the project, explains where it is implemented, includes contextual information, and includes the “theory of change” or development hypothesis that underlies the project.
- Evaluation methodology shall be explained in detail and all tools used in conducting the evaluation such as questionnaires, check lists, and discussion guides will be included in an appendix in the final report.
- Evaluation findings will aim to sex-disaggregate outcomes and outputs.
- Limitations to the evaluation shall be disclosed in the report, with particular attention to the limitations associated with the evaluation methodology (selection bias, recall bias, unobservable differences between comparator groups, etc.).
- Evaluation findings must be presented as analyzed facts, evidence, and data and should not be based on anecdotes, hearsay, or a compilation of opinions. Findings must be specific, concise, and supported by strong quantitative and/or qualitative evidence.
- Sources of information need to be properly identified, reference/cited, and listed in an appendix.
- The report must clearly distinguish between conclusions, findings, and recommendations.
- Recommendations need to be supported by a specific set of findings.
- Recommendations must be action-oriented, practical, and specific with defined responsibility for the action.

5.0 TEAM COMPOSITION

The evaluation team will be comprised primarily of three (3) independent external consultants, as follows:

1. Team Leader (international consultant)
2. Assistant Team Leader/Subject Matter Expert (international consultant)
3. Evaluation Specialist

USAID requests that the Offeror propose how best to allocate responsibilities of the external consultants serving on the evaluation team.

The evaluation will be led by the **Team Leader** and supported by the Assistant Team Leader (also referred to as Subject Matter Expert) and one Evaluation Specialist. The Team Leader will be responsible for the overall implementation of the evaluation and ensuring that all expected tasks and deliverables are achieved on time and of high quality. S/he must have significant professional experience coordinating similarly complex evaluations, and leading evaluation teams. The candidate must have exceptional organizational, analytical, writing, and presentation skills. S/he must be fluent in English and have a master's level degree with a minimum of 10 years of technical knowledge and experience in a relevant analytical field (e.g., business management, economics, international development studies, foreign relations, etc.); doctorate-level credentials are an added strength. The Team Leader must have a solid understanding of SME strengthening, credit guarantee programs, and banking sector experience. Knowledge of working with USAID rules, regulations, and procedures, particularly USAID's evaluation policy and requirements of economic growth programs, are highly desirable. S/he will oversee the overall drafting of the evaluation framework, including methodology determinations; organization of calendar/travel/meetings; oversee the desk study, interviews, and other data collection; and analyze the data with input from team members and USAID/Liberia in order to draft the evaluation report.

The **Assistant Team Leader/Subject Matter Expert** will support the Team Leader in the implementation of the evaluation. S/he should have significant professional experience implementing similarly complex evaluations involving multiple stakeholders. The candidate must have exceptional organizational, analytical, writing and presentation skills. S/he must be fluent in English and should have a masters-level degree with a minimum of 7 years of technical knowledge and experience in a relevant analytical field (e.g., business management, economics, international development studies, foreign relations). S/he must have a solid understanding of SME strengthening, credit guarantee programs, and banking sector experience. Knowledge and/or experience working with USAID rules, regulations, and procedures, particularly USAID's evaluation policy and requirements of climate change adaptation projects, are highly desirable. S/he will contribute to the overall drafting of the evaluation framework and participate in the desk study, interviews, and other data collection; and analyze the data with input from team members and USAID/Liberia to draft the evaluation report.

The **Evaluation Specialist** will provide additional technical support to the evaluation team as well as administrative and logistical support as necessary to carry out the evaluation. S/he should be a national or local expert from the country with strong organizational skills. S/he should have strong English speaking and writing skills, at least a university-level degree, and a minimum of 6 years of technical knowledge and experience in a relevant field (e.g., project management, project evaluation, international development and diplomacy, business management). S/he will be responsible for assisting in coordinating the desk study, interviews, and other data collection, and providing overall administrative and logistical support including meeting arrangements for the team.

The Evaluation Contracting Officer's Representative (COR), working closely with the IBEX Program AOR, will provide overall strategic direction and guidance throughout the evaluation process, including the development of the work plan, any data collection tools, and the evaluation report outline, approach, and content.

In addition to the independent external consultants, the evaluation team may be complemented by additional team members, including a Monitoring and Evaluation Specialist from USAID/Liberia, as well as technical specialists from USAID/Washington. These team members will provide complimentary technical assistance in their areas of expertise. The Monitoring and Evaluation Specialist will assist in the overall

evaluation implementation, planning, reviewing and commenting on the draft report. S/he will provide general coordination among the evaluation team members and USAID/Liberia, related implementing partners, and other stakeholders. S/he will also participate in selected interviews, as appropriate. The members from USAID/Washington will provide complimentary technical assistance to the evaluation team. These individuals will be confirmed with the evaluation team following award. It is expected that the team members identified above will be able to participate virtually for desk study, work plan and inception report review as well as assist in draft final report preparation and review. They should also be able to participate in the evaluation field visits for at least part of the time.

6.0 EVALUATION MANAGEMENT

6.1 Logistics

It is anticipated that the evaluation team will conduct field consultations and data collection visits in the majority of counties IBEX/SMI-L have activities in, as well as in the United States. USAID/Liberia suggests that the field visits include Montserrado, Margibi, Bong, Nimba, Lofa and Grand Bassa counties, although the mix of counties may change following award and discussions with USAID/Liberia.

The evaluation team will:

- Receive support from USAID/Liberia in selecting priority organizations and places to visit during the evaluation, and in gaining country clearance as appropriate;
- Schedule interviews or other modes of data collection with key stakeholders, although USAID and the IBEX/SMI-L programs can assist in providing contact information;
- Create meeting and logistical arrangements including hotel, air travel, and local transportation arrangements in accordance with US requirements for allowable carriers and per diem;
- Obtain the proper visas and country clearances for travel well ahead of the scheduled fieldwork.

Team members should have the ability to engage local language interpreters to support interviews and reviews of local language documents and records when necessary.

6.2 Evaluation Schedule

Tasks	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11	W12	W13	W14	W15	W16	W17	W18	W19
1. Contract Signed																			
2. Kickoff meeting with USAID/Liberia (conf. call)																			
3. Workplan Submitted to COR																			
4. Workplan reviewed and approved by COR																			
5. Kickoff meeting with all team members																			
6. Conduct desk study																			
7. Consultations with U.S. based stakeholders																			
8. Travel and team planning meeting																			
9. Preparation meeting with USAID/Liberia and the IP																			
10. Inception report preparation																			
11. Inception report submission																			
12. Mission In-brief																			
13. Field activities for external consultation and data collection																			
14. Mid-point oral briefing																			
15. Data analysis and draft report																			
16. Mission out-brief																			
17. Draft report submission																			
18. USAID review of the report																			
19. Finalize report and submit to USAID/Liberia																			
20. USAID review and approval of final report																			
21. Hard copies of final report and evaluation tools sent to USAID/Liberia																			

ANNEX II: DATA COLLECTION INSTRUMENTS

SME SURVEY

Evaluation of Investing for Business Expansion (IBEX) Program and Building Markets Sustainable Markets Initiative-Liberia (SMI-L)
Basic Information
1. Evaluation Team Member
2. Company identified on list provided by:
3. Company name
4. Name of Company official completing survey
5. Position in company (e.g. owner, managing director, etc.) ☐ Owner ☐ President/CEO/Managing Director ☐ Other (please specify)
6. Telephone #
7. Is your business registered? ☐ Yes, it was already registered prior to working with from IBEX or Building Markets SMI-L ☐ Yes, it was registered either as a condition of, or after, receiving services from IBEX or Buildings Markets SMI-L ☐ No, it is not registered ☐ Comment

1

8. Legal status

- ☐ Sole proprietor
- ☐ Partnership
- ☐ Limited liability company
- ☐ Corporation
- ☐ Non-profit organization
- ☐ Other (please specify)

9. Year established

10. Gender of principal owner?

- ☐ Female
- ☐ Male

11. Location?

City

County

12. Sector

- ☐ Agriculture (including fishing and forestry)
- ☐ Communications and information technology
- ☐ Construction
- ☐ Education
- ☐ Energy (renewable and non-renewable)
- ☐ Finance (banking and insurance)
- ☐ Health Care
- ☐ Hospitality (hotels and restaurants)
- ☐ Information (newspapers, print media, radio, TV)
- ☐ Manufacturing
- ☐ Mining
- ☐ Petroleum (oil and gas)
- ☐ Professional services (legal, accounting, etc.)
- ☐ Services (other)
- ☐ Trade (wholesale and retail)
- ☐ Transportation and Storage

13. Annual sales (in U.S. dollars)

14. In the past year sales have:

- ☐ Increased
- ☐ Decreased
- ☐ Remained the same

15. Number of workers

Full-time	
Part-time	
Male	
Female	

16. Over the past year the number of workers has:

- ☐ Increased
- ☐ Decreased
- ☐ Stayed the same

Evaluation of Investing for Business Expansion (IBEX) Program and Building Markets Sustainable Markets Initiative-Liberia (SMI-L)

Finance

17. Do you currently have a bank account?

- ☐ Yes, it was opened before working with IBEX or Buildings Markets SMI-L
- ☐ Yes, it was opened after working with IBEX or Building Markets SMI-L
- ☐ No, we do not have a bank account

