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LSETF
LAGOS STATE EMPLOYMENT TRUST FUND

SOCIO-ECONOMIC IMPACT
ASSESSMENT REPORT

FOR

**LAGOS STATE EMPLOYMENT TRUST
FUND (LSETF)**



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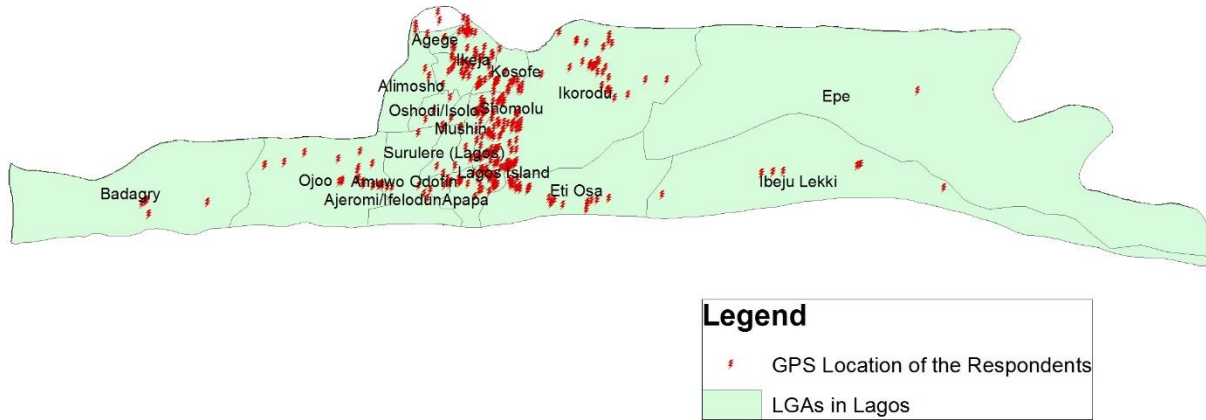
CESD	Center for Ethics and Sustainable Development
DFI	Development Financing Institutions
EDC	Electronic Data Capture
FGD	Focused Group Discussion
IDI	In-Depth-Interview
IGR	Internally Generated Revenue
KII	Key Informants' Interview
LGA	Local Government Area
LSETF	Lagos State Employment Trust Fund
ME	Micro Enterprise
MES	Micro Enterprise Start-Ups
NGO	Non-Governmental Organization
ODK	Open Data Kit
SDGs	Sustainable Development Goals
SIA	Social Impact Assessment
SME	Small and Medium Enterprise

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SPREAD OF LSETF'S BENEFICIARIES



EXECUTIVE SUMMARY

The Lagos State Employment Trust Fund (LSETF) is a Lagos state government's initiative envisioned to create employment and entrepreneurship opportunities for Lagos state residents. LSETF was given the mandate to directly invest N25 billion to enable Lagos State's residents grow and scale their Micro, Small and Medium Enterprises (MSMEs). In the space of one year, LSETF attained a commendable milestone in successfully fulfilling this mandate across her four strategic pillars namely, Entrepreneurship, Employability, Interventions and Promotions.

Whatever gets measured gets properly managed, hence, the need to evaluate the entire process, to ensure the actualization and sustainability of desired outcomes. The overall purpose of this Socio-economic Impact Assessment (SIA) is to measure the effectiveness of the LSETF especially its entrepreneurship pillar in achieving its goals and objectives.

The Center for Ethics and Sustainable Development (CESD) conducted SIA through the application of proposed SIA indicators of problem diagnostic accuracy, implementation efficacy, coverage (which includes gendered beneficiary spread and LGA spread), user and provider compliance. An additional SIA tool, Sustainable Development Goals (SDGs) Scan was employed.

The SIA was designed to answer specific questions about LSETF's fund disbursement to entrepreneur beneficiaries as follows: Did it achieve the set objectives? To what extent did it solve or address the problems it identified and set out to solve? Is there a measurable difference in the beneficiaries' socio-economy? Was the spread of the fund disbursement adequate for substantial impact and in meeting set target? Should there be modification in the operational methods of LSETF as regards its fund disbursement? Or modification in its implementation policy?

To address these questions and more, the study used mixed method research techniques comprising of quantitative and qualitative, cross-sectional design with random sampling approach. The quantitative component was executed through surveys with semi-structured questionnaires. The data was collected face-to-face from beneficiaries by field researchers, using ODK on mobile android devices. The qualitative component was executed using two approaches; key informant interviews (KIIs) and focus group discussions (FGDs).

The findings showed that the MSME beneficiaries of the LSETF's funding intervention to a large extent, have been able to reduce the problem of lack of or insufficient capital, which is a perennial challenge for businesses.

The findings of the SIA show that 94% of the beneficiaries indicated capital constraint as the major business challenge prior to the LSETF intervention. A considerable proportion of the beneficiaries (66%) reported that the LSETF's intervention greatly alleviated this pain point.

In a measure of post-intervention impact, the LSETF intervention enhanced beneficiaries' productivity. Ninety percent (90%) of the beneficiaries reported an increase in the number of services or products they offer. Seventy-four percent (74%) of the beneficiaries reported increased profit margins and twenty-nine percent (29%) reported increased number of employees. Fifteen percent (15%) of the beneficiaries have also been added into the tax bracket; resulting in an increase in Lagos State's tax base and by extension, the state's internally generated revenue (IGR). Indirect beneficiaries barring LSETF partners are about 35,000 people going by the average household sample size.

The Sustainable Development Goals' Scan showed that the LSETF's intervention impacted beneficiaries and their households in ways that reflected compliance and actualization of some of the relevant SDGs. In terms of coverage, beneficiaries cut across the three business categories of Micro Enterprise Start-Ups (MES), Micro Enterprise (ME), and the Small and Medium Enterprise (SME) in the twenty (20) LGAs in Lagos State. Going by the LSETF's overall target of supporting at least 100,000 MSMEs over four years, the 2016 beneficiaries of around 7,000 implies 7% of the target has been covered. Gendered disaggregation of the survey tools showed a fair representation of both sexes estimated at 49.9% and 50.1% for male and female beneficiaries respectively.

As regards user (beneficiaries) and provider (LSETF) compliance, both user and provider compliance has been above 80%. The beneficiaries (users) were grateful for the intervention, took ownership of the loan and are complying with the terms of repayment. The LSETF and stakeholders (providers) implemented the project according to global best practices.

However, some aspects of the implementation process of the LSETF was tainted by some level of inconsistency as some beneficiaries were able to access funds without participating in training. Some also did not have their business facilities inspected by any official of LSETF before fund disbursement.

Some beneficiaries complained about the lack of competence in information management and the unfriendly attitudes of some of the microfinance banks as well as demand for extra payments not factored into the stipulated loan repayment and management plan. Some beneficiaries were exploited by third parties who claimed to be agents of the LSETF and some micro-loan scheme providers. There is, therefore, a need for the management team to design strategies to curb these illegitimate practices.

We recommend that the coverage rate has to be accelerated to meet up with the four year deadline. LSETF's management should review and strengthen the implementation process, improve publicity strategy and activities. Educating beneficiaries' (and intending beneficiaries') on how to properly fill the forms as well how loan approval ratings are achieved should be incorporated into the process.

We also recommend the adoption and incorporation of a feedback loop or strategy that enhances inclusion as well as direct interaction with beneficiaries. We recommend increased monitoring of the beneficiaries to ensure sustainable business practices as well as the monitoring of the activities of microfinance banks. These are some of the very important and necessary steps to ensure a strictly implemented and sustainable business intervention model for Lagos State.

Furthermore, to encourage beneficiaries that were conscientious and did not default in their loan repayment, we recommend that they be given opportunities to apply again in the future to serve as models for intending applicants thereby encouraging compliance and timely loan repayment.

The recommendations are summarized and listed as follows:

- **Strengthened implementation process**
- **Strategic communication and publicity for the Fund**
- **Improved database management**
- **Transparent assessment criteria**
- **Incorporation of feedback loop**

- **Periodic monitoring and review of contracts with microfinance banks**
- **Need for continuous monitoring**
- **Tax compliance of employees.**

In conclusion, this SIA has fulfilled its objectives by providing results showing the impact of LSETF's activities on beneficiaries in the entrepreneurship pillar. It highlighted areas where beneficiaries benefitted the most and areas for potential future intervention. It showed both direct and indirect socio-economic impact of the Fund's activities, even along the SDGs. It has also identified ways LSETF can improve its provision of assistance, training and capacity building to beneficiaries.

BACKGROUND

2.1 Introduction

Micro, Small and Medium Enterprises are the bedrock of economic growth in any society. By the virtue of their activities, such as creating jobs, training workers, procuring raw materials, transferring technology, paying taxes, and expanding access to products and services, their continued growth and well-being is of great concern to any well-meaning government. In fact, it matters to the socio economic and political bottom line of Lagos state. This informed the mandate given to LSETF to directly invest N25 billion in helping Lagos residents grow and scale their Micro Small and Medium Enterprises (MSMEs).

The LSETF, since its inception in 2016, has rolled out over three tranches of disbursement resulting in over 7000 beneficiaries. The Fund is expected to create 300,000 (Three Hundred Thousand) direct and 600,000 (Six Hundred Thousand) indirect jobs within three years, by supporting at least 100,000 (One Hundred Thousand) MSMEs. It also targets an addition of over 200,000 new tax payers to the Lagos State's tax register by 2019.

Having implemented the funds disbursement of the entrepreneurship pillar for a year, there is a need for socio-economic impact assessment (SIA) of its activities, objectives and process. SIAs are essential to organizations for many reasons such as capturing actual cost and risks as well as reducing them and identifying new opportunities. SIAs help in maintaining the "license to operate" in the society by highlighting how their operations have created net benefits in and for their society, and how they have influenced and contributed to public policy goals.

LSETF therefore, commissioned the Center for Ethics and Sustainable Development (CESD) to conduct SIA which is to measure the effectiveness of LSETF activities, to evaluate the direct and indirect benefits to their beneficiaries and retain stakeholders' support for current and future activities. The rationale is that the impact of most socio-economic and development interventions take different forms. While significant benefits are obvious, there is also a need to identify and evaluate the negative externalities associated with them. Such impact not only needs to be identified and measured but also needs to be managed in such a way that the positive externalities are maximized

and the negative externalities are minimized. A balanced SIA is done in a sex disaggregated and participatory manner in order to effectively capture the needed details, answer salient questions and produce a comprehensive report that above all aids the sustainability of the program.

Understanding exactly what was implemented and the rationale behind it provides the basis for understanding the relevance or meaning of the observable LSETF results. Most importantly, the SIA will give a comprehensive measured impact of the components of the LSETF program on the welfare of the people in a sex disaggregated format.

2.2 Overall Objectives

Specifically, this impact assessment has been designed to:

- Assess the impact of LSETF's activities on beneficiaries (entrepreneurship pillar).
- Identify ways that LSETF can improve its provision of assistance, training and capacity building to beneficiaries.
- Identify fundamental areas where beneficiaries have benefitted the most and areas for potential future intervention.
- Identify the socio-economic impact of the Fund's activities
- Present the key findings in the form of an assessment report, highlighting key successes, challenges, lessons learned, recommendations, and provide a forward-looking outlook on the development of LSETF with special attention to areas of improvement.

2.3 Research Questions

The objectives will be guided by the following research questions:

- What is the impact of LSETF activities on beneficiaries in the entrepreneurship pillar?
- In what ways can LSETF improve its provision of assistance, training and capacity building to beneficiaries?
- What are the fundamental areas where beneficiaries benefitted the most and what are the areas for potential future intervention?

- Does LSETF's activities have measureable or significant socio-economic impact?
- What are the key findings of this SIA that can be presented in the form of an assessment report that will highlight key successes, challenges, lessons learned and recommendations with special attention to areas of improvement?

LITERATURE REVIEW

3.1 Clarification of Terms

Socio-economic impact, in the technical sense of the word, refers to empirical change(s) in the assets, capabilities, opportunities, and standards of living of people after a particular event or as an outcome of an activity. It signifies in some cases, increases in income and educational attainment or decreases in hunger and the incidence of disease (WBCSD, 2008). This definition informs our understanding and activities as contained in this report.

In this report, socio-economic impact relates to the changes in productivity, business revenues, profits, payment of wages and the livelihood of beneficiaries of the LSETF loan in the entrepreneurial category. The SIA therefore assesses these changes using specific indicators to ascertain that the observed impact is positive and sustainable, which will serve as the success marker for the LSETF.

SIA indicators generally provide information that simplifies reality, reveal trends and simplify complex phenomena. They may be pointers, facts, numbers, opinions or perceptions – used to signify changes in specific conditions or progress towards particular objectives (CIDA, 1997). They can be used either to describe a situation or trend (descriptive indicators) or to provide an assessment of progress towards established objectives and targets (performance indicators). In some instances, descriptive and performance indicators are used together, for example by measuring a situation with performance indicators while providing additional explanation with the descriptive indicators (European Union, 2014). The knowledge provided by indicators not only uncovers social, environmental or economic situations and establish connections between them; it also provides a basis for influencing and controlling such phenomena. (Veidemane K. et al, 2015) This SIA used a combination of descriptive and performance indicators as well as multi-level indicators.

3.2 The Lagos State Employment Trust Fund (LSETF)

The vision of the Lagos State Employment Trust Fund is to facilitate employment creation as well as entrepreneurial development for all Lagos State residents. Promoting access to cheap finance forms a major springboard with which the LSETF aims at achieving her job and wealth creation goals. The strategic framework employed by the LSETF includes; Entrepreneurship, Employability, Interventions, and Promotion.

Tapping into the potentials of the Micro, Small and Medium Enterprises in aiding the achievement of its job and wealth creation goals, the LSETF set out to support at least 100,000 entrepreneurs by 2019. Through this strategy it hopes to create additional 200,000 tax payers as well as 300,000 and 600,000 direct and indirect jobs respectively.

Apart from promoting access to cheap finance, the LSETF also targets increasing the employability potential of Lagos State residents. This entails tailored training for the unemployed and internships as well as full time job placements in relevant industries. The MSME sub-sector has been identified with the potential of unlocking employment opportunities in economies around the globe, and this sub-sector has been the primary focus of the LSETF. The beneficiaries of the LSETF are sub-divided into three categories; the Micro Enterprise Start-ups (with 250,000 naira loan cap), the Micro Enterprise (with 500,000 naira loan cap) and the Small and Medium Enterprise (with a 5 million naira loan cap). A fixed interest rate of 5% applies across the three business categories.

Registration with the Lagos State Residents' Registration Agency (LASRRA) forms the baseline requirement for accessing the fund. Additional requirements include registration with the Corporate Affairs Commission (CAC), a bank account with a Bank Verification Number and tax registration with the State's Inland Revenue Service (LIRS). Application for the Lagos State Employment Trust Fund is done thorough either the electronic channel (www.lsetf.ng) or any of the liaison offices across the 20 Local Government Areas.

The LSETF offers competitive advantage over other sources of capital available to MSMEs in the country with its low interest rate (5%), relaxed demand for business plan and collateral, free training for beneficiaries and customized loan tenor and moratorium.

Within one year of its operation, LSETF has done considerably well as it concerns the achievement of its goals. This reality makes this SIA a baseline evaluation. The specific purpose of the multi-level indicators used was determined within the context that it is a baseline SIA with no data to benchmark against and not enough time span to adequately measure its impact or the sustainability of observed outcomes. Hence, the use of the indicators measuring LSETF's effectiveness, Minimal SDG Scan as well as a comparative analysis with similar MSMEs funding agencies within the BRICS nations.

3.3 Effectiveness Indicators

CESD's approach to assessing the socio-economic impact of LSETF is by measuring the effectiveness of the LSETF. The rationale of effectiveness is to determine how well an intervention with the potential for reducing a specific burden (unemployment, financial exclusion, poverty etc.) worked when applied in the Lagos State. Effectiveness is determined by five factors: efficacy, diagnostic accuracy, provider compliance, user compliance, and coverage. This can be explained using this formula:

Effectiveness = efficacy * diagnostic accuracy * coverage * user compliance * provider compliance (Osiri M. 2008). Where

- i. Efficacy is all about delivery or implementation of the LSETF using proven implementation prototypes
- ii. Diagnostic accuracy (accurate definition of problem (financial exclusion of MSMEs, aspiring entrepreneurs with no capital, unemployment and underemployment due partly to lack of requisite skills and skills miss-match etc.)
- iii. Coverage (extent of the reach of the implementation of the Fund to defined beneficiaries),
- iv. User compliance- (this includes acceptance by beneficiaries and ownership of the Fund through sustainable business practices)
- v. Provider compliance (maintenance of global standard and accountability in the process of implementation)

Numbers ii - v constitute the LSETF implementation indicators to be measured. This formula contains elements which constitute the criteria for determining the effectiveness of the LSETF's policy and the process of implementation of its entrepreneurial pillar/activities. The ensuing Social Impact Assessment (SIA) will give a comprehensive report on the measured impact of the LSETF program on the welfare of the beneficiaries in a sex dis-aggregated format. The SDGs' Scan will provide an estimate of the number of beneficiaries the LSETF's intervention affected within its scope in ways that can be interpreted to mean the actualization of the SDGs in Lagos State.

