

# Evaluation Summary

## Meso-finance Advans project

Country: **Ghana**

Sector: **Finance**

Evaluator: **Ayani NL**

Date of the evaluation: **April 2018**

### Key data on AFD's support

**Project number:** CGH 1125

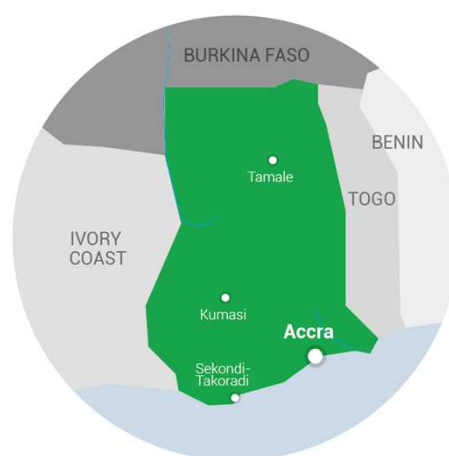
**Amount:** 400 K€ in grant

**Disbursement rate:** 83%

**Signature of financing agreement:** April 2013

**Completion date:** November 2017

**Total duration:** 4 years and 7 months



### Context

The core objective of the project was to **contribute to the economic development and poverty reduction of Ghana by increasing access of meso-enterprises to finance** which were assumed to be at the time underserved by financial institutions in the country.

### Actors and operating method

- AFD
- Advans Ghana
- Support for Technical assistance (TA) measures were provided by internal TA units.

### Objectives

1. **To reinforce and maintain a good quality of the Small and medium enterprises (SME) portfolio as well as the general portfolio of Advans Ghana.**
2. **To enhance the growth of the SME portfolio in the mid-term as well as the general growth of Advans Ghana (growth in numbers).**
3. **To provide training for a number of SMEs.**

### Expected outputs

- Global Portfolio at risk (PAR) past 30 days < 6 by the end of 2014
- PAR 30 on SME < 7%
- Number of SME borrowers will have increased by over 50% in three years
- Growth of the global outstanding portfolio 50% in three years
- 240 SMEs trained

## Performance assessment

### Relevance

The project was **highly relevant to national policies, AFD strategies, and the needs of the target group**. The Ghana Growth and poverty reduction strategy was still in place at the time of this project.

Small and medium enterprises (SME) continued to face credit constraints, and women entrepreneurs in particular needed business management training (which the project provided).

### Effectiveness

The project had **mixed results in terms of achievement of its targets**. In the area of SME lending, the targets for volume of portfolio and the number of SME clients were met. At the start of the project, there were 77 SME clients and, by the end, 282.

While the majority of objectives were achieved, **the loan portfolio quality as measured by the PAR30 did not meet targets** (but the lack of achievement is **primarily due to the external context**). There were **problems in the provision of the Business development services (BDS) to SMEs**.

### Efficiency

The use of AFD funds to increase the SME portfolio was **very good**; the use of funds for the BDS component was **less satisfactory**, as objectives were not achieved.

The efficiency **increased by investing in a known network** with its own TA providers.

There were **no reported delays** in disbursement of funds or cost overruns.

### Impact

The effects could not be determined, because **impact data was not collected**.

**The project was too small to have had a significant impact on poverty reduction and job creation at the national level**. Regarding access to finance for SMEs, the impact was small: an additional 205 SME proprietors received loans (although some of them might have been recruited from other institutions) and the loan portfolio increased by GHS 7M which hints at **limited impacts** behind these outcomes.

### Sustainability

The **results achieved continue to unfold**, i.e. the SME portfolio has continued to grow. There is a **continuous demand for the product**. Advans is expanding its SME clientele cautiously, as is appropriate, due to general problems with the economy. Advans' ability to serve the SME market has been **enhanced** and the **knowledge was internalized** and is being **replicated**. The quality of its SME portfolio, although lower than ideal, is **better than the industry average**. Advans remains committed to the meso market.

### Added value of AFD's contribution

The contribution to capacity building was **limited to AFD's support for the technical assistance program**, but this was **important to the institution's strategies** for survival and future sustainability. This support allowed Advans to **improve its understanding of the meso-finance market**, and to **meet the needs** of meso clients.

## Conclusions and lessons learnt

The project was **appropriate** to the market conditions and the **needs of the target beneficiaries**, with a few caveats regarding the business development services component, which does not appear to have been well-designed.

If **development impacts** (job creation, value adding, increase in income) are desired, they **must be measured at the borrower level**, in both quantity and quality, in order to make conclusions (based on attribution) about development impact at the national level.

It is important to **ensure that all indicators in logframes are SMART**. For example, job creation could be measured using SME loan applications – adding a question on number of people working full-time in the business at each loan application, then tracking the changes. It is recommended to **include a gender approach** in future meso-finance projects (not just gender targets, but assessments of the finance and training needs of female SME proprietors, and designing products and services around their needs).