18. Do you have a loan(s) from a financial institution?

- ☐ Yes
- ☐ No

19. If yes, what financial institution?

20. How many weeks did it take to get your loan?

21. On a scale of 5, where 1 is very easy and 5 is very difficult, how difficult was it to obtain a loan?

1	2	3	4	5
☐	☐	☐	☐	☐

22. What are the main challenges in obtaining finance?

	Small challenge	Moderate challenge	Serious challenge
Completing the loan application	☐	☐	☐
Collateral requirements	☐	☐	☐
Cost of financing (interest rate, fees, etc.)	☐	☐	☐
Other	☐	☐	☐

Other (please specify)

23. What services, if any, have you received from the IBEX (Investing for Business Expansion) Program and how would you rate them? (if no services were received from IBEX, then skip to Question 27)

	1. Poor	2. Fair	3. Good	4. Very good	5. Excellent	NA
Training	☐	☐	☐	☐	☐	☐
Loan facilitation	☐	☐	☐	☐	☐	☐
Other	☐	☐	☐	☐	☐	☐

Other (please specify)

24. What were the impacts (i.e. benefits) of IBEX assistance?

- ☐ Increased sales
- ☐ Increased employment
- ☐ None
- ☐ Other (please specify)

25. How would you rate the services provided by IBEX?

Poor	Fair	Good	Very good	Excellent
☐	☐	☐	☐	☐

26. Do you have any suggestions for improving IBEX services?

a

b

c

Evaluation of Investing for Business Expansion (IBEX) Program and Building Markets Sustainable Markets Initiative-Liberia (SMI-L)

Sales and Customers

27. What services, if any, have you received from Building Markets, the Sustainable Markets Initiative - Liberia (SMI-L), and how would you rate them? (if no services were obtained, then skip to Question 36)

	Poor	Fair	Good	Very good	Excellent	N/A
Supplier directory	☐	☐	☐	☐	☐	☐
Training	☐	☐	☐	☐	☐	☐
Tender distribution	☐	☐	☐	☐	☐	☐
Business Linkages	☐	☐	☐	☐	☐	☐
Market research reports	☐	☐	☐	☐	☐	☐
Business mentoring	☐	☐	☐	☐	☐	☐
Other	☐	☐	☐	☐	☐	☐

Other (please specify)

28. Did Building Markets SMI-L help you to increase your sales?

- ☐ Yes
- ☐ No
- ☐ Don't know

29. How many new buyers were identified through Building Markets SMI-L?

30. What was the total U.S dollar value of the awarded contracts?

31. Over how many months were these contracts awarded?

32. Did you rely on banks to finance at least a portion of these contracts?

- ☐ No
☐ Yes

33. How would you rate the services provided by Building Markets SMI-L

Poor	Fair	Good	Very Good	Excellent	N/A
☐	☐	☐	☐	☐	☐

34. Do you have any suggestions for improving the services offered by Building Markets SMI-L?

a.

b.

c.

35. Did you increase your staff as a result of Building Markets SMI-L assistance?

- ☐ No
☐ Yes

If yes, how many employees were added?

Evaluation of Investing for Business Expansion (IBEX) Program and Building Markets Sustainable Markets Initiative-Liberia (SMI-L)

Other Questions

36. Rate the following possible obstacles to increasing your sales?

	Low	Medium	High
Markets (lack of information, competition, trade barriers, etc.)	☐	☐	☐
Skilled employees	☐	☐	☐
Finance	☐	☐	☐
Technology	☐	☐	☐
Inputs	☐	☐	☐
Government policies, laws, regulations, procedures	☐	☐	☐
Power	☐	☐	☐
Transport	☐	☐	☐
Communications	☐	☐	☐
Water	☐	☐	☐
Other	☐	☐	☐

Other (please specify)

37. Have you received support from other organizations?

- ☐ No
- ☐ Yes

38. From what other organizations/programs have you received training? (if none, enter 'none' in box a)

a.

b.

c.

39. From what other organizations/programs have you received technical assistance/expertise? (if none, enter 'none' in box a)

a.

b.

c.

40. From what other organizations/programs have you received finance? (if none, enter 'none' in box a)

a.

b.

c.

Interview Guides for KIIs

Donor Agencies

1. What are the major challenges facing the private sector development in Liberia from your own Perspective?
2. What are the main planned and implemented private sector development initiatives in Liberia based on your knowledge?
3. What are the planned and implemented private sector development programs in your organizations'?
4. What are the private sector development programs' objectives and implementation strategy of these programs?
5. What are the main program's target groups, and the geographical coverage?
6. What are the main expected results and what has been achieved so far?
7. What are the challenges and lesson learned resulted from the program implementation?
8. What are the main strengths of your private sector development initiatives?
9. What are the current gaps and priority areas that need to be addressed?
10. Are you familiar with USAID funded project IBEX and SMI-L?
11. What are the main achievements of IBEX and SMI-L from your own perspective?
12. What are your recommendations for building on these two programs' results?
13. How do you perceive USAID private sector development programs main strengths? And what are the other development areas that need to be addressed?

Lenders

1. Describe your bank's target markets – **is SME a priority target? Which segments/sectors** of the market? Has your SME loan portfolio grown recently – to what do you attribute this?
2. What is your definition of SME?
3. What are constraints to lending to SMEs in Liberia? How have you addressed these constraints?
4. (DCA) **Why did you decide to participate in the DCA** program (if applicable)?
5. (DCA) What has your **usage** of the DCA guarantee been (number and values of loans)?
6. (DCA) How has **DCA-guaranteed loan performance been**, including compared to the rest of your SME portfolio/entire portfolio (**loan quality, sectors, collateral**)?
7. (DCA) When do you use the DCA guarantee, under **what conditions do you make the same loan without the guarantee?**
8. What **rates do you charge on guaranteed and unguaranteed loans?**
9. What are your **loan collateral requirements for SME loans – without and with the DCA guarantee?** How **have these changed** over the past three years (since active usage of the DCA guarantee mechanism?)

10. What **assistance from IBEX/USAID** have you received in connection with DCA (**training, etc.**) – when, **how many people** participated?
11. Are trained loan officers still with you – how do you **rate training/other assistance compared to other sources** (what are those sources)?
12. What other **tools/support** does bank need /loan officers need to increase access to finance for businesses?
13. What government regulations and laws have an impact on bank's lending? What **changes or innovations in regulations** would encourage the bank to do more **SME lending**?
14. What is the bank's particular interest in **renewable energy** – is this a priority sector for lending?
15. What government regulations and laws have an impact on bank's lending for renewable energy? What **changes or innovations should be made to regs** to increase private sector investment in renewable energy?
16. Does the bank have any particular programs for **women business owners**? What are constraints for them in access to finance?

Enabling Environment Institutions/Non-bankers

1. How is **SME defined** in the market? (Central bank defines as >\$7,000 loan size – smaller is micro)
2. What **banks or other lenders are serving SMEs**? Are they serving **particular market segments**?
3. What lenders are serving **microenterprises**? What segments? What lenders are serving **agriculture**?
4. What are **constraints to lending in Liberia** – borrower preparedness, financial institution risk profile, caliber of loan officers, collateral laws and filings, funding for on-lending, other?
5. **How can these be addressed** – how are these being addressed? What assistance can USAID and/or other donors provide? **What support is your organization providing**?
6. What **changes** have you seen over the past three years with respect to access for credit? Is **SME lending growing**?

ANNEX III: METHODOLOGICAL NOTES

SME SURVEY SAMPLE SIZE CALCULATION

Random sampling was used to select SMEs to participate in the survey from lists of client SMEs provided by IBEX and SMI-L. The evaluation team received a list of 742 client SMEs from IBEX; however, 288 SMEs did not have contact information (phone number or email address) bringing the list to 454. In its FY 2015 Annual Report IBEX provided a list by calendar quarter of 65 SMEs who received assistance from IBEX to obtain loans. These SMEs were also included on the list of 742 SMEs cited above

The sample size formula for IBEX SMEs is as follows:

$$(z^2 * p(1-p) / e^2) / (1 + (z^2 * p(1-p) / e^2) N) = \text{sample size}$$

$$(1.96^2 * 0.5 * (1-0.5)) / 0.05^2 / (1 + (1.96^2 * 0.5 * (1-0.5)) / (0.05^2 * 454)) = 208$$

N = population size	454
e = margin of error	0.05
z = z-score	1.96 (confidence level 95%)
p = proportion	0.50 (proportion is unknown so 50% is used)

A sample size of 208 SMEs is required for statistically significant results. Due to time and budget constraints the evaluation team was not able to survey 208 IBEX client SMEs. The random value of each SME on the list was calculated and a sample order was applied. The SME clients in the first 100 sample order were selected to participate in the survey. The IBEX loan clients were prioritized over other client SMEs.

SMI-L provided a list of 2,181 client SMEs; however, three SMEs did not have contact information (phone number or email address) bringing the list to 2,178. The sample size formula for SMI-L SMEs is as follows:

$$(z^2 * p(1-p) / e^2) / (1 + (z^2 * p(1-p) / e^2) N) = \text{sample size}$$

$$(1.96^2 * 0.5 * (1-0.5)) / 0.05^2 / (1 + (1.96^2 * 0.5 * (1-0.5)) / (0.05^2 * 2178)) = 327$$

N = population size	2,178
e = margin of error	0.05
z = z-score	1.96 (confidence level 95%)
p = proportion	0.50 (proportion is unknown so 50% is used)

A sample size of 327 SMEs is required for statistically significant results. Again due to time and budget constraints the evaluation team was not able to survey 327 client SMEs. The random value of each SME on the list was calculated and a sample order was applied. The SME clients in the first 100 sample order were selected to participate in the survey.