3.4 Comparative Analysis

This section is a comparative analysis of the loan schemes offered by various development financing institutions in the country to show the value proposition of the

Lagos State Employment Trust Fund. To benchmark the LSETF's scheme against similar schemes globally, a comparative analysis was carried out to cover three countries (Brazil, India, and South Africa) within the BRICS (Brazil, Russia, India, China, and South Africa) economic bloc.

The analysis showed the uniqueness of the LSETF in its low interest rate offer of 5%. This also include its inclusion of the informal sector through the relaxed business plan and collateral demand; business sustainability prospects through training and loan recovery mechanism through flexible moratorium allowance.

Central Bank of Nigeria

The Central Bank of Nigeria, established by an Act of Parliament in 1958, is the overall controller and administrator of the monetary and financial sector policies of the Federal Government of Nigeria. Among other priority areas, the expansion of the Micro, Small and Medium Enterprises sub-sector of the nation's economy forms a key thematic focus of the apex bank. Several interventions have been introduced to enhance access to finance as well as supportive regulatory and supervisory framework for the MSME sub-sector in the country. Some of the initiatives to spur MSMEs growth are highlighted below;

- Revised Microfinance Policy
- Regulatory and Supervisory Framework
- Certification Programme for MFBs
- Designated Non-Financial Business and Professionals (DNFBP)
- Competency Framework
- Payment System Transformation
- Moveable Collateral Registry Initiative
- Financial Ombudsman Bill

Selected Lending Interventions for the MSME sub-sector are listed below;

- **Power and Airlines Intervention Fund (PAIF)**

The PAIF is a 500 billion Naira debenture stock issued through the Bank of Industry. The total intervention fund comprises of a 200 billion Naira fund for refinancing SME and Manufacturing portfolios and 300 billion Naira for power and airline projects. This

intervention fund was introduced in 2012 to address key challenges in the nation's power and aviation sector. The fund, with a permissible moratorium of Five years and an additional 18 months to address the risk of completion, has a maximum tenor of 15 years. The maximum interest rate and the total turn-around processing of the loan are capped at 7% per annum and 30 working days (between the managing agent (BOI), technical adviser(AFC) and the CBN) respectively.

- **Small and Medium Enterprises Credit Guarantee Scheme (SMECGS)**

The SMECGS aimed at promoting access to credit facilities by Small and Medium Scale Enterprises in the country. The N200 billion intervention fund covers activities within the manufacturing sector, agricultural value chain, and educational institutions. The interest rate for the credit facility was fixed at the Prime Lending Rate (PLR) of the participating banks. This PLR oscillates between 16% and 18% and varies with the commercial banks and the credit ratings of the loan obligor. The maximum tenor for the loan is a cap at 7 years and a maximum communication time of 14 working days after verification of projects by the managing agent (CBN).

- **Youth Entrepreneurship Development Programme (YEDP)**

The YEDP aims at enhancing credit access to Nigerian youths. The programme objectives include; curbing unemployment, promotion of entrepreneurial culture, and promotion of the spreads of small and medium enterprises in the country. The loan has a maximum loan term of 36 months (3 years) and a moratorium of 3 months which varies with the peculiarities of each business. A maximum loan amount of N3 million and N10 million for single and group projects with a maximum interest rate of 9% per annum.

- **The Micro, Small and Medium Enterprises Development Fund (MSMEDF)**

The MSMEDF is a 220 billion Naira intervention fund aimed at bridging the huge financing constraints in the Micro, Small and Medium Enterprises sub-sector of the Nigerian economy. The credit scheme is broadly divided into a commercial (90%) and developmental (10%) component. The commercial component aims at improving the

ability of financial institutions to meet the MSMEs' credit needs as well as reduce the cost of capital to borrowers. The developmental component marked for grants and operational expenses for take-off for enterprises. The MSMEDF has a maximum tenor of 1 and 5 years for micro-enterprises and SMEs respectively as well as an interest rate cap of 9% per annum.

Bank of Industry

The Bank of Industry Limited (BOI), incorporated in 1964, is the leading development financing institution in Nigeria. Reconstructed from the Nigerian Industrial Development Bank (NIDB) in 2001, the share capital of BOI is estimated at 250 billion. The provision of long-term financing to the industrial sector of the Nigerian economy forms the core mandate of the BOI. Some of the Funds managed by the BOI are listed below;

- **BOI/ Dangote Foundation**

This is a 5 billion Naira matching fund. The priority sector for the fund includes; Manufacturing, Agro-processing and merchandising sectors exclusively made in Nigeria goods. The fund, with an interest rate cap of 5%, employs flexible tenor tailored to the peculiarities of the business.

- **BOI/ State Matching Funds**

This is credit facility organized through the partnership between the BOI and selected state governments. The priority sectors for the fund include; manufacturing and Agro-processing. The attached interest rate varies between 5% and 10%.

- **CBN Intervention Fund for Manufacturing Re-Financing and Restructuring Facilities of Banks' Loans**

This a 235 billion Naira credit facility of the Central bank of Nigeria managed by the Bank of Industry. A general improvement in the industrial and manufacturing sector, as well as financial position of the various SMEs with the Deposit Money Banks, form the priority objectives of the loan. The credit facility has a maximum tenor of 15 years and 7% interest rate per annum.

- **National Enterprise Development Programme (NEDP)**

NEDP is a special Federal Government intervention fund for the Micro, Small and Medium Enterprises. The credit facility aims to significantly reduce the cost of capital to business enterprises in the country. The maximum interest rate on the loan is 9%.

- **National Automotive Council's Fund**

This is a 16.91 billion Naira intervention fund targeted at the automobile sector. The credit facility is divided into long-term and working capital loan. The long-term and working capital loan attracts a 7.5% and 10% interest rate per annum respectively with additional 1% for appraisal and commitment fee each. The disbursement of the loan is done in tranches based on achieved milestones and attracts a maximum of 12 months moratorium.

South Africa

With a total Gross Domestic Product of 294.84 billion US dollars, South Africa is the second largest economy in sub-Saharan Africa after Nigeria. The economy, recovering from two consecutive negative growth rates, grew by 2.0% in the third quarter of 2017. South Africa's unemployment rate is estimated at 27.7% for the third quarter of 2017. A total number of 2,251,821 Small, Medium and Micro Enterprises (SMMEs) are currently operational in the country. The informal sector, with a total share of 66.50% (1 497 860), accounts for the largest share of the MSMEs operational in South Africa (BER, 2016).

The Industrial Development Corporation (IDC) is a state-owned development finance institution established in 1940. The primary role of the institution is to spur economic growth and industrial development across South Africa (IDC, 2017). The "Gro-E Scheme" is an initiative under the IDC to invest a total of R10-billion (735 million U.S. Dollars) over five years. The financial support covers for start-up businesses as well as expansion opportunities for existing businesses. The focus sector for finance includes: green industries, agricultural value chain, manufacturing, mining value chain, tourism and hospitality, media and motion pictures and professional services. The interest rate on the credit facility is 3% lower than the prime rate. The Prime lending rate by the South African Reserve Bank as at December 2017 is 10.25%, this essentially makes the

lending rate of the IDC cap at 7.25%. Beneficiaries can access a minimum of R1-million and a maximum of R1-billion.

Brazil

Brazil with a Gross Domestic Product (GDP) estimate of 1.8 trillion US dollars is the largest economy by GDP in South America (IMF, 2017). The economy, recovering from a 2-year long recession, recorded a 0.1% growth in the third quarter of 2017. In a declining trend since the March 2017 record of 13.7%, the unemployment rate is reported at 12.2% in October 2017. A total of 16 million MSMEs are operational in Brazil. The Small and Medium Enterprises represents 65% of the total 16 million MSMEs in (10.34 million) while the micro enterprises are estimated at 5.89 million accounts for 35% of the entire MSMEs in Brazil (SIDBI, 2010).

The Brazilian Development Bank (BNDES) is the main financing agent for development in Brazil established in 1952. The fundamental goal of the BNDES is to stimulate the expansion of critical infrastructure and industrial activities in the country (BNDES, 2017). The “Cartão BNDES” (BNDES card) is one of the special initiatives of the bank to expand finance to MSMEs. The cards issued by the BNDES or other authorized commercial banks, have a pre-approved credit of R\$100,000 (\$40,000 U.S. Dollars). The interest rate on the credit facility is fixed at the interest rates on domestic government bonds in Brazil. The loan is amortized for fixed monthly payments over a 12 to 36 months tenor span (Mantega, 2005).

India

India has a total Gross Domestic Product estimate of 2.2 trillion US dollars in 2016. An economy expansion of 6.3% was recorded in the third quarter of 2016, while the current unemployment rate is 3.46% recording a further decline from the 2015 estimate of 3.49%. The MSME sub-sector of India’s economy is fairly dominated by the manufacturing activities which accounts for 45.5% of the total activity in the sector. With an estimated 37.55% contribution to the nation’s GDP, the MSMEs sector in India is largely dominated by unregistered businesses (KPMG, 2017). With a vast network of business units estimated at 5.1 crore units (51 million), a total employment creation of 11.7 crores (117 million) is attributed to the MSMEs sub-sector of the Indian economy (SIDBI, 2017).

The Small Industries Development Bank of India (SIDBI) was established in 1990 to close the financial and development gaps in the micro, small and medium enterprises in India. The SIDBI aims to promote credit flow to the MSMEs sub-sector of the Indian economy. The “SIDBI Make in India Soft Loan Fund for Micro, Small & Medium Enterprises (SMILE)”, is one of the leading products of SIDBI. SMILE aims at the provision of soft loan for the establishment and expansion of MSMEs across the country. The manufacturing and services sector form the prime focus of SMILE. The credit facility is offered at a maximum interest rate of 8.95% and 9.60% for soft and term loan respectively with an additional concession in rate of interest for the first three years of funds disbursement.

Table 1: Comparative Analysis of Domestic Development Financing Institutions

Key Indices	CBN	BOI	LSETF	Commercial Banks	Microfinance Banks	IDC (South Africa)	BNDES (Brazil)	SMILE (INDIA)
Business plan	√	√	0	√	√	√	√	√
Relevant permits/approvals	√	√	√	√	√	√	√	√
Environmental Impact Assessment Report	√	√	0	√	√	√	0	√
Interest Rates (% per annum)	7-9	5-12	5	~24	~32	7.25	1.34	8.95-9.60
Target Beneficiaries	MSME	MSME	MSME	MSME	MSME	MSME	MSME	MSME
Seed Capital / Endowment Fund (million USD)	NA	695	69	NA	NA	735	NA	NA
Training	√	√	√	0	0	0	0	√
Moratorium (Maximum Months)	12	12	3	12	3	NA	0	36
Collateral	0	0	0	√	√	0	0	0

Interest Rate Competitiveness

The Lagos State Employment Trust Fund offers her credit facilities on a flat interest rate of 5%, which currently is about the cheapest capital available in the country. This has significantly reduced the transaction costs as well as inclusiveness on LSETF’s loan scheme.

Business Plan

The presentation of a business plan is not included in the key requirements of LSETF loans. This invariably expanded its penetration into the informal sector of the Lagos State's economy.

Training of Beneficiaries.

The exposure of beneficiaries to training, prior to the disbursement of loans forms one of the unique features of the LSETF. This essentially made the LSETF a more comprehensive enterprise support scheme. The effect of such training on the human capital development and business sustainability is enormous.

Tenor and Moratorium

The LSETF credit facility offers varying moratorium based on the business classifications. The Small and Medium Enterprises and Micro Enterprises were offered a maximum moratorium term of 3 months while the Microenterprise start-ups, based on research, are not entitled to a moratorium allowance.

Presentation of Collateral

The presentation of collateral by MSMEs has long served as a major barrier to accessing credit facilities in the country. In a radical step to widen its reach and promote inclusiveness in the loan scheme, the LSETF requirement for accessing the loan does not include the presentation of collateral across the three business categories.

METHODOLOGY

4.1 Project Setting

The review of the LSETF project was conducted in the twenty (20) local government areas (LGAs) of Lagos State. Lagos State is adjudged the commercial capital of Nigeria. In Lagos, most residents are engaged in businesses in the private sector such as hospitality services, accommodation lease, logistics and food services, manufacturing, information and technology, agricultural production and agribusiness.

4.2 Study Design

The Lagos State Employment Trust Fund (LSETF) lies on four pillars namely entrepreneurship, employability, interventions and promotions. The social impact assessment only focused on the entrepreneurial category as much work has been done under this pillar. The study used quantitative and qualitative, cross-sectional design with random sampling approach. The quantitative component was executed through surveys using semi-structured, closed and open-ended questionnaires. Data was collected face-to-face from beneficiaries by field researchers using ODK on mobile android devices. The qualitative component was executed using two approaches; key informant interviews (KIIs) and focus group discussions (FGDs).

The questionnaires using Open Data Kit (ODK) were coded electronically into the mobile platform for Electronic Data Capture (EDC). The EDC allows logic checks to highlight discrepancies to field researchers during data entry and data can be reported in real time, and readily available for central review. It also allows queries to be sent instantly with reduced turnaround times for data clarification. EDC also results in fewer transcription errors and illegible data issues. Essentially, using EDC reduces paper management time and requires less physical storage space.

With this method, the questionnaires were administered to beneficiaries by trained field researchers to generate quantitative data on demographic characteristics of the respondents, as well as measure services rendered to them by the LSETF in the area of training and loan disbursement. Also, qualitative data were collected through FGDs.

In determining the sample size for a small finite population, the sample size was calculated as

$$N = \frac{m}{1 + \frac{(m-1)}{N}}$$

$$\text{Where, } m = \frac{Z^2 P (1-P)}{E^2}$$

Where m is defined as the sample size necessary for estimating the proportion p for a population

Z is the standard normal variate at 5%, (from the table) = 1.96

P is the sampling proportion which is taken as 0.5 for the study

E is the margin of error which is adjusted at 5% for this study

N is the total population of beneficiary reached which is **7000**

$$M = \frac{(1.96^2)(0.25)}{0.05^2} \sim \mathbf{384}$$

$$\text{Sample Size } N = \frac{384}{1 + \frac{(384-1)}{7000}} = 365$$

This was approximated to 400

Considering a 10% attrition rate, the sample size was estimated to be 440, however, only 19 of the 40 additional respondents correctly answered the questions, thereby having a total of 419.

4.3 Control Group

In addition to the beneficiaries' sample size, business owners that did not receive LSETF intervention (fund/training) were also sampled as a control group for the SIA in a bid to draw a comparative analysis between the beneficiaries of the LSETF fund and those that did not in any way benefit from the LSETF intervention. The control group, made up of 114 businesses covered businesses that never applied for the LSETF fund and those that applied but were not successful with their application and hence did not receive both the fund and the training.

4.4 Sampling of target respondents

This SIA had a total of four hundred and nineteen respondents from the beneficiaries in the entrepreneurial pillar of the LSETF comprising of MEs, ME start-ups and SMEs.

The Review was conducted in Lagos state, the location of intervention. Reaching the target population in Lagos was conducted in stages and involved different sampling methods at every stage. In the first stage, the list of beneficiaries was obtained from the implementing organization. The list was then stratified based on the different pillars and batches of implementation. Beneficiaries in this group were further disaggregated (proportionately) by batches, SME and ME, after which respondents were randomly selected. After selection, beneficiaries were reached via phones to sensitize them about the evaluation exercise and to schedule appointments. They were thereafter visited and surveyed. Beneficiaries who could not be reached or were unwilling to participate in the process were replaced by randomly selecting another person. The breakdown of beneficiaries sampled is shown in Table 2.

Table 2: Breakdown of beneficiaries

Category	Number	%
Micro-enterprise (ME)	286	68.3
Micro Enterprise Start-Ups (MES)	19	4.5
Small and medium enterprise (SMEs)	114	27.2
Total	419	

Respondents were selected proportionately across the different local government areas (Table 3)

Table 3: Breakdown of sampling per location (LGA)

Location (LGA)	Number	%
Agege	25	6.0
Ajeromi Ifelodun	12	2.9
Alimosho	24	5.7
Amuwo Odofin	13	3.1
Apapa	24	5.7
Badagry	15	3.6
Epe	23	5.5
Eti Osa	13	3.1
Ibeju Lekki	16	3.8
Ifako Ijaiye	20	4.8
Ikeja	37	8.8
Ikorodu	25	6.0

Kosofe	17	4.1
Lagos Island	19	4.5
Lagos Mainland	20	4.8
Mushin	19	4.5
Ojo	25	6.0
Oshodi Isolo	22	5.3
Shomolu	21	5.0
Surulere	29	6.9
Total	419	100.0

The qualitative component was executed using two approaches. The first was key informant interviews (KIIs) with implementing partners including Microfinance banks (custodians of the funds), Training partners, Corporate bodies (business development support partners), and partner NGOs, Multilaterals, and individual partners (see Tables 3 and 4). In addition, beneficiaries were also engaged in focus group discussions (FGDs), to further explore some of the questions asked in the surveys. These combined approaches added a high level of robustness to the study and the findings.