ANNEX IV: LIST OF KEY INFORMANT INTERVIEWS

Organization	Office	Individual	Title	Date of Meeting/Contact
Access Bank		Dusko Dimitrov	Credit Manager	Wednesday, November 18, 15
AEDE		Esther Paeger	Executive Director	Friday, November 20, 15
AEDE		John Brownelle		Friday, November 20, 15
Afriland First Bank		Hamadou Bayo	CEO	Tuesday, November 17, 15
Afriland First Bank		Youssef Barry	Credit Manager	Tuesday, November 17, 15
Beyond the Grid Program (NRECA)		Alma Cota	Project Engineer	Tuesday, November 10, 15
Beyond the Grid Program (NRECA)		Luis Arimeni	Chief of Party	Tuesday, November 10, 15
Building Markets		Shaina Bauman	Communications & Reporting Specialist	Friday, November 6, 15
Building Markets		Zurab Eprikashvili	Deputy Country Director	Friday, November 6, 15
Building Markets		Allison Bickel	Market Research Manager	Monday, November 9, 15
Building Markets		Shaina Bauman	Communications & Reporting Specialist	Monday, November 9, 15
Building Markets		Zurab Eprikashvili	Deputy Country Director	Monday, November 9, 15
Building Markets		Zurab Eprikashvili	Deputy Country Director	Tuesday, November 24, 15
Central Bank of Liberia	Microfinance and Financial Inclusion Unit	El-Tumu Trueh	Head	Monday, November 23, 15
Central Bank of Liberia	Research, Policy and Planning Department	Jefferson S.N. Kambo	Director	Monday, November 23, 15
EcoBank		Doreen McIntosh	Risk Manager	Tuesday, November 10, 15
Embassy of Sweden		Prutus M. Sackie	National Programme Officer	Wednesday, November 18, 15
Embassy of the People's Republic of China	Economic and Commercial Counsellor's Office	Xiao Mingxiang	Counselor	Monday, November 23, 15
Embassy of the People's Republic of China	Economic and Commercial Counsellor's Office	Zhao Danqing	Third Secretary	Monday, November 23, 15
Food & Enterprise Development (DAI)		Agnes Luz	Chief of Party	Thursday, November 5, 15

Organization	Office	Individual	Title	Date of Meeting/Contact
Food & Enterprise Development (DAI)		Alassa Mfouapon	Monitoring and Evaluation Specialist	Thursday, November 5, 15
Food & Enterprise Development (DAI)		Robert Nyambaka	Project Manager	Thursday, November 5, 15
G-2 Pharmacy		Jitendra Harchandanj	Owner	Monday, November 16, 15
GIZ		Aberdeen Gargli	Responsible for SME Programs	Monday, November 23, 15
GrowLiberia		YoQuai Laval	Deputy Team Leader	Monday, November 16, 15
IB Liberia Bank		Cromwell Bedell	Credit Manager	Tuesday, November 10, 15
IESC	Financial Markets Practice	Chris Linder	Director	Monday, November 2, 15
IESC		Watchen Bruce	Chief of Party	Monday, November 2, 15
IESC		Augustus Flomo	Deputy Chief of Party	Friday, November 6, 15
IESC		Augustus Flomo	Deputy Chief of Party	Monday, November 9, 15
IESC		Bartholomew T. Woods	Monitoring and Evaluation	Monday, November 9, 15
IESC		Ernest N. Wah	Enterprise Development Specialist	Monday, November 9, 15
IESC		Moses S. Forkpah	Enterprise Development Specialist	Monday, November 9, 15
IESC		Augustus Flomo	Deputy Chief of Party	Tuesday, November 24, 15
IFC		Frank Ajilore	Resident Representative, Head of Mission	Monday, November 9, 15
LAC		George G. Norman	Monrovia Office Superintendent	Thursday, November 12, 15
Liberia Business Registry		Abu Kamara	Registrar	Wednesday, November 11, 15
Ministry of Commerce and Industry (MOCI)		SME Conference		Tuesday, November 17, 15
Ministry of Commerce and Industry (MOCI)		SME Conference		Wednesday, November 18, 15
Ministry of Commerce and Industry (MOCI)	Small Business Administration	Andrew G. Paygar-Flangiah	Deputy Minister for SBA	Friday, November 20, 15
Miyamoto		Samuel W. Thompson	Country Manager	Friday, November 20, 15
Moonlight		Benedict Sampson	Owner	Thursday, November 19, 15
Moonlight		Patrick Mayunga		Thursday, November 19, 15

Organization	Office	Individual	Title	Date of Meeting/Contact
National Investment Commission	Private Sector Development	Quinton Tunnis	Director	Thursday, November 19, 15
Pace Management Liberia		Janet Adebayo	Executive Director	Thursday, November 19, 15
Pace Management Liberia		Joshua Adebayo	Managing Director/CEO	Thursday, November 19, 15
Putu Iron Ore Mining Inc.		Al-Hassan M. Kromah	Chief Accountant	Monday, November 23, 15
Putu Iron Ore Mining Inc.		Christian Masurenko	Chief Executive Officer	Monday, November 23, 15
Putu Iron Ore Mining Inc.		Elinar Rossmann	Chief Operations Officer	Monday, November 23, 15
Sime Darby		Boima Sonii	Manager	Wednesday, November 11, 15
The Liberia Chamber of Commerce		Mr. Francis Dennis	President	Tuesday, November 24, 15
USAID	Director	Anthony S. Chan, PhD	Mission Director	Friday, November 6, 15
USAID	Program and Project Development	Courtney Babcock	Monitoring and Evaluation Officer	Friday, November 6, 15
USAID	Economic Growth	Leslie Flagg	Deputy Office Director	Friday, November 6, 15
USAID	Economic Growth	Samba Kawa, PhD	Agriculture Development Officer	Friday, November 6, 15
USAID	Economic Growth	Samsudeen O. Amusa	Program Development Specialist	Friday, November 6, 15
USAID	Economic Growth	Maurice O. Ogutu, Ph.D.	Agriculture Development Officer	Wednesday, November 18, 15
USAID	Economic Growth	Samba Kawa, PhD	Agriculture Development Officer	Wednesday, November 18, 15
USAID	Economic Growth	Samsudeen O. Amusa	Program Development Specialist	Wednesday, November 18, 15
West Africa Venture Fund		Fred Balogun	Country Manager	Monday, November 16, 15
World Bank		Rahila Danjuma	Conflicted Affected States Initiative	Monday, November 9, 15

ANNEX V: PRIVATE SECTOR DEVELOPMENT PROJECTS IN LIBERIA BY DONORS

Donor	Program	Description	Liberian Partner	Program Details	
UNDP	Promoting Private Sector Development and Natural Resources Programme	Supports the Government's drive for sustainable economic transformation by rolling out series of measures aimed at reducing obstacles to enterprise development and expanding access to inclusive financial services. Builds on the on-going assistance to microfinance institutions to expand the range and reach of inclusive finance to include areas such as micro-insurance and leasing, effective natural resource management and linking natural resources to value-addition and jobs creation. Also strengthens governance of natural resources in the context of reconciliation and peace consolidation and the overall transformation of the Liberian economy.	Liberian Investment Commission	Amount	\$ 3,857,900
				Start	6/1/2013
				End	5/31/2018
				Contact	Stanley Kamara
				Title	Team Leader
				E-mail	stanley.kamara@undp.org
UNDP	Support to the Liberian Development Alliance	Provides integrated support for effective functioning of the Liberia Development Alliance (LDA), the highest level policy coordination mechanism that ensures the successful implementation of the Agenda for Transformation (AfT, 2013-2017). The LDA is a key structure for the Government of Liberia (GoL), donors, civil society and private sector coordination.	Ministries of Finance, Planning & Economic Affairs, Liberia Institute of Statistics and Geo-information Services (LISGIS), University of Liberia	Amount	\$ 11,311,425
				Start	Jan-13
				End	Dec-17
				Contact	Dorsla Farcarthy
				Title	Team Leader
				E-mail	dorsla.farcarthy@undp.org
GIZ	Capacity development in the transport sector	Objective: Legal, institutional and HR capacities in the transport sector are improved. Tasks: • Advising on the implementation of the transport master plan and a modern road transport policy; • Supporting the Liberian Government in establishing a Road Authority and creating a Road Fund for maintenance activities; • Advising on the establishment and development of	Ministry of Transport, the Ministry of Public Works and the Association of Liberian Construction Contractors	Start	2008
				End	2017