Table 4: List of stakeholders interviewed in the study

S/N	Name	Contact	Address
1	BOWEN MFB	Mrs Adebimpe Ogunleye	Baptist Academy Compound, Obanikoro Bus-Stop, Obanikoro, Ikorodu Road, Lagos
2	Shelze consulting	Mr David Apaflo	Suite 299 Block A2-10, Sura Shopping Comp, Simpson Str, L/I
3	W-HOLISTIC BUSINESS SOLUTIONS	Mr Olanrewaju Oniyitan	Trapezium House, 2nd Floor, Suite 6, 4B, Toyin Street Ikeja, Lagos.
4	Ojuloge YAWEC	Mrs Funsho Dorcas Adebayo,	93, Ogudu road, Ojuloge Art Leadership Center
5	NECA	Kehinde Omojola	Plot A2, Hakeem Balogun Street, CBD, Alausa, Lagos.
6	LEAPWORLD LIMITED	Mrs Medun Funke Susan	10B Olufunmilola Okikiolu Street, off Toyin street, Ikeja, Lagos
7	Vineland Bank	Mrs Adetayo Akintunde	Suite EU6, 01/02, Nigerian Army, Bolade Oshodi

Responses during the in-depth interviews and FGDs were documented using digital recording devices and simple note-taking. After the completion of interviews, translations of the information collected were carried out in each location by the

interview moderators, assisted by experienced translators. The moderators were used as they will be able to recall events and represent the conversations well. The purpose of the expert translators was to enhance data validity of the research and quality of the report.

4.5 Ethical Considerations

The safety of the respondents was of paramount interest to the evaluation exercise. As part of the ethical consideration for human subjects, participation in the study was voluntary. The participants were enlightened on the purpose, procedure and end-result of the study before the interviews, FGDs and the field work commenced. Hence all the participants/respondents gave verbal consent before questionnaires were administered or KIIs and FGDs commenced. Participants were assured of the confidentiality of their responses and opinions.

4.6 Analysis and Evaluation Indicators

The data collected was processed with Statistical Package for the Social Sciences (SPSS) and Microsoft Excel. The analysis includes descriptive statistics (frequencies and percentage responses and averages) and cross-tabulations which shows interactions between specific variables. In addition, in order to measure the effectiveness of LSETF activities and its significance to Lagos State entrepreneurs, CESD adopted key indicators including coverage, efficacy, provider and user compliance as well as SDGs Scan (see Table 4). This analytical framework is reflected throughout the report.

Table 5: Indicators measuring LSETF effectiveness

Effectiveness of LSETF	Indicators
Coverage	<ul style="list-style-type: none"> • Proportion of the target population in need of a LSETF's intervention and who could potentially have access to it • Number of LGAs covered by LSETF • Business category (Micro, Small, Medium Enterprises) • Proportion of male and female business owners reached (Gender) • Number of businesses trained
Efficacy	<ul style="list-style-type: none"> • The extent to which LSETF's intervention benefitted the beneficiaries who needed the intervention; are appropriately served and who fully complied with the intervention's procedure and recommendations. • % of businesses who employed more staff post intervention

	<ul style="list-style-type: none"> • % of businesses recording increased profit. • % of businesses who have linked to others via the promotion program.
User compliance	<ul style="list-style-type: none"> • The proportion of beneficiaries who followed the LSETF's laid down procedure and recommendations. • Proportion of entrepreneurs that invested the loan on their businesses • % of business who repaid the loan. • % of business who now pay taxes.
Provider compliance	<ul style="list-style-type: none"> • Whether the appropriate diagnostic and implementation process (fund disbursement using transparent procedure, relevant trainings, and other post-intervention support that aligns with global best practices) were performed by LSETF.
SDG Scan	<ul style="list-style-type: none"> • About 7000 beneficiaries alongside about 35,000 indirect beneficiaries were impacted by the LSETF intervention along relevant SDGs (Goals: 1 (No poverty),2(Reduce Hunger),4(Quality Education), 8(Decent Work and Economic Growth))

4.7 Quality Control

The study implemented strict quality control measures at all stages of data collection in both quantitative and qualitative segments. All research personnel involved were properly trained and supervised. Moderators were well supervised with back-checking and on-spot checking where feasible. The translations were verified by the expert translators and any error observed was duly corrected. Proper back-translations were done to avoid misinterpretation of data. Interview guides were used to conduct interviews and during translations.

4.8 Challenges

- Beneficiaries' Database - The LSETF's database for beneficiaries was disjointed and not properly integrated. They had differing formats and presentation that made it difficult to synchronize to extract needed data for sample size.
- Incorrect data entry - For instance, in the filling of the forms which presumably informed the LSETF's ME and ME-start-up database, there was no differentiation between residential addresses and business addresses. Field researchers had to go to locations different and far

removed from locations confirmed for meet-up which had been indicated as the office address.

- Beneficiaries not favourably disposed to assessment – It was difficult to access and schedule survey with many beneficiaries. Some of them misunderstood the purpose of the assessment and were defensive. Some of them were eventually replaced while others were successfully reached after several attempts.
- Beneficiaries' refusal to disclose business operations' financial details - Some respondents were not willing to disclose information on questions that border around financial issues such as pre and post intervention wage bill, running cost of their businesses and how they utilized the LSETF loan.
- Prolonged interview time - Given the busy nature of some of the beneficiaries, being business owners, some interviews were interrupted and prolonged beyond time allocated because respondents had to attend to customers. Afterwards, interview resumed when the field researchers were sure the respondents were attentive and available
- No sex disaggregated target in the LSETF intervention - There was no evidence of sex disaggregated target in the LSETF intervention, and this made it difficult to apply sex disaggregated indicators.
- A few LSETF partners refused to be interviewed – The Micro-finance bank that had the highest number of complaints against it from beneficiaries in terms of customer relations, incompetent database management responsible for not been able to identify and differentiate between those complying with loan repayment terms and those defaulting, refused to be interviewed.

RESULTS

The LSETF's intervention utilized several strategies which include; training of beneficiaries, disbursement of funds to beneficiaries who had met all necessary conditions and a promotional fair to facilitate business networking and market information sharing. This section discusses the findings in the study using tables, numbers and direct quotes from beneficiaries to show key observations from the study.

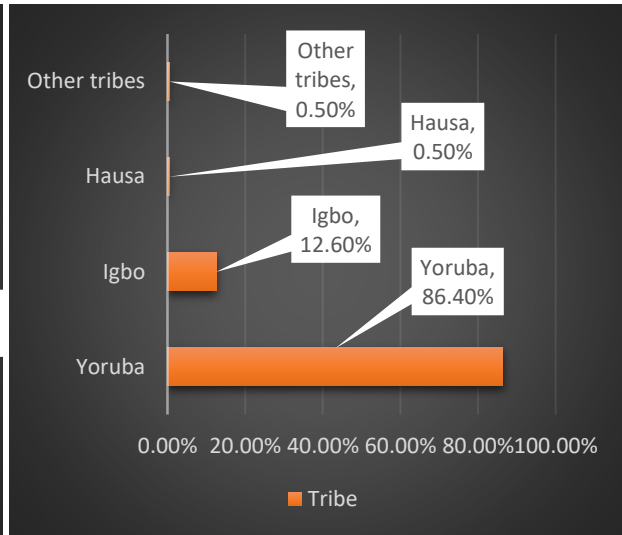
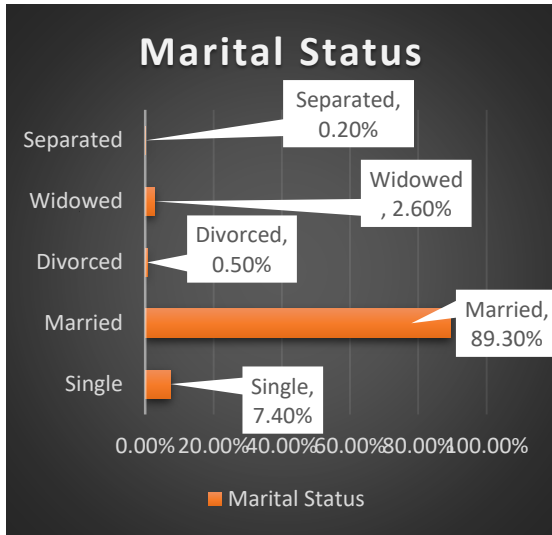
A. SOCIO-DEMOGRAPHIC CHARACTERISTICS OF BENEFICIARIES

Tables 6 and figure 1 summarize the characteristics of LSETF beneficiaries. About the same number of male and female beneficiaries were sampled (49.9% to 50.1% respectively). About 9 in every 10 beneficiaries are married, while others are either single (but belong to a household or even have families of their own), divorced, separated or widowed. Majority (86.4%) of the beneficiaries belong to the Yoruba tribe, one of the three major ethnic groups in Nigeria. Besides the Igbos (about 13% in this study) and the Hausas (barely up to a percent in this study), other minority tribes including Efik, Urhobo, and Isoko constitute about one percent of the study population (figure 1 provides details on respondent's socio-demographics characteristics).

Table 6: Selected characteristics of LSETF beneficiaries

Characteristics		Frequency (total respondents, n=419)	%
Sex	Male	209	49.9%
	Female	210	50.1%
Religion	Christianity	240	57.3%
	Islam	179	42.7%

Sixty-five percent (65%) of the beneficiaries have a household size of at least five members. The family size (defined in this study as the number of individuals that normally live and feed together in a household). 285 (68%) of the beneficiaries are Micro-Enterprise Start-Ups (MEs), 19(5%) are Micro Enterprise and 114 (27%) are Small and medium enterprise (SMEs).



No formal education = 1.4%; Primary = 13.4%; Secondary = 40.3%; and Tertiary education = 44.9%. Overall, the survey report shows a literacy rate among the beneficiaries as almost half (44.9%) of the beneficiaries possess Post-Secondary education.

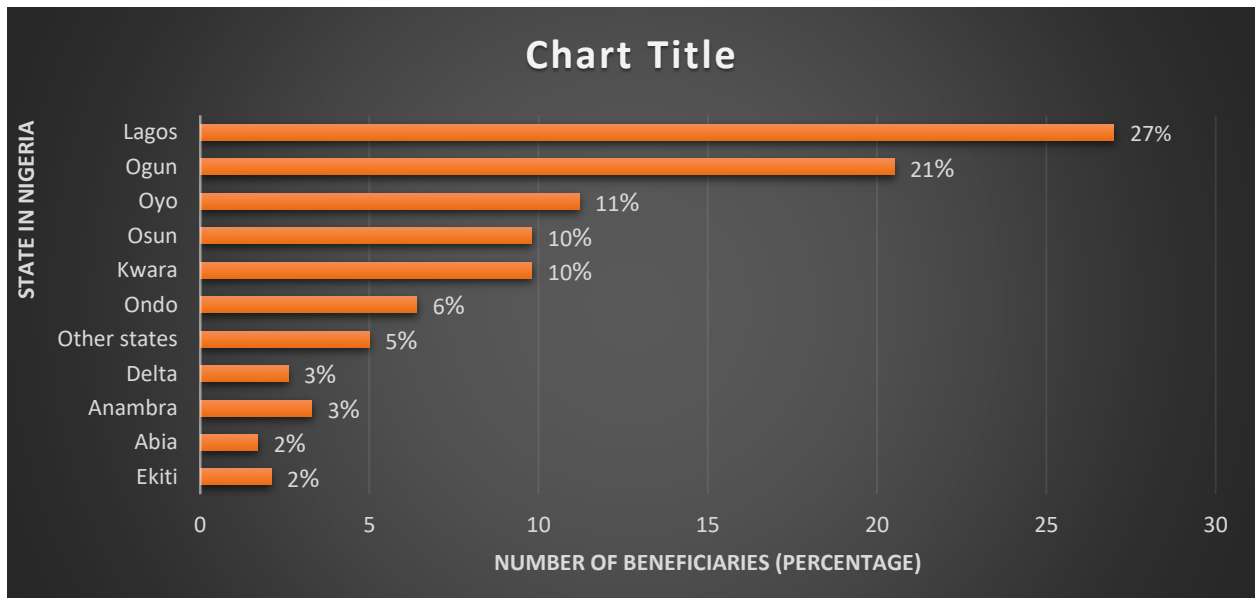


Figure 1: Socio-Demographics breakdown of Beneficiaries

The other states include Akwa Ibom, Imo, Kogi, Enugu, Edo, Bayelsa, Borno, Cross River, Ebonyi, Katsina, and Rivers States.

B. ASSESSMENT OF BENEFICIARIES' ACCESS TO THE FUND & TRAINING

i. Source of information about LSETF

According to Figure 2, word of mouth through family, relatives and friends is the main channel through which beneficiaries heard about the LSETF as indicated by over half (52%) of the beneficiaries. Many beneficiaries (34%) heard about LSETF through business associations or groups or from other forms of associations such as political meetings.

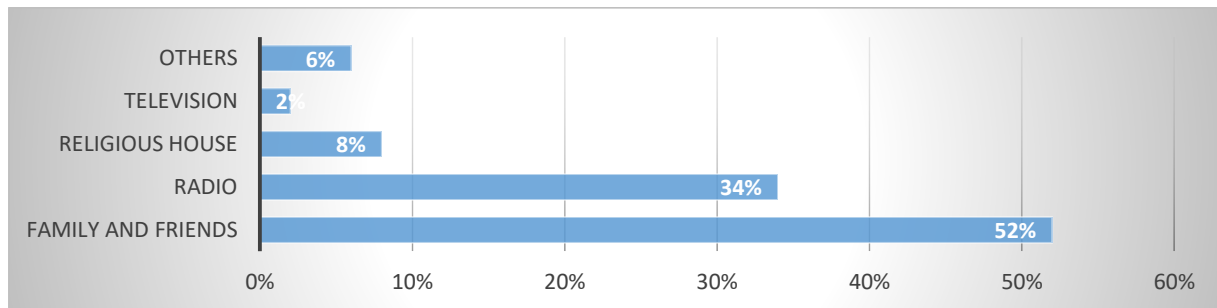


Figure 2: Source of Information about LSETF

This observation is corroborated by information gathered from the focus group discussions. Beneficiaries confirmed that many of them got to know about the program through business associations or groups that they belong to and also accessed the forms through these associations.

Figure 3 shows the distribution of selected beneficiaries who received training and or funds for the LSETF intervention. All the four hundred and nineteen (419) sampled beneficiaries applied for and were selected for the fund. However, only four hundred and thirteen (413, 98.6%) of these beneficiaries received the capacity building component of the program, that means, 6 (1.4%) beneficiaries were not trained. Overall, 390 (92.2%) of the beneficiaries received training and funds, 23 beneficiaries received training only (5.5%) and 6 of the beneficiaries received funds only.

Data disaggregation by sex shows a slight difference in the number of male and female who accessed training and funds; as 94% of women accessed training and funds

compared to 92% of men. This shows a higher compliance to the established process among the female beneficiaries.

ii. Beneficiaries that received training and funds

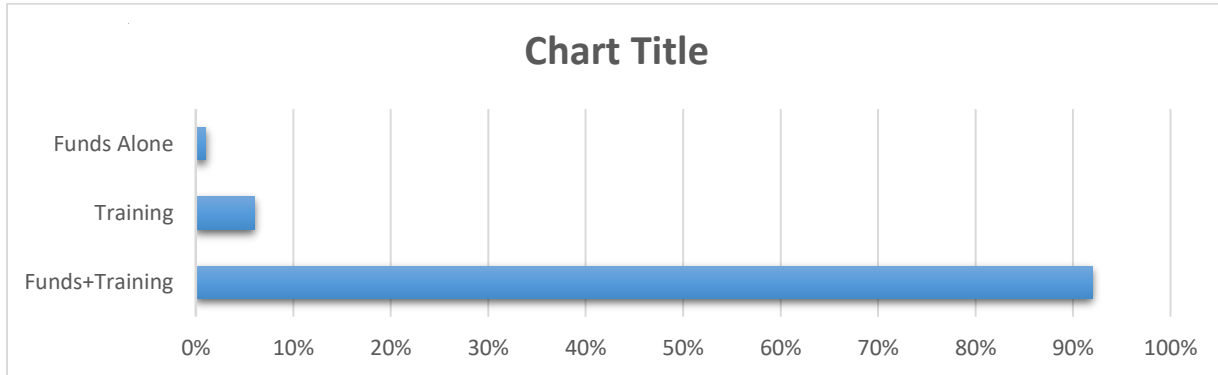


Figure 3: Distribution of beneficiaries who received the LSETF's training and funds.

C. SELF-SUSTAINABILITY

According to Figure 4, until the introduction of the LSETF, 9 in every 10 beneficiaries had difficulties accessing credit for their businesses. The Figure 5 shows the impact of the fund in alleviating the capital constraint of the beneficiaries. After accessing the funds from LSETF, two-thirds of these business owners reported that the intervention funds, especially the loan from LSETF helped to alleviate their greatest pain point, which is lack of capital, in their businesses.

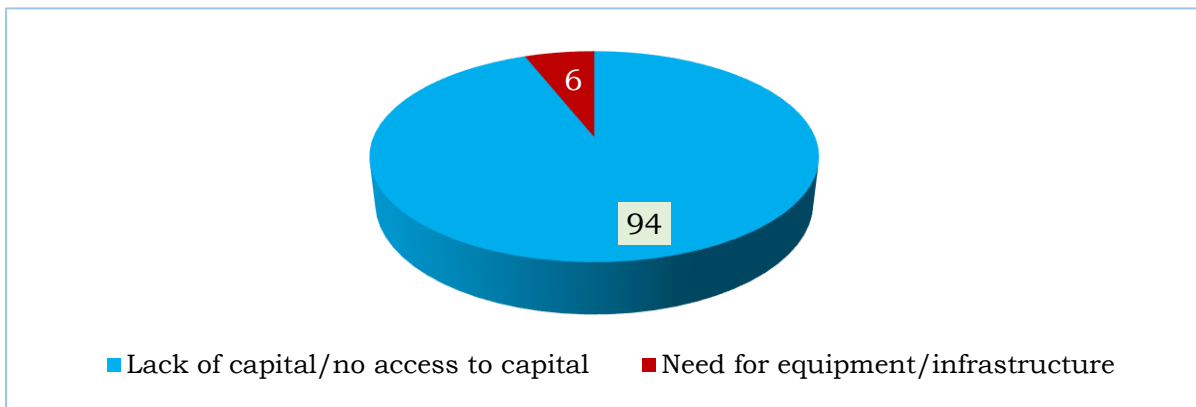


Figure 4: Challenges prior to LSETF intervention

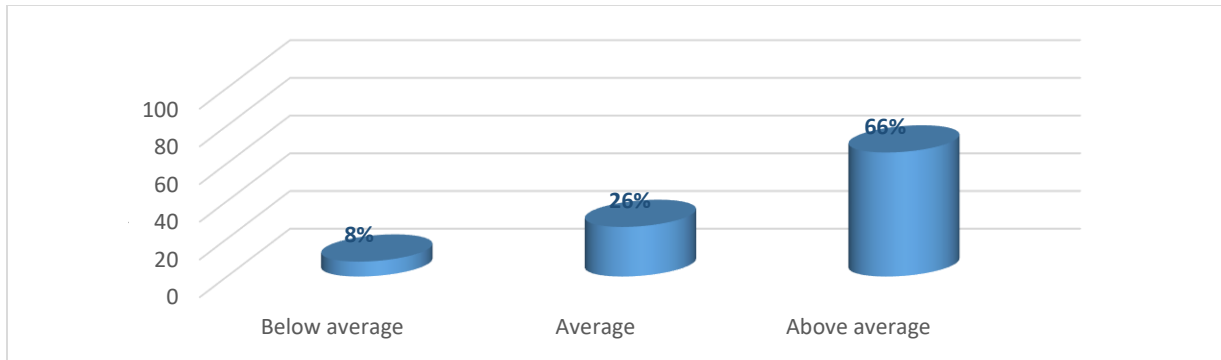


Figure 5: Impact of LSETF on critical Business pain points

D. ASSESSMENT OF TRAINING

Training is an important component of the LSETF’s intervention that beneficiaries received. This section shows the result of the assessment of the type of training beneficiaries received and the impact on their businesses and personal development. Attendance to training was largely high as 96% of all beneficiaries attended all the training sessions, though 4% failed to complete the training (see Table 7).

Box A: Evaluation of Training by stakeholders

‘The whole training is to get the misconceptions from them and correct it. It is unlearning, learning and relearning process. (KII with a training partner)

“They also explained to us to place ourselves on salaries too” (Female beneficiary, ME)

Respondents were asked to categorize the type of training they received, and 83% described the training as basic business operations such as bookkeeping, customer relations. The beneficiaries attested to the

influence of the training on their record keeping and financial management and how they have learnt the act of documenting business transactions. The participants for the FGD testified that they now do accounts of their income and expenses which enables them to know how well their business is faring. Others pointed to other salient parts of business operations that the training revealed to them. It is important to note that besides attending the training by LSETF, over half of the same beneficiaries have attended external training other than that organized by LSETF.

Table 7: Beneficiaries' participation in LSETF training.

<p>96% of beneficiaries attended the training by the LSETF</p>	Most important aspects of training to beneficiaries	%	<p>57% of beneficiaries have attended additional external training</p>
	Basic business operations, e.g. bookkeeping	83.0	
	Financial Management	7.9	
	Leadership	2.5	
	Human Resource	1.5	
	Others	5.2	

Overall, beneficiaries have a good perception of the LSETF training (see Box A), especially in terms of the objectives, relevance, learning facility, and quality of teachers (Figure 5). Overall, 65% of beneficiaries scored the LSETF training as 'very good'.

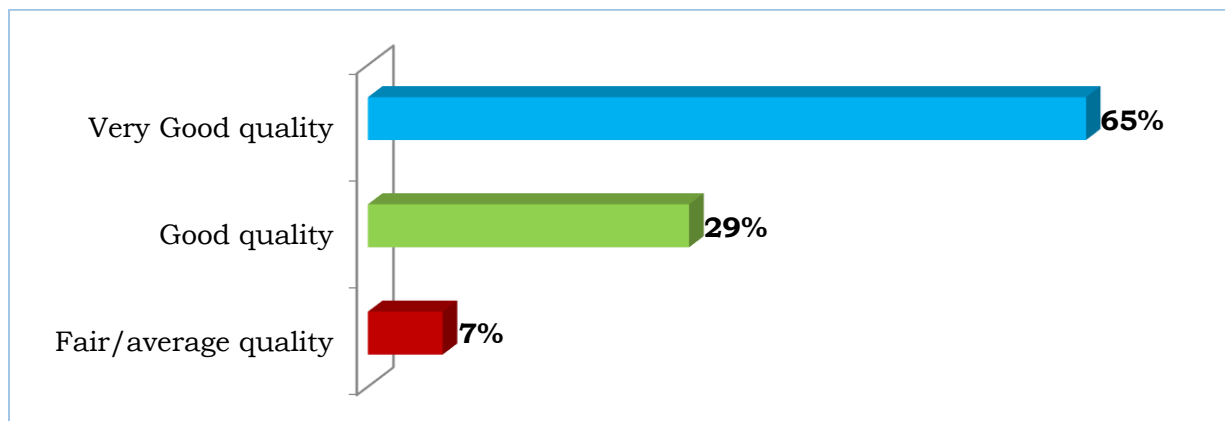


Figure 6: Beneficiaries' rating of the LSETF's training

E. JOB CREATION BY BENEFICIARIES

Overall, some beneficiaries employed additional staff after receiving funds. The total

Box B: Evaluation of Job creation by stakeholders

‘Yes some of them have employed additional staff, they have expanded their businesses, acquired new machineries or offices and recorded increased profit. Gradually, the aim of the loan is being met’. **(KII with a microfinance bank)**

‘They (LSETF) are doing very good, in terms of wealth creation looking from my BDS perspective, most businesses are expanding. They have created more wealth in Lagos and people have been able to employ more people. It has helped us immensely because I’ve been able to employ more hands to help me with this training’. **(KII with Business Development Support Organization)**

average number of employees before the intervention was two persons per business compared to three after the intervention. Furthermore, as shown in figure 7, average number of male and female employees employed by the beneficiaries before and after they accessed the LSETF’s interventions increased. Some businesses have

at least two employees and some businesses employed more males than females in the ratio 2:1 respectively.

Overall, there is a difference in the average number of employees employed before and after the intervention, though not statistically significant. As shown in Figure 6, the employment rate has increased since the intervention. A total of thirty percent (30%) of the beneficiaries have employed one or more persons since accessing the trust funds and training.

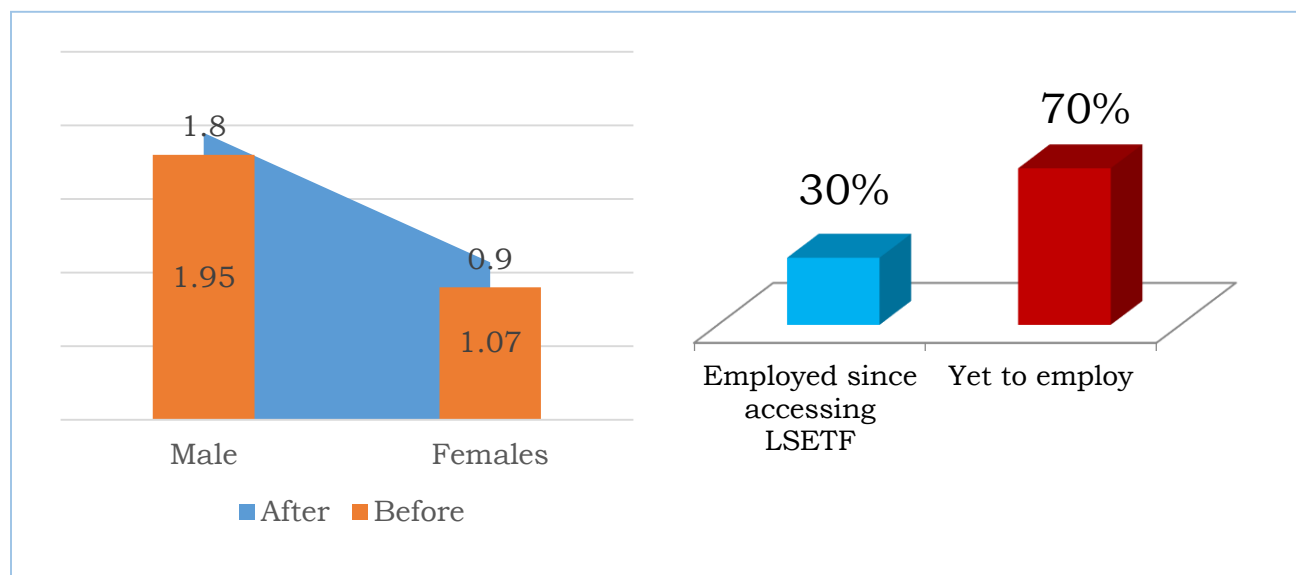


Figure 7: Impact of LSETF intervention on Employment generation

H. ASSESSMENT OF BUSINESS GROWTH/PRODUCTIVITY

According to Figure 8, only 28% of the beneficiaries have improved their salary structure since receiving the LSETF intervention and only 29% of beneficiaries have created another line of business. A large proportion (95%) of the beneficiaries intends to create new lines of business in the future, indicating that the LSETF have significantly increased the likelihood of creating a new line of business.

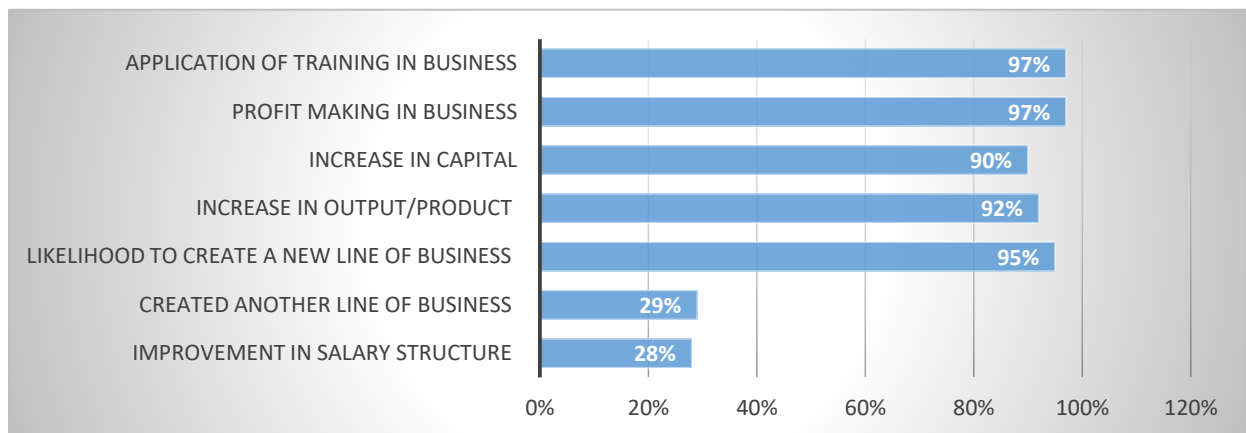


Figure 8: Impact of LSETF intervention on businesses

Beneficiaries have also experienced increased output or now produce more since receiving LSETF training/funding, as reported by 92% of them (shown in Figure 8). Figure 9 shows the percentage increase in output since the intervention. At least 3 in every 10 beneficiaries who received either training or funds or both have increased output by 50%. This observation correlates with the employment rate and probably indicates a direct relationship between employment and productivity. Also, with a higher proportion of beneficiary showing the tendency to create a new line of business in the future, there are chances that these numbers would increase.

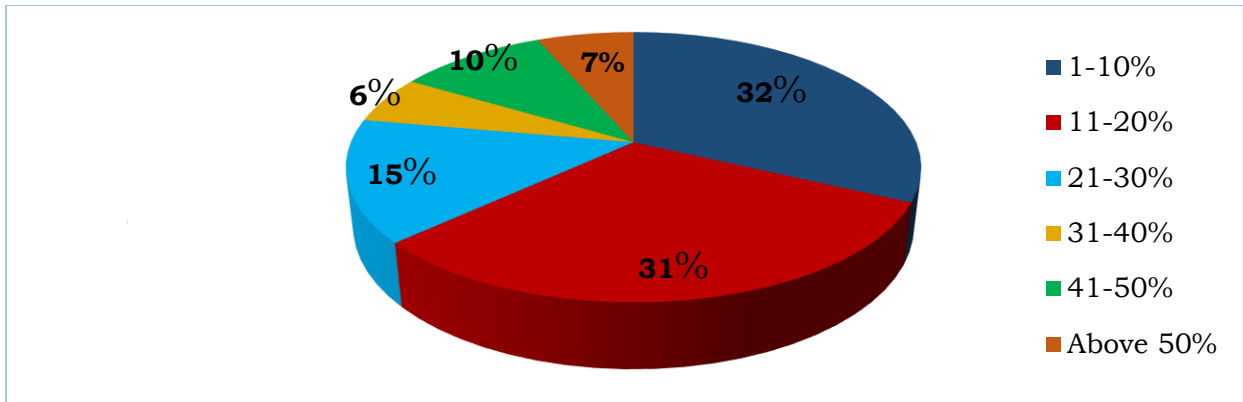


Figure 9: Increase in Output

As shown in Figure below, the increase in output post LSETF intervention varies across the three business categories. While the MES showed the highest increase in output post intervention, this can be attributed to the fact that these are majorly start-ups at the early business stage. LSETF essentially kick started the business activities of the MES beneficiaries compared to other existing business in the ME and SME categories. The increase in output by less than 10% is highest in the SME business category as these are capital intensive businesses with longer gestation period before significant increase in output can be recorded. This unique trend is also observed in the metrics for measuring the increase in capital.

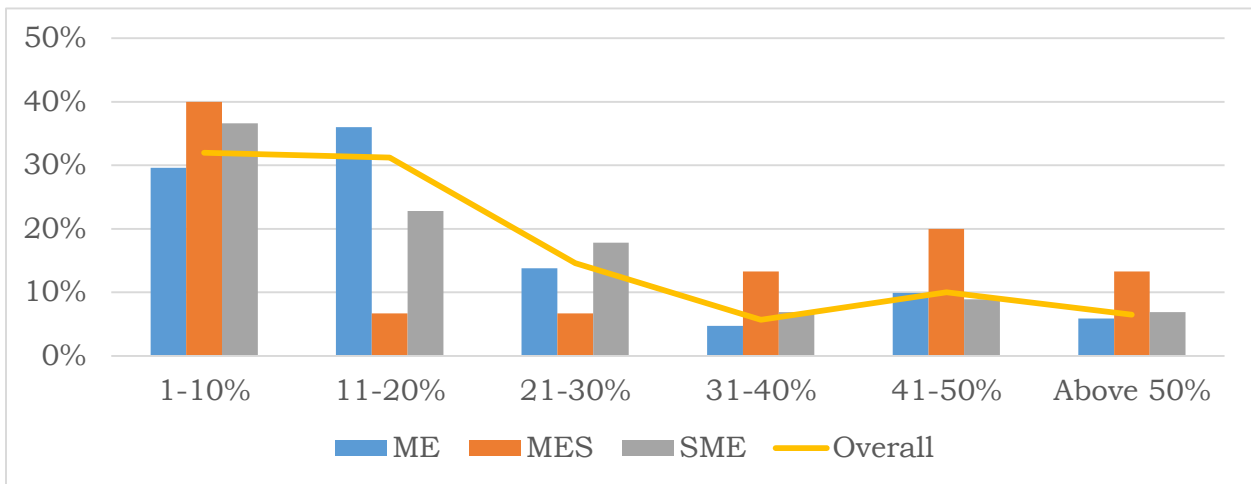


Figure 9b: Increase in Output post LSETF intervention

Figure 10 shows that 9 in every 10 beneficiaries recorded increased capital since receiving LSETF training/funding. However, the increase is not much as only a few beneficiaries (9%) recorded increased capital by 50%, and about half of the beneficiaries have increased capital between 11-30%. Overall, business owners in Lagos now have access to more money than before the intervention, and therefore can make business decisions that otherwise would not have been able to make due to financial constraints.