Donor	Program	Description	Liberian Partner	Program Details	
		a road management system; • Advising on the further development of planning capacities within the ministries; • Promoting dialogue between the public and private sector; • Advising on how conditions within the Liberian construction sector can be improved in order to create more jobs – especially for young people; • Training specialists in the ministries and the private sector.		Contact	Doris Popp
				E-mail	doris.popp@giz.de
GIZ	Improving livelihoods in Lofa County (districts of Kolahun, Vahun and Foya) in Liberia	Objective: The means of livelihood have improved in selected municipalities in the districts of Vahun, Kolahun and Foya in Lofa County. Tasks: - Improving conditions for agricultural production - Processing agricultural products - Rebuilding rural infrastructure - Promoting governmental organizations and local traditional authorities - Promoting social cohesion at municipality level	Ministry of Agriculture	Start	2012
				End	2014
				Contact	Christiane Hintzen
				E-mail	christiane.hintzen@giz.de
GIZ	PPP Fund for cooperation with companies in Mano River Union countries	The thrust of the project's activities revolves around providing a fund to implement specific development partnerships with the private sector in Côte d'Ivoire, Liberia, Guinea and Sierra Leone. This fund aims to give the population fast and sustainable access to income-generating activities and social services. Regional project that includes Côte d'Ivoire, Liberia, Guinea and Sierra Leone.		Start	2011
				End	2017
				Contact	Kerstin Siebke
				E-mail	kerstin.siebke@giz.de

Donor	Program	Description	Liberian Partner	Program Details	
World Bank	Liberia Youth Opportunities Project (YOP)	Targets about 15,000 youth aged 15–35 years, 50 percent of whom are vulnerable female youth who will benefit from the household enterprise and productive public works components in urban and rural areas. The project will provide apprenticeships to vulnerable youth in urban areas and support agricultural transformation and value chain addition using productive public works and Community-Driven Development approaches particularly for youth in rural areas. To mitigate the impact of future shocks, the project will also improve efficiency in the delivery of cash transfers to targeted households, including to youth. The YOP activities will be implemented in close cooperation with the private sector.		Contact	Michael Nyumah Sahr
				E-mail	msahr@worldbank.org
World Bank	Liberia - Accelerated Electricity Expansion Project (LACEEP)	Additional financing was requested by the Government of Liberia (GoL) to finance consulting services, works, goods, and operating costs to: (1) scale up the electrification component of the LACEEP by connecting new domestic, commercial and industrial consumers to the grid; and (2) strengthening the Liberia Electricity Corporation (LEC) to improve its operational and financial performance and long term sustainability.	Ministry of Lands, Mines and Energy, Liberia Electricity Corporation (LEC)	Amount	\$ 60,000,000
				Start	7/3/2013
				End	6/30/2018
				Contact	Clemencia Torres de Mästle
				Title	Task Team Leader
				E-mail	ctorres@worldbank.org
World Bank	Youth, Employment, Skills Project (YES)	The objective of the Additional Financing for the Youth, Employment, Skills Project, or YES Project is to expand access of poor and young Liberians to temporary employment programs and to improve youth employability, in support of the Government of Liberia's response to the employment crisis.	Liberia Agency for Community Empowerment (LACE)	Amount	\$ 16,000,000
				Start	6/24/2010
				End	6/30/2016
				Contact	Emily Weedon Chapman
				Title	Task Team Leader
				E-mail	eweeton@worldbank.org
World Bank	Smallholder Tree Crop Revitalization	The objective of the Smallholder Tree Crop Revitalization Support Project is to increase access to finance, inputs, technologies and markets for	Ministry of Agriculture (MOA)	Amount	\$ 15,000,000
				Start	6/5/2012
				End	12/31/2016

Donor	Program	Description	Liberian Partner	Program Details	
	Support Project	smallholder tree crop farmers in Liberia, and to develop a long term development program for the tree crops sector.		Contact	Abimbola Adubi
				Title	Team Leader
				E-mail	aadubi@worldbank.org
World Bank	Lighting Lives in Liberia	Commercialization of Off-Grid Solar Electric Lighting in Liberia that is aimed at providing affordable lighting for Liberians who can cope with the high cost of electricity produced by use of fuel generators.	Rural Renewable Energy Agency (RREA)	Amount	\$ 5,520,000
				Start	1/26/2012
				End	6/30/2016
				Contact	Jenny Maria Hasselsten
				Title	Team Leader
				E-mail	jhaselsten@worldbank.org
World Bank	Liberia Electricity System Enhancement Project (LESEP)	The development objective of the Additional Financing for the Electricity System Enhancement Project for Liberia is to reduce greenhouse gas emissions when compared with Liberia's emissions growth baseline. The Additional Financing supports the original project design in the areas of: (a) enhancement of distribution services and general systems support for Liberia's power utility Liberia Electricity Corporation (LEC), (b) enhancing options for power generation through the procurement of a thermal generation plant of approximately 10 MW; and (c) provision of modern renewable energy to off-grid users.	Liberia Electricity Corporation (LEC)	Amount	\$ 23,450,000
				Start	1/26/2012
				End	5/31/2016
				Contact	Clemencia Torres De Mastle
				Title	Team Leader
				E-mail	ctorres@worldbank.org
World Bank	Economic Empowerment of Adolescent Girls and Young Women in Liberia (EPAG)	Purpose is to increase wage and self-employment for young women in Liberia	Ministry of Gender and Development (MoGD)	Amount	\$ 3,000,000
				Start	9/11/2008
				End	12/30/2016
				Contact	Yusupha Crookes
				Title	Country Director Liberia, Ghana and Sierra Leone
				E-mail	ycrookes@worldbank.org
World Bank	Liberia Urban Rural Infrastructure Rehabilitation	The objective of the Second Additional Financing (AF) for the Urban and Rural Infrastructure Rehabilitation Project for Liberia is to support the recipient's efforts to improve road access in the city	Infrastructure Implementation Unit of the Ministry	Amount	\$ 29,000,000
				Start	1/24/2014
				End	None

Donor	Program	Description	Liberian Partner	Program Details	
	(URIRP) Additional Financing	of Monrovia and targeted rural areas, as well as to improve the institutional capacity for the management of the recipient's roads sector.	of Public Works	Contact	Kulwinder Singh Rao
				Title	Team Leader
IFC	Rubber Renovation Program* (investment)	Planned impact: (i) Farmer benefits: By creating this financing structure, farmers will be able to renovate a portion of their trees, securing their livelihoods for the future (project is expected to finance about 600 farms, enabling them to renovate [5,000-8,000] hectares of aging trees); (ii) Alleviate effects of Ebola; (iii) Improvement in agronomic practices (adoption of agronomic best practices and environmental sustainability); (iv) Adaption to climate change: All players in this Project must commit to zero deforestation in order to be eligible for BioCarbon Fund financing. IFC will provide risk capital where otherwise sufficient private capital is not currently available. IFC is bringing concessional funding from the Private Sector Window of GAFSP that is not otherwise available. IFC will also play a catalytic role by connecting enabling local banks to increase financing to rubber farmers, a segment of the market that traditionally has not had sufficient access to finance and to which banks have limited lending appetite, and in encouraging the provision of technical assistance to farmers.	Firestone Liberia, Inc.	Amount	\$ 25,000,000
				Start	TBD
				End	TBD
				Contact	TBD
				Title	TBD
				E-mail	TBD
IFC	Wienco Liberia Limited (investment)	Wienco Liberia is partnering with cocoa farmer associations to provide affordable agricultural inputs to farmers on a reliable, timely and efficient basis so to improve productivity of smallholder farmers in Liberia and increase their incomes. Input packages	Wienco Liberia Limited (100% subsidiary of Wienco Ghana Limited)	Amount	\$ 5,000,000
				Start	12/4/2015

Donor	Program	Description	Liberian Partner	Program Details	
		are given by Wienco Liberia to farmers as credit facilities whereby repayment from farmer groups is received after the harvest seasons. The total Project cost of approximately US\$5.0 million is expected to be financed by an A loan of up to US\$2.5 million for IFC's own account and a loan of up to US\$2.5 million from the Private Sector Window of the Global Agriculture and Food Security Program ("GAFSP")		Contact	Samuel Oduro-Asare
				Title	Director, Wienco Liberia Limited
				E-mail	s.asare@wiencoliberia.com
IFC	New Liberty Gold Project (investment)	The New Liberty Gold Project ("NGLP" or the "Project") entails the construction of a greenfield open pit gold mine located in the Grand Cape Mount County of northwest Liberia. The current Life of Mine ("LoM") is estimated to be eight years with an average gold production rate of 110,000 ounces per year.	Aureus Mining Inc.	Amount	\$ 136,000,000
				Start	7/25/2014
				Contact	David Reading
				Title	CEO & Director
				Mobile	+44 207 010 7690 +231 886 53 3039
IFC	Dugbe Gold Project (investment)	The project entails mineral exploration at Dugbe, a scoping study/preliminary economic assessment and environmental and social studies. Hummingbird has invited IFC to contribute to the financing of the Company and expects IFC to play an important role in various areas. Specifically, IFC is expected to: (i) provide environmental and social expertise, particularly as it relates to biodiversity management, resettlement and artisanal mining issues; (ii) provide a stamp of approval to the Project facilitating raising of additional funds for further exploration, and in due course development of a mining operation; and (iii) be a long-term shareholder.	Hummingbird Resources plc	Amount	\$ 20,000,000
				Start	12/7/2012
				Contact	Bert Monro
				Title	Head of Business Development, Hummingbird Resources PLC
				Mobile	+44 203 416 3560
IFC	Salala Rubber Corporation (investment)	The project complements management's plans to rehabilitate and expand the plantation, which had been neglected during several years of civil war in Liberia and optimize its operations through:	Salala Rubber Corporation	Amount	\$ 10,000,000
				Start	10/8/2008