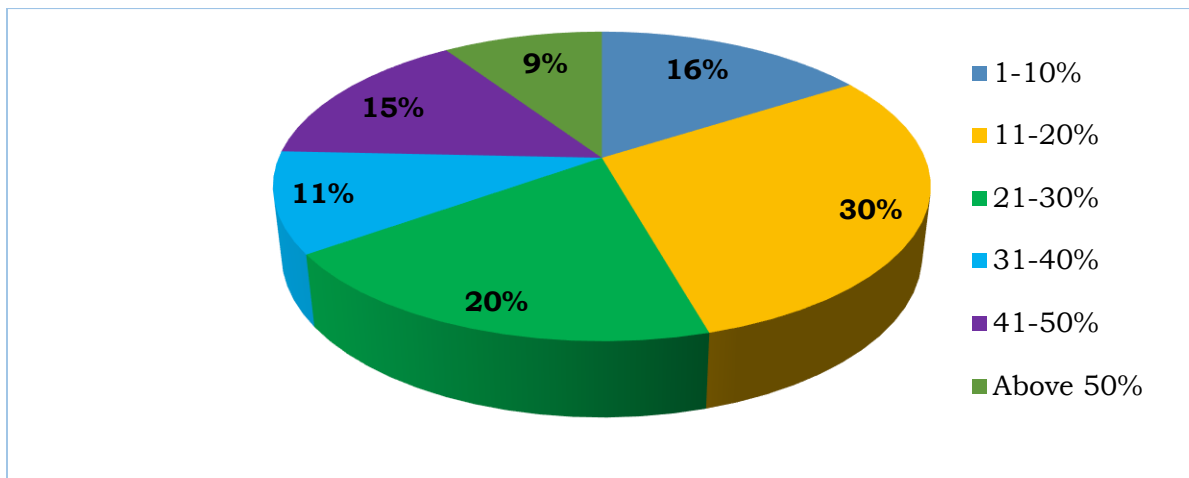


Figure 10: Percentage increase in capital

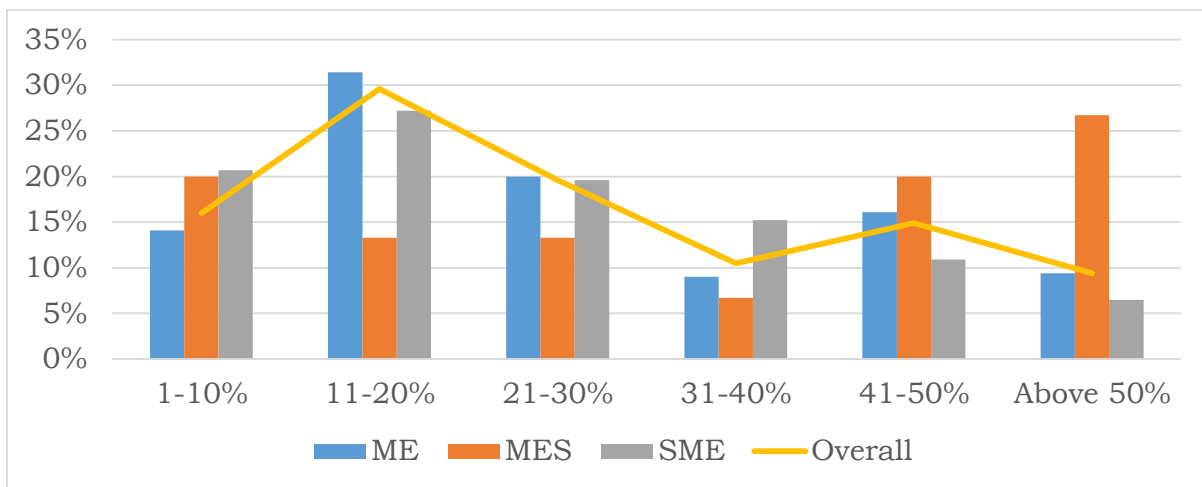


Figure 10b: Increase in capital post LSETF intervention

42% of the beneficiaries participated in a promotional event organized by the LSETF and at least 7 in every 10 beneficiaries has participated in at least one promotional event. This shows a low participation and retention rate of beneficiaries in the promotional events. It is quite important to note that 95% of those who have participated in any events reported an impact in the profit margin and 86% reported increased opportunities to network with other business owners. With large proportion of beneficiaries reporting huge impact resulting from participation in promotional events, effort should be intensified to ensure increase participation and constraints to retention of attendees should be addressed.

Table 8: Beneficiaries’ participation in promotional events

<p style="text-align: center;">42%</p> <p>of beneficiaries attended promotional events by LSETF</p>	Number of events	% of responses
	1	71%
	2	19%
	3	7%
	More than 3	4%

The survey report shows that the lowest attendance at promotional events is recorded in the SME business category.

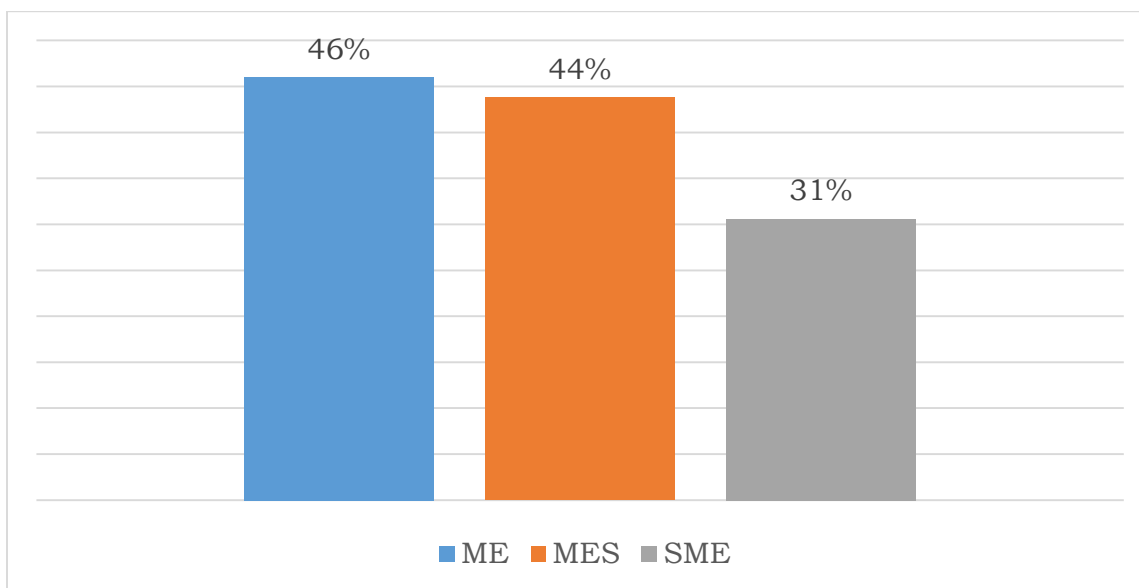


Figure 11: Attendance at promotional events

While more businesses in the SME category attended three or more promotional events, none of the Micro enterprise Start-ups covered attended 3 or more promotional events.

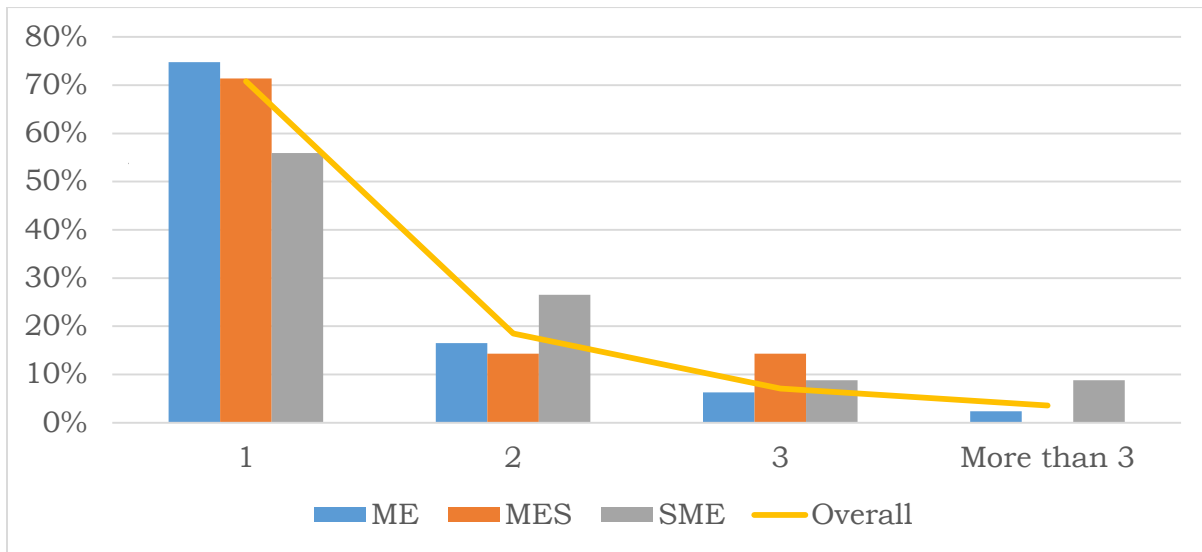


Figure 11b: Repeated attendance at promotional events

F. ASSESSMENT OF PROFIT SINCE INTERVENTION

Overall, 97% of businesses reported profit over the timeline of the assessment (see Figure 8). A comparative analysis of the profit beneficiaries made in their businesses before and after the LSETF intervention and training is indicated in Figure 12.

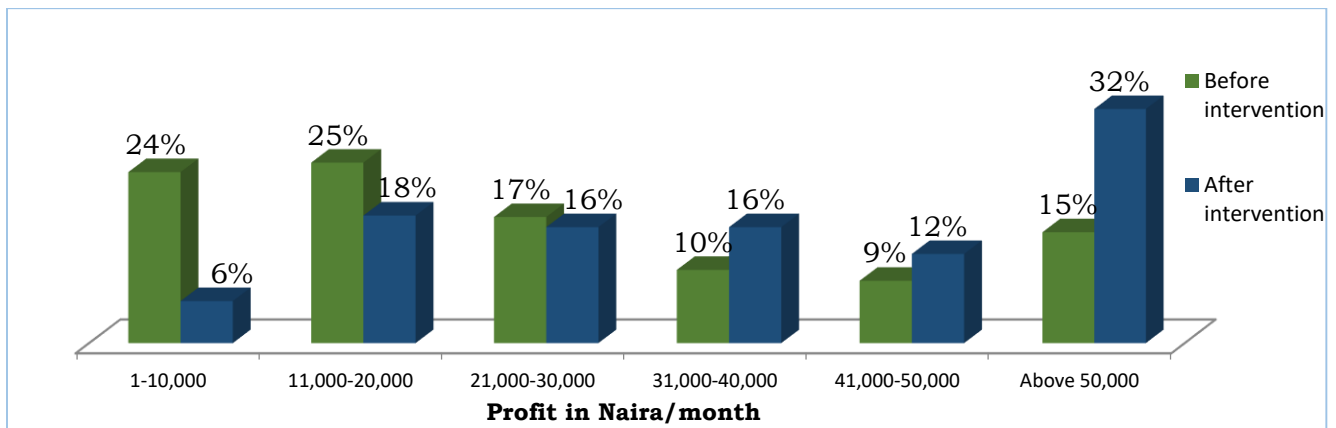


Figure 11: Beneficiaries profit margin pre and post- intervention.

As shown in figure 12b, a higher percentage of businesses in ME and SME categories report increase in their net profit.

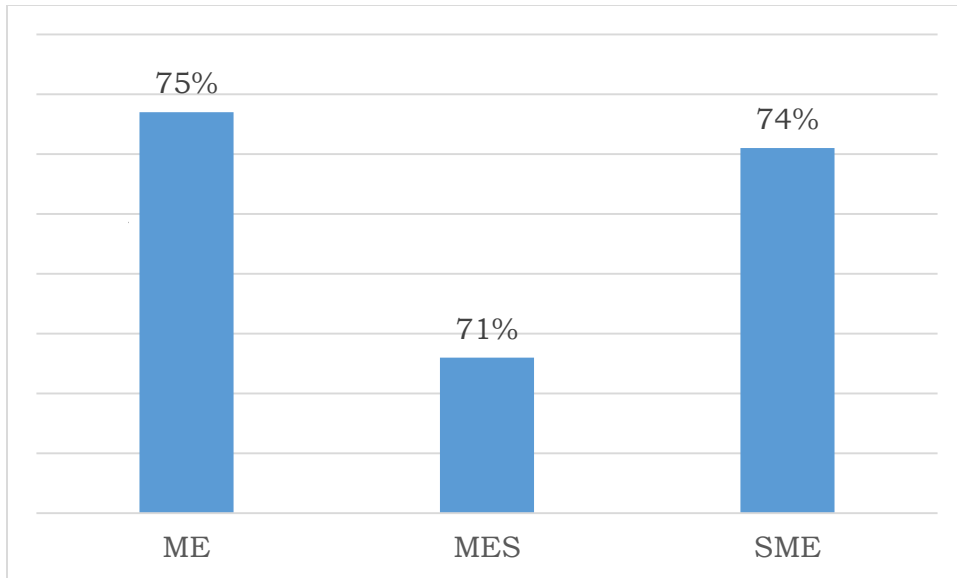


Figure 12b: Increased profit margin

The SME beneficiaries form the largest proportion of businesses with monthly net profit above 50,000 naira while the MES business report the highest proportion with less than 11, 000 naira monthly net profit. This is likely associated with the business scale differential between the various business categories.

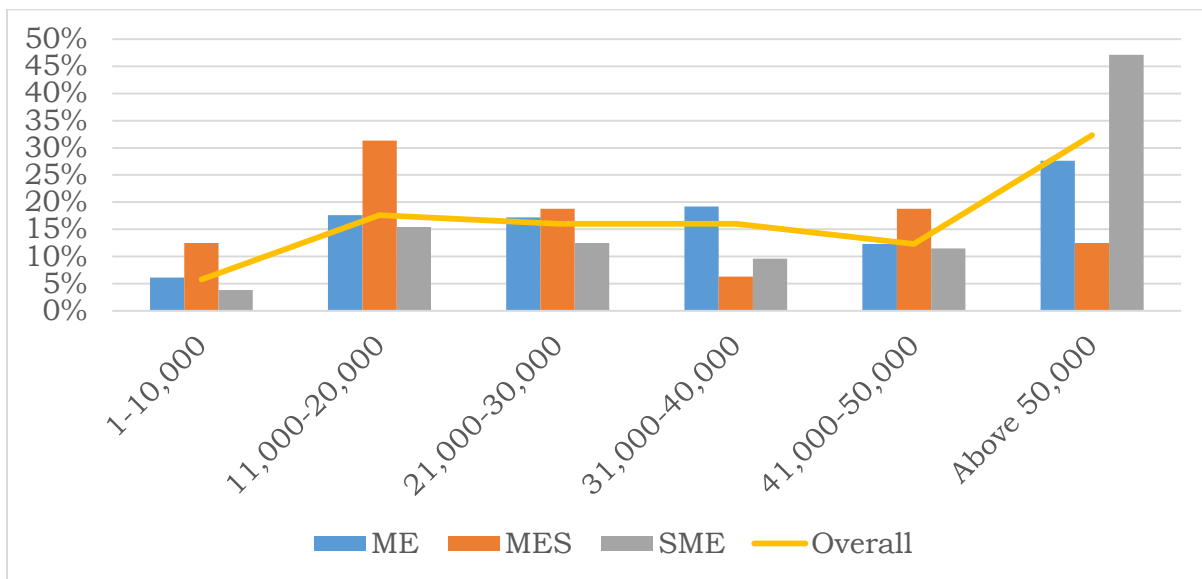


Figure12b: Range of net profit post LSETF intervention

Expansion into other business line

29% of the beneficiaries reported expansion into additional lines of business. Beneficiaries in the ME and MES categories added new business lines. While a high

percentage of all the beneficiaries show likelihood of starting new business lines in the future.