Donor	Program	Description	Liberian Partner	Program Details	
		- Planting of new rubber trees on the existing concession; - Renovating plant and equipment; - Rebuilding administrative and social infrastructure including worker housing; - Meeting additional working capital needs.		Contact	Jan Van Eykeren
				Title	General Manager, Salala Rubber Corporation
				Email	janvaneykeren@wealaliberia.com
IFC	AccessBank Liberia (investment)	The project consists of a senior loan, an equity investment and technical assistance funding for the establishment and expansion of AccessBank Liberia. AccessBank Liberia (AccessBank Liberia or the Bank) will be a greenfield microfinance bank sponsored by Access Microfinance Holding AG (AccessHolding), an investment company, and LFS Financial Systems, an associated German consulting firm with recognized expertise in microfinance. The Bank will specialize in providing a broad range of financial services to urban and semi-urban micro, small and medium enterprises as well as low income individuals in the Liberia.	AccessBank Liberia	Amount	\$3,100,000
				Start	10/10/2008
				Contact	Thomas Engelhardt
				Title	Chairman of the Management Board, Access Microfinance Holding AG
				Email	Thomas.engelhardt@accessholding.com
IFC	Liberia Trade 2 (advisory services)	The purpose of the project is to reduce trade costs. Activities include: - Complete the implementation of the new processes to simplify existing procedures for imports and exports - Complete the implementation of the action-plan plan to streamline and harmonize documents - Supporting the implementation of automation for Customs Clearance (ASYCUDA World funded by UNCTAD/AFDB) - Continue to assist the GoL to implement a risk based inspections regime Assist the Liberia Revenue Authority to implement the revised Customs Code	Liberia Revenue Authority	Amount	\$845,000
				Start	1/17/2012
				End	12/31/2016
				Contact	Frank Ajibola Ajilore
				Title	Resident Representative & Head of Mission, Liberia
				Email	fajilore@ifc.org

Donor	Program	Description	Liberian Partner	Program Details	
IFC	Liberia Investment Climate AS Phase 3	The project builds on the work of the first two phases to continue with the reform agenda for Liberia. The overall goal is to improve the business environment through strategic reforms. Specific objectives include: 1) reducing the time required for business registration by 40 percent (by June 2013); 2) attracting additional private sector investment in target sectors by increasing the investment pipeline by 100 percent (within three years of project completion); completing the regulatory and institutional framework for development of a Special Economic Zone (within one year of project completion); introducing at least five reforms and implementing at least three Doing Business reforms (during the project); and 5) improving the business environment for tax administration by easing tax compliance time by 15 percent (within three years of project completion).	Liberia Revenue Authority	Amount	\$2,968,500
				Start	7/12/2011
				Contact	Frank Ajibola Ajilore
				Title	Resident Representative & Head of Mission, Liberia
				Email	fajilore@ifc.org
IFC	Liberia Secured Transactions and Collateral Registries	The project will strengthen financial infrastructure in the country and as a result enhance access to credit for businesses, especially for MSMEs. The project will focus the implementation of the reforms in four main pillars: 1) drafting regulations that support the implementation of the new commercial code in Liberia; 2) developing a centralized electronic collateral registry; 3) building local capacity in aspects of secured lending; and 4) linking the secured transactions reform with other projects to maximize synergies and developmental impact.	Central Bank of Liberia	Amount	\$604,500
				Start	1/30/2013
				Contact	Frank Ajibola Ajilore
				Title	Resident Representative & Head of Mission, Liberia
				Email	fajilore@ifc.org
SIDA	Promoting Sustainable Partnerships	The Project facilitates apprenticeships and business skills training combined with a start-up grants for youth-led businesses; methodological refinement of other components such as the psychosocial	Mercy Corps	Amount	\$6,465,530
				Start	7/8/2014
				End	7/7/2016

Donor	Program	Description	Liberian Partner	Program Details	
	for Economic Transformation	interventions with vulnerable youth; and the addition of new activities to respond to gaps and opportunities that have arisen, such as mobile phone-based interventions and activities to influence policies on youth employment and skills development		Contact	Prutus Sackie
				Title	National Program Officer
				Email	prutus.sackie@gov.se
SIDA	Making Markets Work for the Poor(MAP)	The GROW-led M4P approach to agricultural intervention is expected to reduce poverty and increase stability in Liberia for 230,000 poor women, men and youth in targeted agricultural markets.	Implemented by a consortium led by UK-based Adam Smith International (programmatic and financial direction), supported by the Springfield Centre, Mercy Corps and the Swedish Institute for Public Administration	Amount	\$14 million
				Start	5/5/2013
				End	5/5/2017
				Contact	Eva Ohlsom
				Title	National Program Officer
				Email	eva.olhsom@gov.se
AfDB	Technical Assistance to Access Bank Liberia	Helps address the challenges MSME faces in accessing finance	AccessBank Liberia	Amount	\$314,631
				Start	1/26/2015
				Contact	Margaret Kilo
				Title	Resident Representative
				Email	m.kilo@afdb.org

ANNEX VI: PERFORMANCE AGAINST INDICATORS

IBEX Performance Against Indicators

Performance to 9/30/2015 versus Objectives until 5/31/2016

Objectives	Indicator	Value/#	Target through 5/2016	Result through 9/2015	% of Target Achieved
SME Access to Finance Improved	Loans approved	Value	\$1,835,000	\$7,491,537	408%
	Loans disbursed	#	\$1,555,000	\$6,539,037	421%
	Loan applications approved	#	25	35	140%
	Loans disbursed	#	18	34	189%
	DCA loan utilization rate	Value	15.68%	59.20%	378%
	Agricultural and rural loans	Value	\$738,000	\$1,803,037	244%
1. Higher volume of bankable loan applications submitted to banks	Loan applications submitted to banks	Value	\$5,964,285	\$14,545,541	244%
	Loan applications submitted to banks	#	45	66	147%
	MSMEs, including farmers, receiving USG assistance to access bank loans	#	17	34	200%
	Food security private enterprises (for profit), producers organizations, water users associations, women's groups, trade and business associations, and CBOs receiving USG assistance	#	185	431	233%
	Private enterprises (for profit), producers organizations, water users associations, women's groups, trade and business associations, and CBOs that applied new technologies or management practices as a result of USG assistance	#	95	146	154%
	MSMEs receiving technical assistance	#	375	959	256%
	Entities with increased awareness of financial services	#	555	985	177%
2. Bank lending practices towards SMEs improved	New policies implemented by banks	#	8	4	50%
	Financial services professionals who completed training	#	220	284	129%

Objectives	Indicator	Value/#	Target through 5/2016	Result through 9/2015	% of Target Achieved
	Financial institutions receiving USG assistance in extending services to micro and small businesses	#	63	79	125%
3. Sustainability	BDS providers who completed training	#	70	86	123%
	National Business Development and Advisory Center (NBDAC) established	#	1	0.5	50%

SMI-L Performance Against Indicators

Performance to 9/30/2015 versus Objectives until 3/31/2017

Objectives	Indicator	Value/#	Target through 3/2017	Result through 9/2015	% of Target Achieved
GOAL: Sustainable, market-driven growth and job creation through the facilitation of economic linkages between buyers and local suppliers	1 Number of micro enterprises linked to larger-scale firms as a result of USG assistance to the value chain (male/female) (micro/small/medium) (EG F Indicator 4.7.3 - 2)	#	238	175	74%
	2 Number of jobs created due to contracts won by suppliers with help of Building Markets. (adapted from EG F Indicator 4.5 - 2) A FTF Indicator	#	2,000	3,162	158%
	3 Value of transactions facilitated through the supplier directory, matchmaking activities, Tender Distribution System (TDS) and trainings	Value	\$60,760,000	\$58,168,770	96%
IR 1: A greater number of local suppliers make valuable contracts with major buyers.	1.1 Number of transactions facilitated	#	575	492	86%

Objectives	Indicator	Value/#	Target through 3/2017	Result through 9/2015	% of Target Achieved
Sub-IR 1.1: Local suppliers develop a track record which makes them more attractive to other buyers.	1.1.1 Number of transactions that lead to a follow-on contract	#	145	99	68%
Sub-IR 1.2: Local suppliers reinvest in their businesses to increase capacity, quality and offerings.	1.2.1 Number of micro, small and medium enterprises receiving business development services (male/female) (micro/small/medium) (EG F Indicator 4.5.2-37) A FTF Indicator	#	4500	3727	83%
	1.2.2 Number of businesses entered on the Supplier Directory	#	3300	3683	112%
	1.2.3 Proportion of businesses investing in capital due to contracts won with help of SMI services	Value	85%	95%	112%
Sub-IR 1.3: Local suppliers have quicker and easier access to a wider range of tenders that are relevant to them.	1.3.1 Number of tenders distributed	#	3300	3824	116%
	1.3.2 Number of businesses bidding on tenders they find through Tender Distribution System (TDS)	#	660	617	93%
Sub-IR 1.4: Skills of local suppliers to compete for, and deliver on, contracts is increased.	1.4.1 Unique number of businesses trained. Number of firms receiving USG assistance to improve their management practices (micro/small/medium) (EG F Indicator 4.6.2-3)	#	800	925	116%
	1.4.2 Person hours of training completed by employees of businesses (micro/small/medium) (EG F Indicator 4.7.3 – 8)	#	15000	14945	100%
IR 2: Buyers in Liberia increase local purchasing from	2.1 Number of buyers using SMI services as a standard part of procurement procedure	#	50	65	130%

Objectives	Indicator	Value/#	Target through 3/2017	Result through 9/2015	% of Target Achieved
greater number of local suppliers.	2.2 Number of buyers report that SMI services increase their levels of local procurement	#	45	60	133%
Sub-IR 2.1: Buyers find it easier to access local suppliers that can meet their needs.	2.1.1 Number of unique buyers using supplier directory	#	43	65	151%
	2.1.2 Number of unique buyers using matchmaking service	#	90	89	99%
	2.1.3 Number of matchmaking events	#	25	23	92%
	2.1.4 Number of buyers proactively using Tender Distribution System (TDS)	#	43	56	130%
Sub-IR 2.2: Buyers are more informed about the local market.	2.2.1 Proportion of buyers reporting that matchmaking events are useful	Value	90%	90%	100%
	2.2.2 Number of meetings with purchasers / procurement officers within large buyer organizations	#	235	285	121%
	2.2.3 Number of buyers reporting that research products are useful and increase understanding of local market	#	18	42	233%
Sub-IR 2.3: Buyers are convinced to increase local procurement.	2.3.1 Number of buyers that change policy or practice as regards local procurement	#	26	21	81%
	2.3.2 Buyers report more positive experiences of the local market	#	60	82	137%

ANNEX VII: LIST OF IBEX TRAINING PROGRAMS

The table below was prepared by the evaluation team based on data provided IBEX.

Date	Training Topic	Attendees	Instructor
2012	Environmental Impact Assessment Training	12	Duplicate entry
November 27-28, 2012	An approach to financing Renewable Energy Projects	15	Gregory Altman
January 25, 2013	Record Keeping (SMEs)	20	
January 29-31, 2013	Agriculture Lending Training (DCA Partners Banks)	18	Scott Stovall
January 31, 2013	Social Enterprise Development Training @Youth Assembly Bong County	35	
July 10, 2013	Bio Mass Energy and Electricity in Liberia Workshop	42	
July 19, 2013	Regional Agriculture Marketing & Production of SuperGari (RAMPS) SME Stakeholders	69	
July 30, 2013	Small Business Borrowing (SME)	16	
August 13-16, 2013	Credit Training for Bankers	39	Lucretia Buster
August 13-16, 2013	Credit Training for Lenders (Officers) (DCA & NON DCA)	34	Duplicate entry
August 19-20, 2013	Financial Management & Business Planning Training for MSMEs	32	
August 21-22, 2013	Training for MSMEs Technical Assistance Provider	23	
October 22, 2013	Liberia Global Business and Finance Expo Conference 2013	51	
November 6, 2013	AWEP Mini Processing Centers Event in Nimba County	29	
November 18, 2013	Small Business Financial Management: Entrepreneurship Workshop with Liberian Artists	119	
February 5, 2014	Crude Palm Oil and Agricultural Waste as Fuel for Electricity Generation Workshop	85	
March 31, 2014	Clean Energy Learning Toolkits Workshop	18	
April 14, 2014	Access to Finance & Record Keeping Training	48	
May 1, 2014	The Basic of Impact Investing (DCA & NON DCA BANKS)	36	Bob Bragar
May 2, 2014	The Basic of Impact Investing (SMEs)	29	Bob Bragar
May 10, 2014	Obasanjo Poultry Farm Commissioning Event	200	

Date	Training Topic	Attendees	Instructor
May 23, 2014	Stakeholders Roundtable on Agricultural Best Practices and Approaches using Radio as a primary medium	19	
June 26, 2014	Financial Management Bookkeeping Training	35	
July 30, 2014	SMEs Environmental Training	28	Ethan Myer
July 30, 2014	Environmental Strategies and food safety Training (SME)	22	W/Land o Lakes, Global Consulting Group
September 18, 2014	Training meeting for BDS providers- Consortium formation and post Ebola Engagement	9	
November 20-21, 2014	Experts Advice on the Impact of Ebola Crisis- How Banks and Non-Financial Institute	29	Per newsletter event on 21st was on Ethics for MFIs and BDS providers
March 16-19, 2015	Financial Management Training for OICI/ HANDS Supergari and other Business	32	
April 15, 2015	Seminar on USAID Development Credit Authority (DCA) Refreshers	17	
May 13, 2015	SMEs Financial Management @ Access to Finance Training	31	
July 22, 2015	Seminar on The Business of Healthcare Financing (SMEs)	23	Chris Lindor IESC per annual report
July 22, 2015	Seminar on The Business of Healthcare Financing (DCA & Non DCA Banks	24	Chris Lindor IESC per annual report
September 16, 2015	Understanding Clients & Business	9	
September 17, 2015	The Nuts & Bolts of Development Credit Authority (DCA)	13	
November 6, 2015	Accessing Finance and Record Keeping	57	
Total Attendees		1,318	

ANNEX VIII: DCA LOAN GUARANTEE PROGRAMS

Sustainable Water and Sanitation in Africa (SUWASA) – Kenya

The Sustainable Water and Sanitation in Africa (SUWASA) initiative in Kenya helped water service providers (WSPs) access approximately \$3.5 million of loans to finance water infrastructure projects valued at a total of \$4.6 million. These investments increased water supply with the upgrade of a water treatment plant; augmented distribution networks with pipeline extensions, household connections, and community tap stands with prepaid meters; and they reduced nonrevenue water through pipe rehabilitation projects. As a result, more than 48,000 low-income residents have first-time or improved access to clean water, with the associated benefits of convenience, quality, cost savings, and time savings. Furthermore, the investments helped improve the WSPs' financial performance. WSPs reduced operational costs and boosted revenues through the reduction of water losses and an increase in customers and water supply. The enhanced financial performance, in turn, positioned WSPs to replicate viable investment proposals to continue increasing and improving services to unserved and underserved populations.

Engaging multiple banks in water sector financing led to a more competitive commercial lending environment. Banks now compete on loan terms, grace periods, interest rates, and fees, resulting in more favorable lending terms to WSPs. Since 2012, banks have reduced annual interest rates from 21 percent to 15.5 percent. Three utilities secured Results Based Aid grants and contributed approximately \$882,000 in equity towards project completion. SUWASA demonstrated that commercial financing is a solution for water companies with a certain minimum level of financial performance to increase and improve water infrastructure in low-income areas.

Of equal importance, WSPs came to view the poor as a commercially viable market. Through specialized technical assistance, WSPs identified profitable investments to expand services, and they developed proposals that met banks' financing criteria. Banks that previously viewed lending to WSPs as too risky now see this market as a profitable and viable opportunity if appropriate risk mitigation measures are applied. Banks provided millions of dollars in loans to improve water service delivery. SUWASA facilitated demand among WSPs for commercial loans and fostered bank interest in lending to WSPs. To encourage water sector lending, SUWASA facilitated credit enhancements, including access to USAID's DCA guarantee and the WSPs' attainment of Kenya's Water Services Trust Fund (WSTF) Results Based Aid for commercially financed projects. Lastly, SUWASA increased the utilities' awareness of the need for gender equality in project design, implementation, and M&E, as well as in their institutional policies, procedures, and work environment.

Assistance to the Coffee Sector – Rwanda

Rwanda embarked on a new coffee strategy with severely deteriorated production capacity, almost no processing capacity, limited access to and use of inputs (fertilizers, improved coffee varieties) by producers, and little understanding of how to produce high quality coffee. The coffee sector is highly diversified affecting an estimated 450,000 smallholder farmers who grow most of the country's coffee in small plots of 150-300 trees. Yet, the industry suffered from difficulty financing crucial investments. The low quantity, low quality loop the coffee sector endured was mainly due to the state of coffee plantations after the war, difficulty of financial access for long-term coffee investments, the inability to renew old coffee trees, low yielding coffee varieties, and a virtually nonexistent local consumption. To address these issues, it was necessary to develop a supporting financial network if the Rwandan coffee sector was to

become competitive on international markets. Small credit lines at the grower level (e.g. group lending model – micro credit schemes), skills upgrading of financial lending institution staff, and easier access to long term capital for coffee investors were some of the identified priorities.

Rwanda had very limited capacity to fully wash coffee – a key element of the chosen strategy to increase coffee quality. To address this limitation, the strategy called for increasing the number of coffee washing stations (CWS) from six in 2002 to 107 by 2010 – largely through the efforts of private investors. However, most potential investors could not obtain the medium-term financing necessary to construct a CWS or the short-term seasonal financing necessary to operate the station. Banks were unwilling to lend to coffee sector investors because most investors lacked the capacity to demonstrate the creditworthiness of their projects with good business plans as well as sufficient or appropriate collateral to guarantee the size of loans required to build and operate a CWS.

USAID/Rwanda supported the growth of the fully washed coffee sector at a number of levels. It developed technical assistance projects to enhance production, management, and processing capacity in the coffee sector. USAID/Rwanda's assistance included:

- The Partnership for Enhancing Agriculture through Linkages in Rwanda (PEARL) – PEARL focused on agribusiness enterprise development in several promising sectors including specialty coffee. The project was responsible for the first exports of specialty coffee from Rwanda to the US and UK. Even after the end of the PEARL project in 2006, USAID/Rwanda continued its support to these sectors through a new project – Sustaining Partnerships to Enhance Rural Enterprise and Agribusiness Development (SPREAD) which carries on PEARL activities.
- Agribusiness Development Assistance in Rwanda (ADAR) – ADAR focused on improving the processing and marketing capacities of private sector agribusiness enterprises (and some associations and cooperatives) working in value-added export-oriented products. In 2004 it was supporting the coffee, pyrethrum, and passion fruit sub-sectors.
- ACDI/VOCA Food Security Project – ACDI/VOCA provided grants to develop viable business entities and has funded agribusiness cooperatives in the coffee, tea, and rice sub-sectors.
- ISAR Agricultural Technology Development and Transfer Project (ATDT) – The project focused on institutional development and dissemination of improved technologies in agriculture.