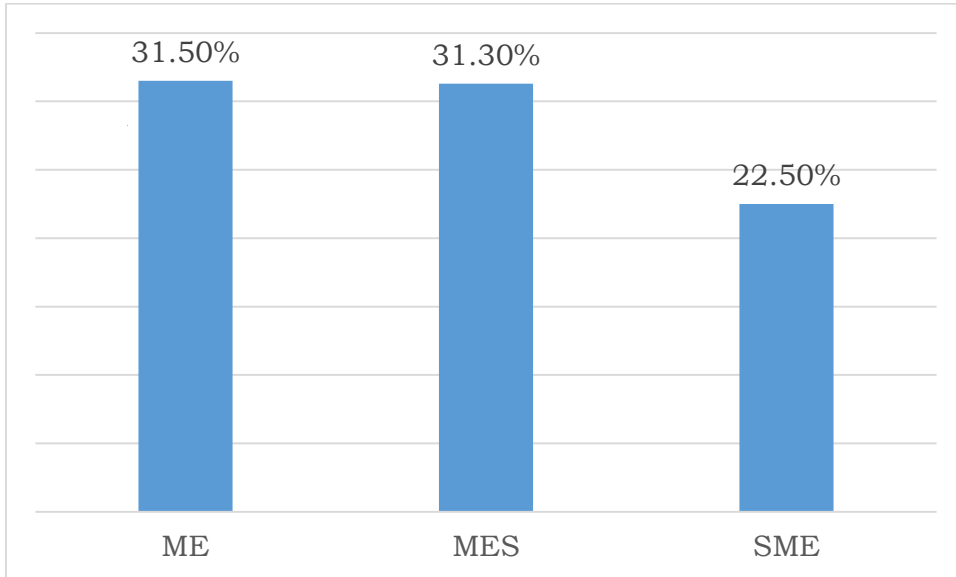


Figure13: Beneficiaries with new line of business

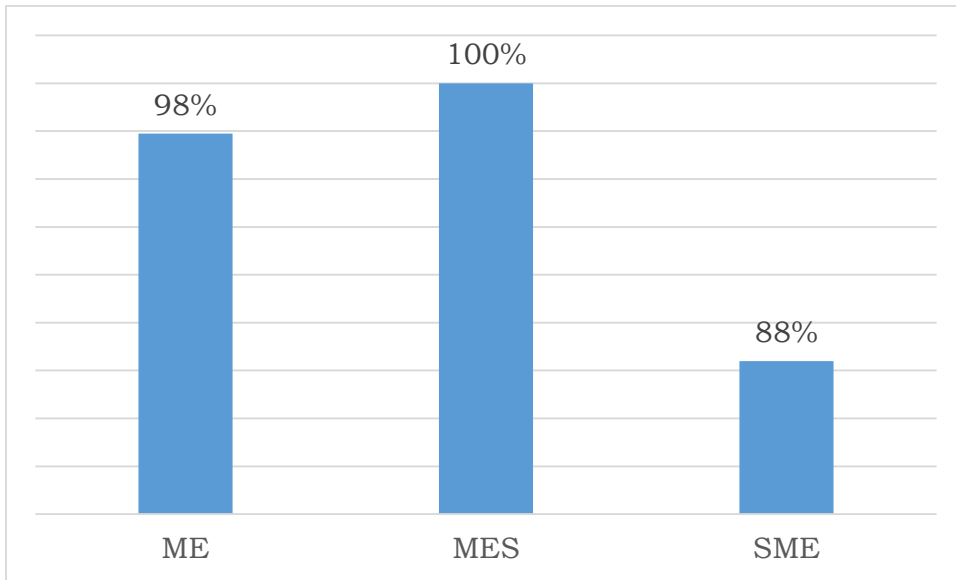


Figure13b: Willingness to create a new line of business.

G. ANALYSIS OF LSETF'S EFFECTIVENESS

This analysis utilized the effectiveness indicators in the light of overall impact of the LSETF on beneficiaries in accordance with the LSETF's set goals.

Diagnostic accuracy: This established that LSETF's beneficiaries are people with circumstances relevant to the objectives and goals of LSETF. That is, they are Lagos State residents, they are entrepreneurs needing funds for their businesses. They were correctly discriminated from those without this circumstance.

The socio-demographic information obtained from the survey confirmed these conditions. Beneficiaries resided in Lagos State spread across the 20 LGAs and they needed funds for their businesses.

Provider compliance is assessed by whether the appropriate diagnostic and implementation process (fund disbursement using transparent procedure, relevant trainings, and other post-intervention support that aligns with global best practices) were performed by the provider. This is restricted to circumstances in which the causal relationship between the process of LSETF's intervention and beneficiaries' increased productivity outcome among others is established. It has been adequately established that the LSETF's intervention caused a series of positive outcomes for the beneficiaries; the control group analysis and comparison also proved it.

User compliance is determined by whether beneficiaries followed the provider's laid down procedure and recommendations. Barring a few who got funds without training (96% received training) and whose business facilities were not inspected before funds disbursement, most beneficiaries complied with LSETF's procedure, and loan repayment plan. The percentage of beneficiaries who diverted funds for other purposes not directly related to business purpose is considerably negligible.

Coverage refers to the proportion of the target population in need of a specific, efficacious intervention and who could potentially have access to it. It also describes the following: i.) whether or not beneficiaries in need of a specific intervention made contact with the provider. ii.) Availability, that is, whether efficacious intervention and support services are accessible to those in need; iii.) whether the population is aware of services being available. iv.) Accessibility, which can be measured by estimating the supply or

disbursement of funds and by taking into account the distribution. v.) Awareness of the availability of these services by those in need is also relevant.

This assessment established that the LSETF's intervention is available to all entrepreneurs resident in Lagos State. LSETF's target beneficiary population is 100,000 within four (4) years. This target population is fairly gendered and distributed across the 20 LGAs in the state. However, not many entrepreneurs applied for the intervention, many are not aware of its existence or its authenticity due to citizens' apathy to government's initiatives. The intervention has both gender (49.9% to 50.1% respectively) and wide geographical (20 LGAs) spread among its over 7000 beneficiaries. A lot needs to be done in terms of intensifying awareness of the intervention.

Efficacy is defined as the extent to which a specific intervention does more good than harm to beneficiaries who are diagnosed correctly as needing the intervention and are appropriately served and who fully comply with the intervention's procedure and recommendations. It asks the question, did it work according to stated LSETF's goals? – Yes. Beneficiaries are entrepreneurs that lacked capital or had insufficient capital. LSETF's fund (loan) was disbursed to them alongside trainings designed to impart business management skills and encourage prudent use of resources. All (100%) respondents acknowledged that the fund benefited their businesses. Their post-intervention experiences included increased productivity and profit margin, job creation (30%) and procurement of additional assets. The intervention had both direct and indirect positive impact on beneficiaries. 35,000 Lagos State residents indirectly benefitted from the intervention by the virtue of being members of beneficiaries' household.

From this analysis, where all factors or elements of effectiveness came up strongly positive, LSETF is highly effective. The LSETF's intervention effectively achieved its goals.

Tax remittance

Figure 14 shows an increase in tax remittance that is attributable to the LSETF's intervention. This observation indicates that business owners who otherwise would not pay tax, now pay and are now captured in the state's tax bracket as a result of participation in the intervention. A 15% increase in tax participation was recorded

among the sampled beneficiaries, resulting to increase in the tax base in Lagos state and an increase in state revenue.

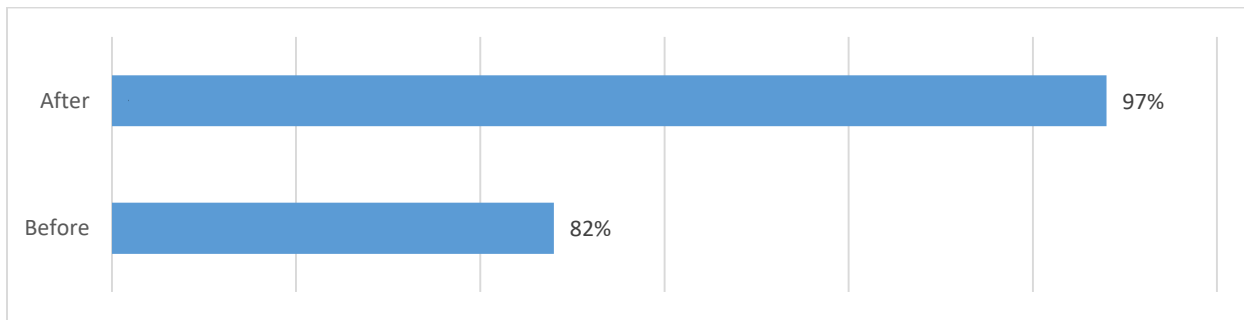


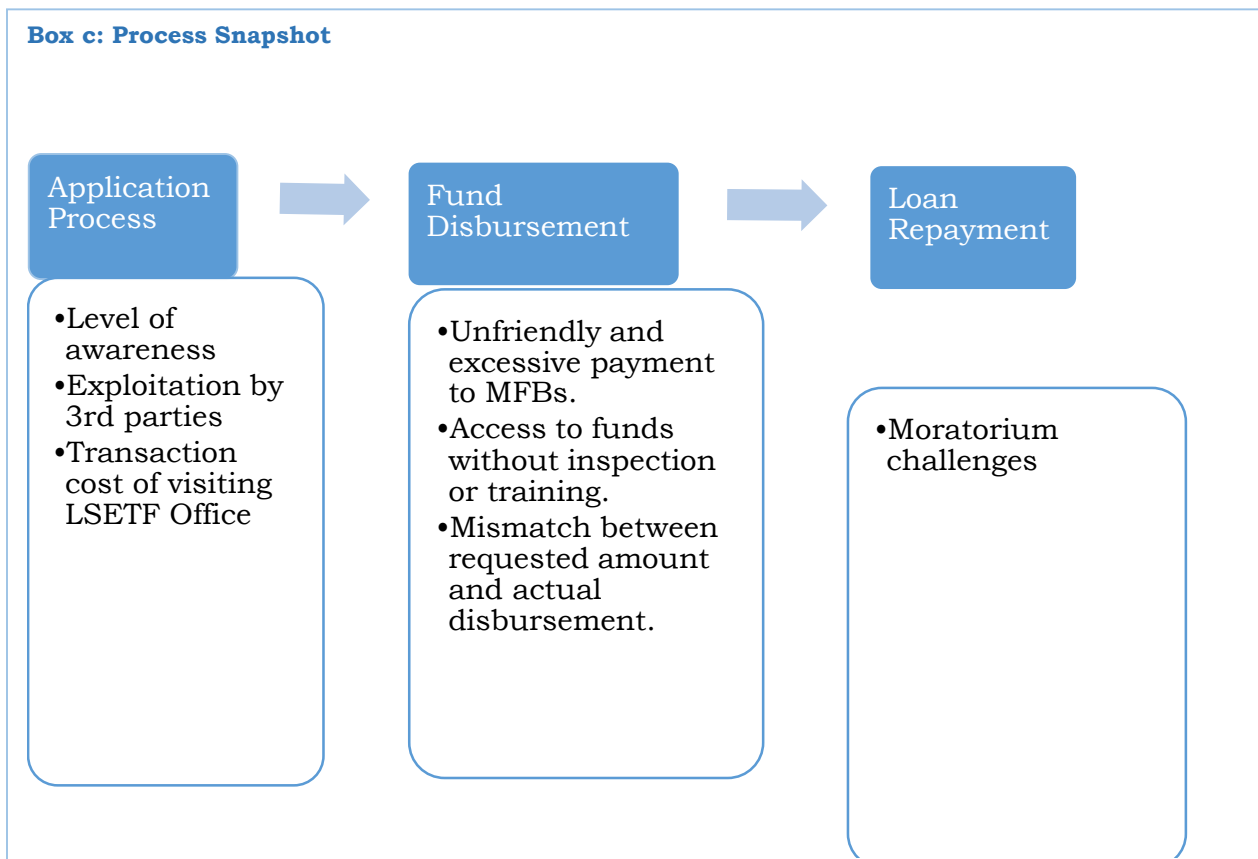
Figure 14: Tax history of beneficiaries before and after LSETF

H. BENEFICIARIES’ PERCEPTION & RECOMMENDATIONS FOR LSETF

Process Evaluation

This section (see Box C), informed by the KIIs and FGD, gives a general overview of the perception of the stakeholders in accessing the LSETF Fund.

Application Process



- *Level of awareness*

The general perception among beneficiaries is that there is low level of awareness of the program among the general population as lots of small business owners who, otherwise, will be willing to apply for funds are yet to know about LSETF.

- *Exploitation by third parties*

One of the beneficiaries mentioned that he purchased the LSETF through third parties who claimed to be agents of LSETF. Some beneficiaries also complained that certain beneficiaries accessed the loans and disbursed to other small business owners as micro-loan schemes at higher interest rates.

“..I bought the form for a total of Two thousand and five hundred naira (N2,500.00) ...about 2-3months later I got a call that my money is out but would need to pay them another Twenty thousand naira (N 20,000.00) to get my money and I gave them.”**(Beneficiary during FGD)**

- *Cost of visiting LSETF and request for more liaison Centres*

Some beneficiaries complained about the distance between their business location and the bank as well as the LSETF office. This had significantly increased the transaction

“LSETF has really done well, but the challenge is transportation to the office, if we can have a closer office like a liaison office in Ibeju Lekki LGA. Also, the bank is too far, I go to Oshodi for banking. The Government should ensure that the processes are also comfortable for beneficiaries.”– FGD participant.

cost attached to accessing the loan as well as the cost of doing business. Many of the participants at the FGD echoed the need for more liaison centers where they can routinely visit

the LSETF without significant cost implication.

B. Loan Disbursement

- *Funds without inspection or training*

Some beneficiaries also reported they were awarded loans without any form of training.

- *Unfriendly attitude of and excessive payment to microfinance banks*

Some beneficiaries complained about the excessive payment demanded by microfinance banks during registration. According to these beneficiaries, some microfinance banks

“The bank staff insults and do not want to listen to you for anything all they care about is their money. LSETF should endeavor to visit our businesses and see what is really happening to our businesses because the economy is really bad. They should pay more attention to us though the programme is a very good one but they need to do better.”- FGD participant

demanding additional payment beyond the stipulated amount (5% of the loan) which the beneficiaries were required to deposit before accessing funds.

A few beneficiaries also complained about the attitude of the microfinance bank as representatives of these banks are unnecessarily harsh while processing for loan repayment.

C. Loan Repayment

Moratorium

According to some beneficiaries, a moratorium of about six months should be given to beneficiaries to give them more time to be able to make profit enough before commencing loan repayment. This observation was confirmed during one of the FGDs with the beneficiaries. Some of the beneficiaries complained about loan repayment, that they commenced repayment the same month they received the loan and that was not a good experience.

Ways in which LSETF can improve its provision of assistance, training and capacity building to beneficiaries.

The overall feedback from the various stakeholders interviewed in the study showed that the LSETF activities have been impacting businesses in Lagos positively. This is in line with its core objectives of driving inclusive growth in the state which is highly commendable for an agency that is just about a year old. However, some observations and comments that will advance the operation of the scheme and make activities more effective have been identified and will be discussed below:

Box D: Evaluation of LSETF

‘It (LSETF fund) was a good thing and it made a lot of people happy being the first time they are getting that kind of support from government’. (KII)

1. **The cumbersome nature of the process of securing funds:** while it is understandable that a rigorous process is required to ensure merit of the individual

'...I will recommend that in as much as the process is good and we have to do the due-diligence, they should make it instant and fast-track the process'.(KII)

applications as well as assurance of loan repayment to ensure sustainability of the scheme, feedbacks from the stakeholders particularly the beneficiaries suggest that reducing the lengthy processes involved will

ensure increased and quality applications. They opined that the process as it is can discourage non-literate Lagosians. Other methods can be incorporated to make it less cumbersome.

2. **Communication:** The stakeholders, particularly the consultant working on the

'Communication ought to flow smoothly between all stakeholders to enhance effective engagement with beneficiaries.' (KII)

different aspects of the

'... LSETF could get applicants to come up with business plan and money should be given in trenches not once. If you do well at level one, you get more... they can as well buy the equipment on their behalf' (KII).

intervention, complained about

communication challenges between LSETF

and the beneficiaries. Though some of the communication gaps are already being

addressed. They are of the opinion that

all the beneficiaries should be fully aware

of all the processes involved pre and post

intervention.

'...Furthermore, it should be noted that if a sum of money is given to you, you should be able to employ a number persons to your business because this is a job creation scheme... it should also be stated in their letter of engagement'. (KII)

3. **Incessant calls by the microfinance**

'... After paying today, the bank will call again two days after to remind you to pay and it can be annoying. Even calling guarantors just for failing to pay at a specified date is not friendly' (FGD with beneficiaries)

banks: Many of the beneficiaries complained about the numerous calls of the micro-finance banks which is considered disturbing. Others were of the view that LSETF should be market conscious and send representatives to

their businesses rather than leave the payment monitoring to micro-finance banks alone.

4. **Database:** Majority of the stakeholders complained about the information management platform (database) of LSETF, claiming it was inefficient, incoherent and sometimes misleading. The addresses stated on the list are mostly residential and most times do not reflect the business address of the respondents which they found to be

problematic. Moreover, they also complained about some names appearing in more than one place while some addresses cannot be verified. The recommended a central database which will also ensure proper monitoring of the beneficiaries.

5. **Awareness Creation:** Many of the stakeholders interviewed believed that in

'... Majority wouldn't believe on the radio unless they see people to convince them' 'They should go through associations to create more awareness. It's easier ...' 'They can create awareness through CDAs from various local governments'

(Beneficiary in the ME category)

'There are still more people within the grass-roots that need this funds, LSETF should try as much as possible to reach out to them...' **(KII)**

achieving the broad objectives of the fund, the program should reach out to as many persons as possible through improved publicity. Another observation was that some fraudulent elements are already using the medium to defraud hapless Lagosians, by eliciting funds for forms as part of the loan processing requirements. One of the beneficiaries interviewed during the FGD recount his bad ordeal of being duped by some individuals that sold form to him because he was not privy to correct information from LSETF.

6. **Giving of loans that are beneficial to business need:** findings from the study showed some animosity as a result of the approval of just a fraction of the loan demanded by the beneficiaries. Transparency and publicity of criteria for loan allocation

'They (LSETF) should also try as much as possible to give out loans that will be beneficial to them and not just approve what can't help them with anything in their business' **(KII)**.

is essential to the process. Also the process can be revisited so that amount that will benefit businesses are actually approved.

Some of the beneficiaries

were of the opinion that their inability to correctly fill the forms was what determined the low amount that was approved for them.

'The difficulty people faced in getting lesser than the amount requested is just because... there are some technicalities in the form that needs special attention... unless you ask them they (LSETF staff) won't explain anything to you.' **(ME beneficiary)**

7. **Standardization and harmonization of processes with stakeholders:** Some stakeholders complained about how LSETF sometimes changes its reporting format in a way that affects performance.

Others stated that sometimes the time given for verification is often too short considering the

'They have to make sure they send the right templates and not calling tomorrow to change something when work already started on the previous one.' **(KII)**

complex and dynamic nature of businesses and their directory in Nigeria. Given more time, they believe they can do more.

I. CONTROL GROUP AND ME COMPARISON

Comparison between Micro Enterprise (ME) and Control Group

- i) Micro Enterprise
- i.i) Background Characteristics

Table 9: Socio-Demographic Characteristics

Background variables	Frequency (286)	Percentage (100)
Gender		
Male	131	45.8
Female	155	54.2
Marital status		
Single	16	5.6
Married	260	90.9
Widowed	7	2.4
Divorced/Separated	3	1.0
Education		
No formal education	3	1.0
Primary	44	15.4
Secondary	130	45.4
Tertiary	109	38.1
Religion		
Christianity	161	56.3
Islam	125	43.7
Tribe		
Igbo	25	8.7
Yoruba	2	0.7
Hausa	246	86.0
Others	13	4.5

From the table above, 54.2% of the beneficiaries are females while 45.8% are males. Nine in every ten (90.9%) are married, 45.4% completed secondary education while

38.1% have tertiary level of education. 56.3% are Christians while 43.7% are Muslims. 86% of the beneficiaries sampled are Yoruba.

(ii) Business Sector

Also, the fund has been spread across all sectors as shown in the chart below:

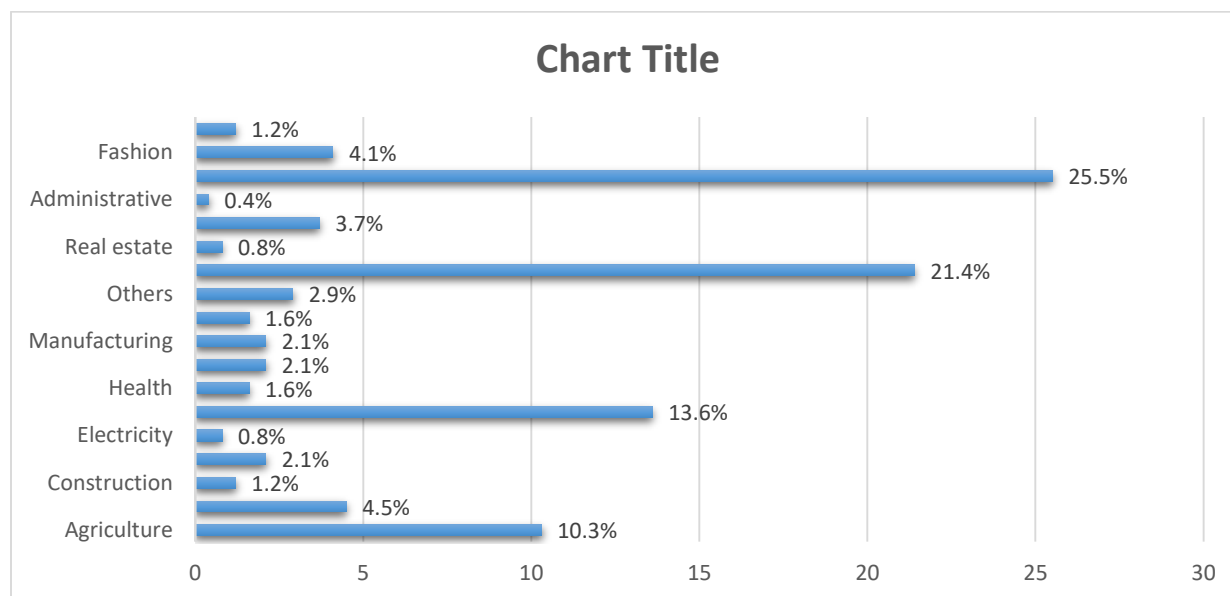


Figure 12: Business Sectors represented

The chart above shows the distribution of the businesses by their sectors. As shown, general merchandise (25.5%), professional services (21.4%), hospitality and food (13.6%) and agriculture (10.3%) are the most represented sectors.

(iii) Training

98.6% of the beneficiaries interviewed attended the training by LSETF training partners as shown in the in the figure below while only 3.2% of the beneficiaries that started the training and did not complete it.

Figure 13: Training Attendance

Major component of the trainings included basic business operations such as book keeping, financial management, leadership, human resources and customer relation.

ii.) Control Group

Business owners that did not receive LSETF intervention (fund/training) were also sampled as a control group for the SIA in a bid to draw a comparative analysis between the beneficiaries of the LSETF fund and those that did not in any way benefit from the LSETF intervention. The control group, made up of 114 businesses covered businesses that never applied for the LSETF fund and those that applied but were not successful with their application and hence did not receive both the fund and the training.

Background Characteristics

Background variables	Frequency (112)	Percentage (100)
Gender		
Male	50	44.6
female	62	55.4
Marital status		
Single	18	16.1
Married	90	80.4
Widowed	3	2.7
Separated	1	0.9
Education		
Primary	11	9.8
Secondary	53	47.3
Tertiary	48	42.9
Religion		
Christianity	75	67.0
Islam	37	33.0
Tribe		
Igbo	15	13.4
Yoruba	92	82.1
Others	5	4.5

Figure 14: Socio-Demographics Characteristics of the Control Group

The table above shows the distribution of the respondents by their background details. 55.4% were males, four in every five (80.4%) were married, 47.3% had secondary education and 42.9% had tertiary education. Two-third (67%) were Christians, a third (33%) practiced Islam while the majority (82.1%) of the respondents were Yoruba's.

Measuring Impact: Comparative Analysis between Micro Enterprise and Control Group

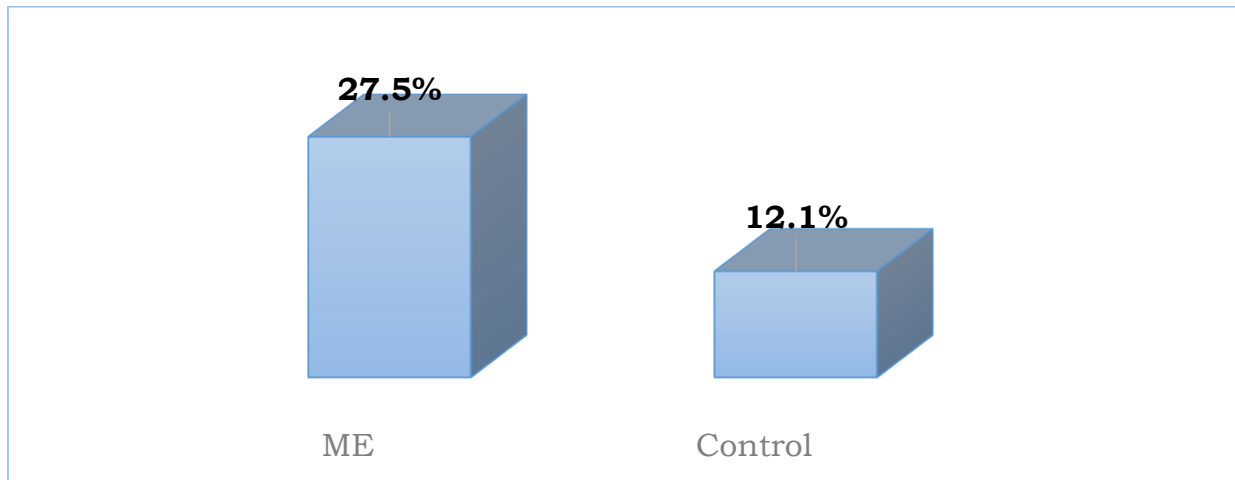


Figure 15: Businesses that employed additional staff in the last one year

Job creation is one of the fundamental objectives of the LSETF. Both the ME and the Control group were asked if they employed more people since receiving the intervention and in the past one year respectively. As shown, over a quarter (27.5%) of the ME beneficiaries employed additional staff since receiving the fund while only 12.1% of other businesses that were not exposed to the intervention were able to employ additional staff for the one year period preceding this assessment.

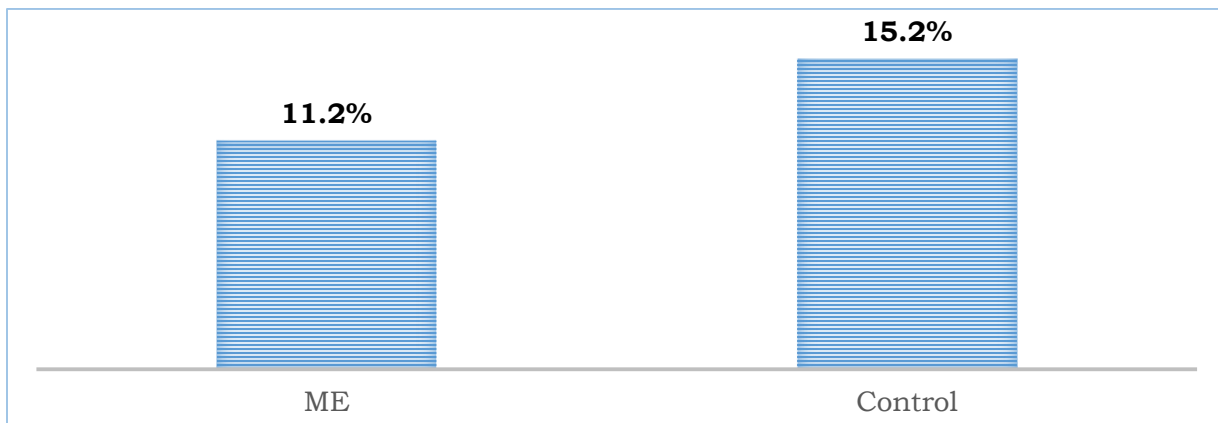


Figure 16: Rented new/bigger office space

As shown above, 15.2% of the control group rented new or/and bigger office space as compared to 11.2% of the ME beneficiary that have changed their new office space.

The lower percentage recorded in the “renting of new office space” can be attributed to the training received in addition to the LSETF intervention.

“We don’t only train them, we also advise them on how to manage the fund given to them not to start looking for shop but to start from home.” (KII)

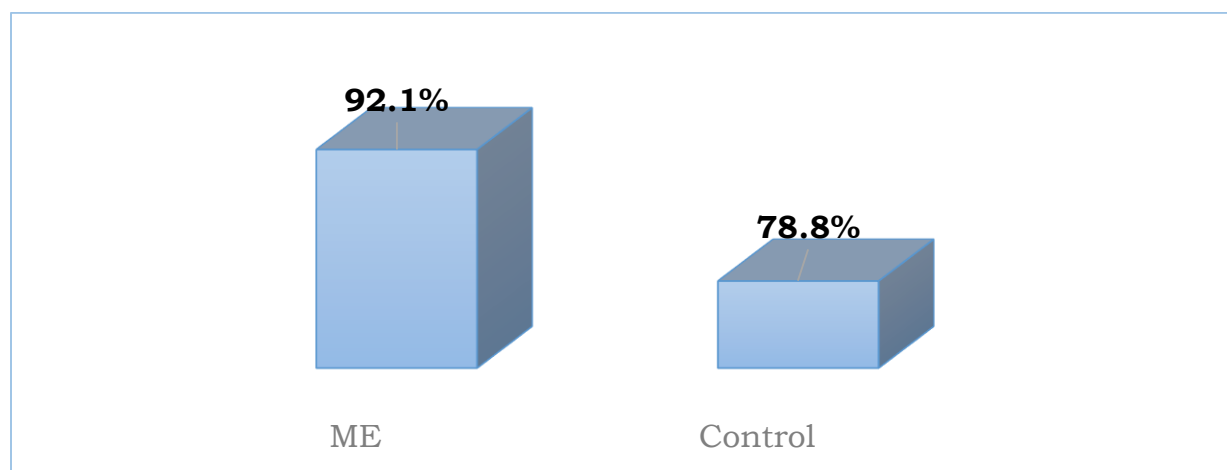


Figure 17: Increase in the amount of services and products

Over nine in every ten (92.1%) of the ME beneficiary had an increase in the amount of services and products their businesses now offers as compared to 78.8% of the Control group. This shows that the intervention enhanced productivity, in the sense that, many of these businesses were able to expand their services and products.

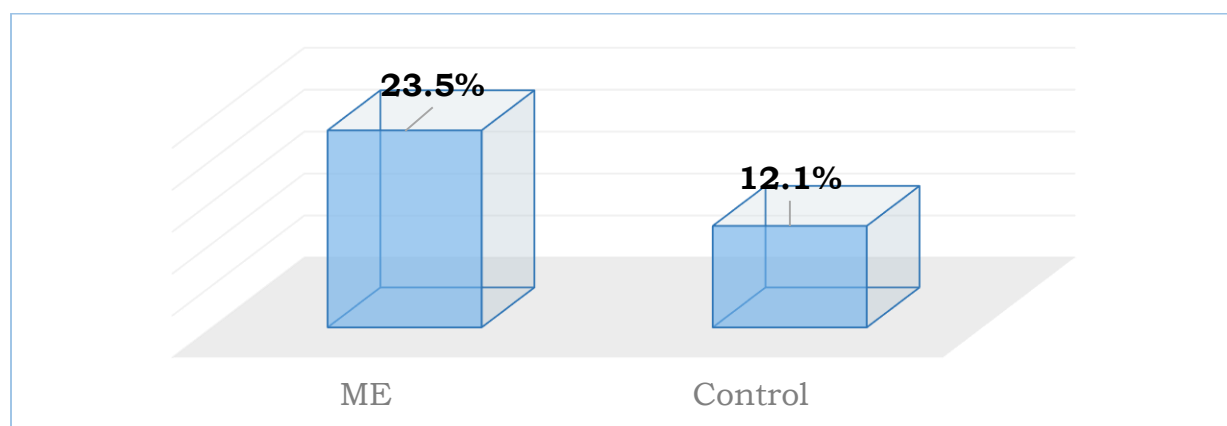


Figure 18: Purchased assets like machineries

23.5% of ME beneficiaries were able to use the fund for assets such as machineries, vehicles for their businesses while only 12.1% of the Control group were able to purchase similar assets in the same period.

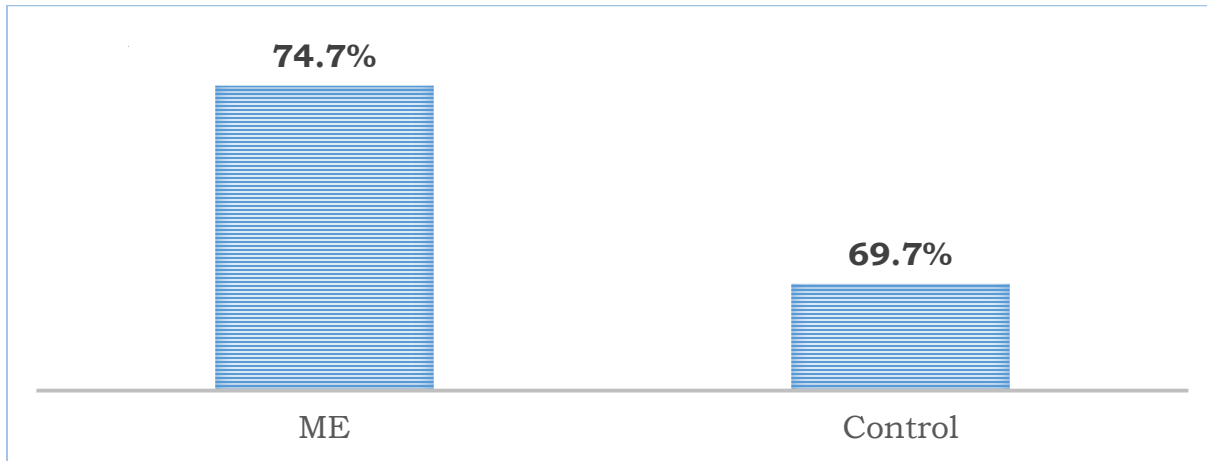


Figure 19: Increase in profit margin

Profit maximization remains one of the goals of business. Though both samples showed increased profit margin, there were more ME beneficiaries (74.7%) that had experienced increase in their profit margin as compared to 60.7% of the Control group.