The projects sought to enhance the capacity of farmers and processors to improve coffee quality and to develop links to high-value export markets. Most banks had little or no experience in agricultural lending, and they were not prepared to evaluate risks associated with lending to the agriculture sector in general or the coffee sector in particular or to effectively monitor loans. In 2004, USAID implemented a Development Credit Authority (DCA) loan guarantee with the Bank of Kigali (BK) with the objective of increasing access to credit for strategic export-oriented agricultural.

The DCA guarantee covered 40 percent of the loss of principal on a maximum of \$2 million in loans. In the 32 months that the guarantee was in effect, the Bank of Kigali issued over \$1.7 million in investment and working capital loans to coffee washing station investors, thus utilizing 86 percent of the guarantee. The guarantee had a limited impact on the Bank of Kigali's lending to the coffee sector outside of the protection of the guarantee. In spite of the bank's demonstrated interest in continued lending to the sector and ample opportunity to lend, the bank has issued no investment loans to the sector since USAID suspended the guarantee. The bank has provided working capital loans outside of the guarantee to a handful of borrowers with which it gained experience during the guarantee but has not changed its usual lending practices when making the loans – that is, it requires 100 percent collateral. Some DCA borrowers

were able to accumulate assets for use as collateral during the time that they made use of DCA loans which then gave them greater access to credit outside of the guarantee.

Senegal Economic Growth Project Task Order 5 (PCE TO5)

As part of the inter-agency Feed the Future (FTF) strategic plan, led by USAID/Senegal's Economic Growth Office (EGO), Economic Growth Project Task Order 5 supports the Government of Senegal (GOS) to increase food security and decrease poverty through the promotion of a productive and competitive private sector. PCE TO5 covers four core areas of Senegal's FTF strategy closely tied to the Accelerated Growth Strategy and Country Investment Plan of the GOS. The four FTF core areas, the four components of concern to PCE TO5, are as follows:

- Increased agricultural productivity and market linkages focused on rice (rain-fed and irrigated), maize, and millet value chains.
- Enhanced agriculture policy environment, addressing key constraints with the broadest impact on agriculture by focusing on reforms to enhance the business environment—most specifically, the full implementation of the Agricultural Law of 2004 and continued discussions on land tenure.
- Improved rural post-harvest infrastructure, including associated access to finance to ensure long-term agricultural productivity. USAID/Senegal provides entrepreneurship training and technical assistance to help investors succeed and develops loan mechanisms through Development Credit Authority (DCA) loan portfolio guarantees.
- Increased institutional and human resource capacity to ensure access to, and the development of, next-generation agriculture in Senegal. This component is intended to lay a foundation for growth through a market-driven approach, including access to finance, training investors in business management, developing efficiencies in production and processing, promoting professionalization of cooperatives or producer organizations, and reinforcement of capacity within the associated civil and public institutions.

Access to capital focuses on (i) development of financial models and financial coaching of value chain actors in support of the formal contract farming scheme for cereals; (ii) introduction of new financial instruments; (iii) provision of technical support to USAID's DCA guarantees, especially for agriculture); and (iv) training of financial institution staff on agricultural lending. PCE has supported USAID/Senegal's DCA program by working closely with banks. By involving the banks through its formal farming contract mechanism, the project facilitates producers' access to farm inputs in the rice and maize value chains. The project also works with existing contract farming operators (in the SRV) to improve their operations, which results in improved access to inputs for rice farmers. The project financed two rice mills for a women's group and took an extra step often missing similar grants or cost-sharing agreements: training the women (16 in this case) in their 25 operations. The project also introduced maize threshing equipment to producers. The project introduced innovative credit leasing to value-chain actors. PCE's facilitation of a medium-term credit facility through the leasing company Locafrique constitutes an important result. Banks, when they do give credit, require collateral that many borrowers lack. This project activity, under which the equipment is the collateral, resulted in the acquisition of 15 new tractors by producer groups in 2011 and a rice mill by one GIE Naxari Deret in 2012.

ANNEX IX: SCOPES OF WORK FOR COMPETITIVENESS PROJECTS

This annex presents scopes of work for three USAID projects that successfully combined access to finance activities (including DCA loan guarantees) with other private sector development activities to yield a greater impact.

Financial Inclusion for Rural Microenterprises (FIRM)

FIRM is an example of an access to finance project that combines firm-level assistance and policy reform. FIRM is an \$18 million, five-year financial services project supporting three U.S. government initiatives in Kenya – Feed the Future, Global Climate Change and Power Africa – in three key areas: agriculture, clean/renewable energy and policy reform. FIRM's goal is to increase the productivity and growth of on and off-farm agriculture value chains by increasing financial services to underserved groups throughout Kenya, particularly in rural areas. FIRM utilizes DCA loan guarantees, technical assistance and consulting to de-risk credit processes used by financial and non-financial institutions across current market segments and new business opportunities. FIRM also supports key policy reforms critical to the ongoing safe and sound evolution of the financial sector.

FIRM's technical assistance to partners includes development of agriculture finance strategies, financial product development, financial modeling for producer groups, strengthening agriculture value chains through financial and market linkages, institutional strengthening which includes development of operational manuals and capacity building. Activity areas include:

IR 1: Increase access to financial services for rural and agriculture enterprises - Establish and launch the value chain finance center with USAID Financial Sector Deepening Project (FSD)

- Partner with FSD and combine financial resources to deliver agriculture value chain finance throughout Kenya with an emphasis on Feed the Future priorities and institutionalize the methodologies providing by FIRM inside Center and throughout the Kenya
- Build the capacity and long-term viability (financial and managerial) to function as a permanent fixture in the Kenyan financial services marketplace necessary to outlive FIRM's project life
- Create financing opportunities for financial and non-financial value chain actors and respond to new and emerging opportunities

IR 2: Expand access to and the use of clean/renewable energy - Establish Partnerships with Clean and Renewable Energy Firms and Providers of Specialized Business Development Services to Promote the Uptake of Innovation

- Develop system to evaluate clean and renewable energy transactions, especially those deals with linkages to agriculture and energy
- Partner with appropriate business service providers to deliver results
- Undertake a diagnostic of legal, policy of regulatory barriers that stand in the way of developing the sector

IR 3: Incorporate innovative ICT solutions to enhance inclusion - Establish linkages between ICT solutions providers and other components (agriculture, energy, gender, youth and policy reform), including financial and non-financial sector partners

- Develop system to evaluate ICT transactions and development interventions, especially deals with linkages to agriculture and energy
- Partner with appropriate business service providers to deliver results

IR 4: Promote new financial models for youth, women and very poor groups - Establish linkages between ICT solutions providers and other components (agriculture, energy, gender, youth and policy reform), including financial and non-financial sector partners

- Develop system to evaluate ICT transactions and development interventions, especially deals with linkages to agriculture and energy
- Partner with appropriate business service providers to deliver results

IR 5: Maximize the use of DCA loan guarantee facilities

- Manage existing portfolio of guarantees for performance
- Generate and respond to emerging opportunities:
 - Feed the Future – agriculture
 - Clean and renewable energy
 - Water, health insurance

IR 6: Enhance financial sector reforms - Partner with public and private sector institutions to affect necessary policy change and build capacity to improve stability, efficiency and inclusion

- Branchless/agency banking
- Credit reference bureaus
- Risk-based microfinance supervision
- Crisis management/stability enhancement
- Anti-money laundering
- Consumer protection
- Agriculture commodity surveillance and response mechanisms
- Collateral registry system

For the private sector, FIRM enters into a partnership agreement (a contract) non-disclosures, confidentiality agreements and specific deliverables tied to measureable outcomes. From there, the project jointly works on a strategy with the partner enterprise and then supports the operationalization of the strategies which often leads to specific product development. As strategies produce quantifiable results for the partner, FIRM is often called upon to help upgrade internal systems and business functions (governance, human resource management, MIS/ICT, accounting/finance, treasury, etc.), to raise additional capital or to source US government loan guarantees to keep pace with growth in new clientele, income and profitability.

With the Government of Kenya, FIRM responds to specific needs upon their request, drawing upon a deep pool of highly-qualified Kenyan and international experts. In support of devolution, FIRM encourages economic investment and development of Kenya's newly-formed county governments to create the conditions for increased investment in Kenya's critical agriculture and finance value chains. In partnership with the Government of Kenya, FIRM is working with National Economic and Social Council (NESC) to develop a national credit guarantee scheme.

FIRM's key accomplishments include establishing over 125 partnerships with local institutions in agriculture, clean/renewable energy and water finance, and helping to facilitate and unlock approximately \$500 million in local commercial capital for Kenyans.

Azerbaijan Competitiveness and Trade Project (ACT)

ACT was a three-year \$22 million project that supported an improved business environment, a more transparent trade environment, and increased competitiveness of agriculture products in targeted value chains.

Component 1 focused on several areas under the rubric of business enabling environment: commercial-oriented legal reforms; administrative barriers reduction, particularly in food safety; and support for the Central Bank. It saw some success with the inclusion of recommendations in several pieces of legislation still in the adoption process at the end of the project, the adoption of tax code amendments that the project had supported, and inspection checklists by the Veterinary Service to create consistency in inspections of food processing companies. It also supported capacity development of six different government departments to improve understanding and push for reforms in needed areas. The project saw its largest impact through its support of the different Central Bank departments, building capacity and helping adopt new policies, procedures, and methodologies, and it created a better understanding of best practices. Activities included:

- **Legislative and regulatory reform to improve the business environment over the long-term.** These included competition, tax, property, secured transactions, e-commerce, licensing and permits, and food safety inspection regulations.
- **Support to the CBA.** Strengthened central bank departments in several areas including: the research department to improve economic modeling capacity to inform policy decision-making; the supervision department to improve ability to monitor financial institutions; the financial management and strategic management departments to implement, maintain and fully utilize an activity-based management system; the risk department to establish and implement operational risk management policies and practices; the Azerbaijan Mortgage Fund to develop options for better management of the fund; and the financial monitoring service to oversee and enforce compliance with anti-money laundering /countering of the financing of terrorism legislation and practices.

Supported the development of new Risk-Based Banking Methodology for the bank to transition from CAMELS rating system, which was formally adopted.

Provided three-week exchange capacity development opportunity for onsite and offsite inspection personnel at the Bank Supervision Department with the Colorado and Texas state regulatory bodies.

Established and provided hands-on training on the activity-based management system to support internal benchmarking, development of performance targets, and tracking of results.

Component 2 focused on supporting improvements in the trade environment through the adoption of best practices in line with the WTO (World Trade Organization) agreements and EU requirements. Activities included legislative and regulatory reform, capacity development of involved government

agencies and staff, the launching of the process of harmonizing local standards with international standards, and support directly to the government in the WTO accession process. Activities included:

- **Legislative and Regulatory Reform.** ACT provided technical reviews, support, and advice to advance the legislative reform process and bring the legal framework in line with best practices and the WTO agreements. The work covered a wide array of areas including intellectual property, food safety, animal and plant life health, customs, trade remedies, licensing, foreign trade policy, standardization and accreditation, and technical regulations.
- **Standards Harmonization.** ACT helped the government begin the harmonization process with CODEX and IPPC, which was critical to enable WTO accession and improve compliance with international safety requirements and quality standards. Harmonization also helps improve compliance with import requirements in the Eastern European and EU markets and increases export potential. ACT also assisted the Standards Committee to develop a plan for converting its mandatory requirements to voluntary standards and technical regulations.
- **Institutional Reform and Capacity Building.** ACT assisted in the planning, launching, and advancing of numerous institutional reforms and in building the capacity of a number of state bodies to properly and effectively implement and administer trade and WTO related laws and to benefit from being a WTO member and from integrating into the system.
- **Support for WTO Accession.** ACT provided extensive support directly to the government of Azerbaijan in activities related to the accession process.
- **Trade Facilitation and Reduction in the Cost of Trade.** ACT worked with a local partner to quantify the costs of trade by working on two pilot studies (import on animal feed and export of pomegranates) to map import and export processes and recommend elimination of bottlenecks for reducing the cost of trade.

Component 3 focused on improving the competitiveness of targeted value chains including dairy, aquaculture, pomegranate, apple, and hazelnut. The project provided support by working with value chain players above the farm gate and with farmers directly on the farm. In addition, the project worked with financial institutions interested in lending more to rural farmers in the regions. Activities included:

- **Improved Competitiveness of Targeted Sub-Sectors.** The project began with a selection process to identify four additional value chains to support in addition to the two already pre-selected by USAID, dairy and aquaculture. Through a process of both qualitative and quantitative (through domestic resource costing developed under the previous project) studies, the project, in cooperation with USAID, selected value chains.

Hazelnuts. The project focused on improving quality in order to improve processors' ability to sell larger and better quantities. This meant helping processors adopt best international practices with a focus on both product and process standards. ACT supported the development of additional marketing avenues for some of the larger processors that were interested in diversifying their client base, producing new products and exploring new markets. This support provided opportunities for the companies to develop new products, such as blanched and sliced hazelnuts, leading to increased sales and profitability. The development of brand names and new packaging with branded logos also provide improved visibility and earning prospects for some of the players. ACT also supported the linking of local companies with potential buyers abroad such as in the US, Korea, China and Japan.

Pomegranates. ACT supported a number of trade deals such as the export of pomegranate juice, concentrate, and sauce to Canada, Germany, Spain, and Poland in high quantities, and recommended participation in several trade fairs and events. ACT also focused on promoting the use of modern packaging materials to ensure the arrival of quality products at their destination.

Apple/Cold Chain Development. ACT cooperated with over 25 cold-storage facilities providing regular training and technical assistance, along with accompanying written materials with storage conditions of most of the locally available fruits and vegetables.

Association formation. ACT assisted in the development of three associations, organizing general assemblies, and drafting charters, bylaws and all the other necessary legal documentation.

Food Safety and HACCP Compliance. ACT designed a train-the-trainer program on HACCP to develop local capacity while at the same time support direct implementation in beneficiary companies.

Access to Finance. ACT worked with four commercial banks and a non-banking financial institution in the implementation of ag-lending technologies. The project supported the streamlining of loan procedures, simplification of formats, reduction of documentation requirements and development of manuals and guidelines with the goal of improving access to credit for small farmers and rural entrepreneurs in the agriculture value chain. ACT focused on building the capacity of credit managers and loan officers with respect to SME ag-lending and the project carried out over 50 training sessions for branch managers, credit managers, trainers of trainers and loan officers from all of the partners. The project followed up with intensive field training to loan officers and supported evaluation of real loan applications. The project also conducted a benchmarking exercise to support the identification of potential non-performing clients.

Tunisia ICT Competitiveness Project

The USAID ICT Competitiveness Project was a \$7.5m, 15-month project that aimed to provide assistance focused on ICT sector development to enhance its role as a catalyst for accelerated private sector growth and job creation.

Component 1. Increasing and Developing ICT and ICT-Enabled Entrepreneurship

The project assisted 83 enterprises in the following sectors: ICT, apparel and textiles, specialty foods, and manufacturing. Technical assistance included strategic/business planning, market development, production planning, quality control, and financial management. Training covered soft skills and technical skills, mainly for newly recruiting staff.

Also worked on improving access to finance for SME with efforts focused on improving the ability of leading players in debt and equity markets to serve SMEs. The Project initiated the SME Finance Pilot Core Group whose objectives are to improve coordination among local financial institutions in the provision of debt and equity to SMEs, increase deal flow from local entrepreneurs, develop linkages between entrepreneurs and mentors, and ultimately increase the number of closed deals. The Project also placed short-term advisors in several financial institutions in an effort to assist them in improving their capacity to provide financial services to SMEs, including several banks and several private equity funds.

Component 2. Growing and Developing Tunisia's Workforce

The Project's workforce development strategy involved two major activities: 1) co-financed training for newly recruited employees, which was undertaken in close coordination with the enterprise development activities (described above); and 2) job matching and placement services that included job fairs and career placement centers. The project established six career centers in universities across Tunisia, and organized The Project organized two major job fairs in Tunis and smaller-scale fairs at campus career centers. The project worked with the National Agency for Employment and Self-Employment on organizing the job fairs with a focus on building the agency's capacity to organize job fairs in the future.

Component 3. Policy and Regulatory Reform

Within the first months of implementation, Project staff developed a framework for policy technical support, outreach, and consensus-building. Meetings and focus group discussions were held with key institutional actors—ICT companies, ICT associations including the Tunisian Association for Communication and Technology (TACT), broader business associations including Tunisian American Chamber of Commerce (TACC), private policy think-tanks and research organizations such as IACE, commercial finance institutions, major donor agencies— and government policy-making institutions.

The Project closely coordinated with USAID, TACT, and other major counterparts to formulate a prioritized enabling-environment reform agenda for ICT job growth. This involved evaluating key laws and regulations affecting the ICT sector; identifying and prioritizing the policy, legal, and regulatory constraints impeding ICT investment, growth, exports, and job creation; and developing a policy, legal and regulatory reform strategy to eliminate or reduce constraints. Initially, reform areas included: 1) finance; 2) telecom; 3) labor; 4) tax; 5) e-governance; 6) e-commerce; 7) public-private partnerships.

The Project mapped the bottlenecks that restrain private sector growth and worked with counterparts to develop recommendations for streamlining administrative procedures and lowering entry barriers for domestic and foreign businesses.

The project established an ICT taskforce to propose and agree amendments to the telecommunications code. This led to the formation of a public/private Working Group on Telecom Reform empowered to develop key amendments to the 2001 Telecom Code.

The Project supported reforms to simplify taxes, broaden bases, and reduce high rates corporate income taxes, personal income taxes (PIT) and social contributions as well as to shift the tax burden to value-added tax (VAT) and indirect taxes. Using detailed simulation models for PIT, corporate income tax, and VAT that it developed with the Ministry of Finance, the Project conducted in-depth analysis of revenue and incidence implications of alternative policy scenarios for reducing tax rates and broadening tax bases, principally through removing exemptions and deductions.

The project conducted an assessment of the labor code and made recommendations to bring it into compliance with international norms.

Key results of the project include creating 2,409 jobs, trained 824 people, and helped produce three business environment laws, regulations, or administrative procedures.

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