Socio-economic Impact

LSETF is also driving positive socio-economic benefits towards sustainable development in the state. This is measured in terms of citizens paying taxes which is channeled towards social development projects like the LSETF and the percentage of individuals and business that can access financial services.

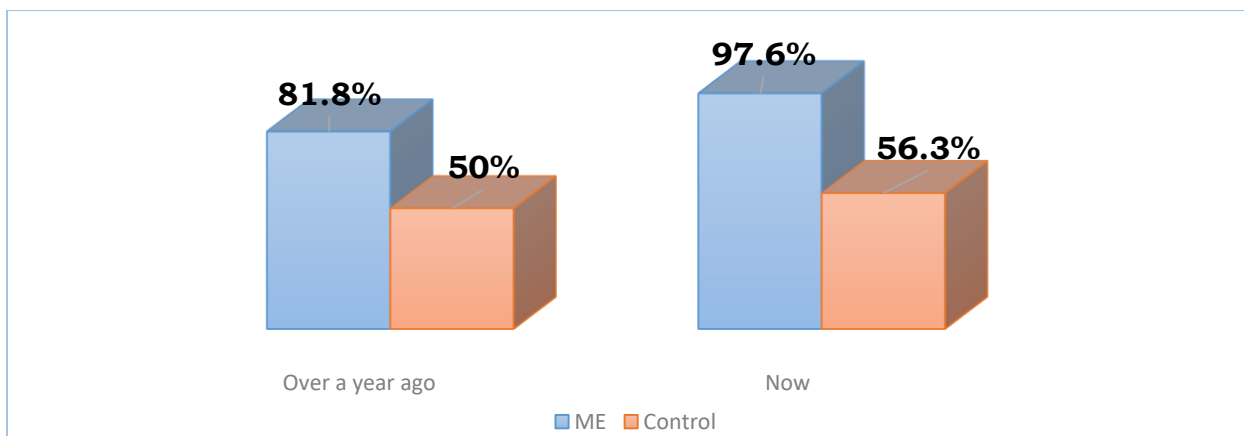


Figure 20: Payment of Tax

As shown, over four in every five (81.8%) ME business were paying tax prior to LSETF intervention while 97.6% are now paying their taxes as compared to over half (56.3%) of the control group that pay tax now. A key driver to the high proportion of ME beneficiaries that are paying tax now can be linked to the training that beneficiaries received where the imperative of tax payment was emphasized to the beneficiaries. This is positively promoting governance inclusiveness and will foster accountability and responsibility from the citizens.

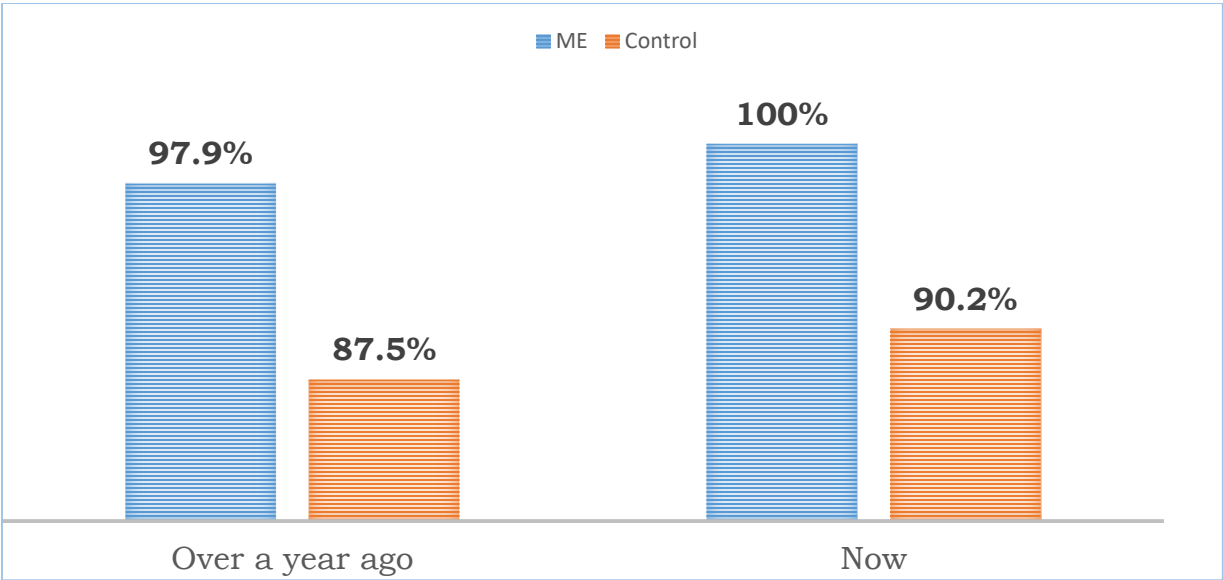


Figure 21: Financial Inclusion

Similarly, 97.9% of ME beneficiaries had bank accounts prior to intervention while all (100%) of them now own bank accounts as compared to the Control group that had 90.2% of its respondents banked. The high proportion of ME beneficiaries that had bank account before LSETF intervention attests to the requirement of receiving loans set by LSETF. Accessing financial services is an important indicator of economic and social development of businesses and provides the medium for businesses to be able to access future intervention.

J. LSETF – INDIRECT BENEFITS

In this SIA, the household size of beneficiaries was used to calculate the indirect benefit accruable to the LSETF intervention. This serves to highlight the indirect impact of the intervention.

Table 10: House Hold Size

Household size	Frequency (n=419)	Percentage (100)
One – Four	146	34.8
Five – Eight	256	61.1
Nine – Twelve	14	3.3
Thirteen and above	3	0.7
Mean household size (5.14)		

The United Nations define the household as a group of two or more persons living together who make common provision for food or other essentials for living. The persons in the group may pool their incomes and have a common budget to a greater or lesser extent; they may be related or unrelated persons or a combination of persons both related and unrelated (United Nations Statistical Division, 2017). The underlying convergence is the shared source of living. The study showed an average 5 member household size. It is clear that when businesses are empowered through increase in capital and profitability, it will increase standard of living and impact the households. Considering that the LSETF fund has benefited about 7,000 businesses in its three main categories, it can be inferred that the fund indirectly benefited about 35,000 persons (based on average household size). If the objective of providing funds to 100,000 businesses is achieved in 2019, it will also imply that at least the fund would have been beneficial to at least about 500, 000 household members in Lagos.

K. THE SDG SCAN OF THE IMPACT OF THE LSETF ENTREPRENEURIAL PILLAR

The 17 Sustainable Development Goals (SDGs) are essential and highly inclusive development goals which Nigeria and other nations have committed to achieve by 2030 in a bid to boost human, socio-economic and environmental development. The SDGs thoughtfully compiled to transform our world into a more equitable and inclusive global society are listed as follows:

- GOAL 1: No Poverty
- GOAL 2: Zero Hunger
- GOAL 3: Good Health and Well-being
- GOAL 4: Quality Education
- GOAL 5: Gender Equality
- GOAL 6: Clean Water and Sanitation
- GOAL 7: Affordable and Clean Energy
- GOAL 8: Decent Work and Economic Growth
- GOAL 9: Industry, Innovation and Infrastructure
- GOAL 10: Reduced Inequality
- GOAL 11: Sustainable Cities and Communities
- GOAL 12: Responsible Consumption and Production
- GOAL 13: Climate Action
- GOAL 14: Life below Water
- GOAL 15: Life on Land
- GOAL 16: Peace and Justice Strong Institutions
- GOAL 17: Partnerships to achieve the Goal

SDG Scan is one of the tools used as indicators for measuring SIA that was adopted in this project. However, due to the fact that LSETF activities is just within a year, only a few of the goals will be treated. Subsequent SIAs will have more data to work with and this report will be available for benchmarking.

This SDGs Scan will provide an estimate of the number of beneficiaries the LSETF intervention affected within its scope in ways that can be interpreted to mean the actualization of the SDGs in Lagos state and within the Entrepreneurial pillar of LSETF.

LSETF and the SDGs

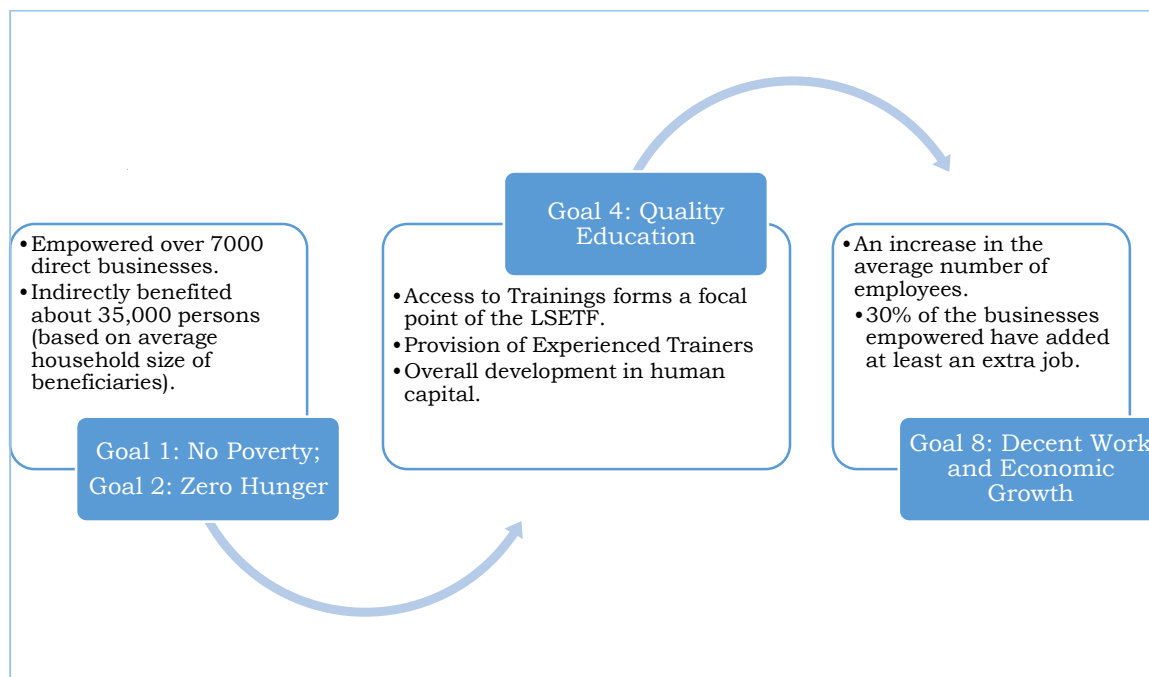


Figure 22: LSETF and the SDGs

The overall targets of the LSETF are in tandem with the Sustainable Development Goals. In particular, Goals 5&8 on Gender equality as well as decent work and economic growth form the core motive of wealth creation and human capital development of the institution.

Overall, all the disbursement of the loan have showed a good participation rate of both sexes.

Table 11: LSETF Gender Balance

Characteristics		Frequency (total respondents, n=419)	%
Sex	Male	209	49.9%
	Female	210	50.1%

The job creation target of the LSETF has significantly increased participation rate in the economic productivity.

The LSETF has also significantly promoted Goal 9 of the SDGs; Industry, innovation and infrastructure. The ME Start-Up scheme leveraging on the youthful demographics of Lagos State aims at promoting innovative ideas and rewarding excellent entrepreneurship spirit.

L. Beneficiaries and Waste Management

Management of business waste is an important aspect of business management as it does not only create environmentally friendly culture but promote business sustainability. 81.9% of the beneficiaries use Lagos state Private Sector Participants (PSP), the official collectors of waste while 3.1% dump the waste themselves, 8.1% use local waste collectors while 6.9% dispose through other means such as burning it themselves.

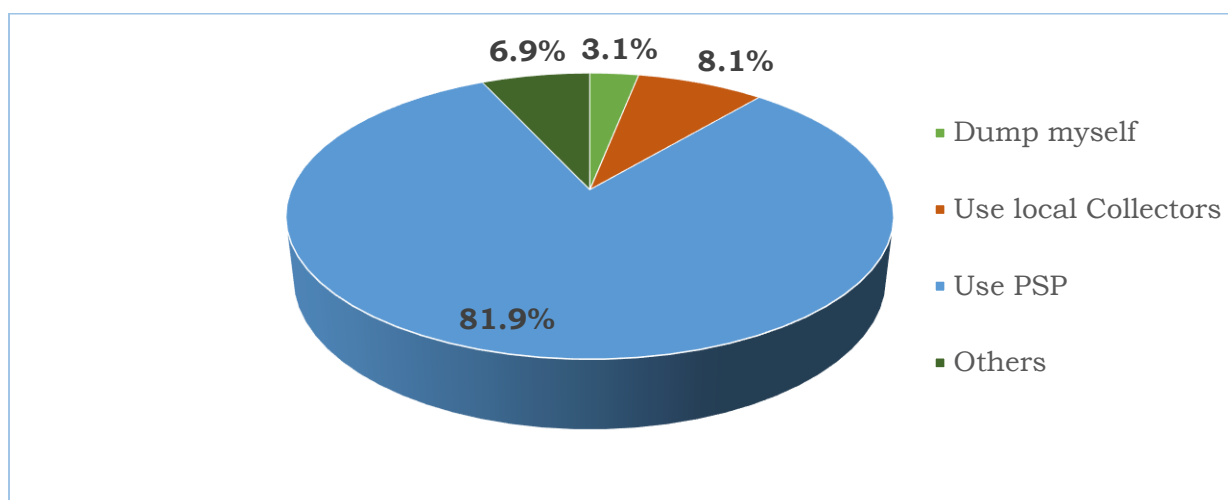


Figure 23: Waste Management Mechanisms.

While about four in every five businesses sampled attested to managing the waste through the PSP as required by the state government, about one-fifth still uses other means of waste disposal. It is important that future training programs should include sustainability practices such as pollution management, low carbon consumption and efficient waste management practices. This present an opportunity to promote environmental sustainability among MSMEs which will have a multiplier effect on the millions of direct and indirect beneficiaries that the scheme is targeting.

CONCLUSION AND RECOMMENDATIONS

The findings from the assessment indicated among others that start-ups, small and medium business owners in Lagos benefited from the Lagos State Government via the Employment Trust Fund (LSETF) initiative. A recurrent challenge for business owners is lack of sufficient funds or access to capital and this was the same for many of the beneficiaries until the introduction of the LSETF.

Findings from the SIA showed that 92% of all beneficiaries accessed funds & training, 6% of beneficiaries accessed training only and 1% of the beneficiaries accessed funds only. It is our understanding that the LSETF project design does not allow potential beneficiaries to access funds until all necessary conditions are met including participation in the training exercise, with complete attendance as an added condition. There is, therefore, need to strengthen the process of implementation.

Findings show that beneficiaries in the scheme were selected proportionately across all the local government areas in the state. Also, there is gender balance in the proportion of beneficiaries. It is not certain if this was a deliberate effort of the LSETF initiative or a mere representation of the market place reality as a large portion of the LSETF database was not gendered. Nonetheless, this is considered a positive observation and shows there is no gender bias in the project.

Findings on other impacts of the project led to the conclusion that beneficiaries created employment post-intervention, though only thirty percent created any employment. However, due to the fact that the intervention is still at early stage of implementation, we are of the view that current findings may be tentative at best. Besides, test of mean difference indicated that there is no statistical difference in the of employees

About three in every ten businesses have improved salary structure and about the same number have created another line of business, though a good number of businesses showed promises of expansion and employment generation. Overall, findings indicate a direct relationship between employment and productivity.

Overall, business owners in Lagos now have access to more money than before the intervention, and therefore can make financial decisions that otherwise would not have been able to make.

Beneficiaries recorded increased profit margin and increased opportunities to network with other business owners by participating in promotional events. Businesses not only made profit during these promotional events, they also increased their profit margin post-intervention. However, participation is low, hence, effort should be intensified to ensure increase participation in such activities given its far-reaching impact on businesses.

Some beneficiaries were not able to access the funds because they were unable to tender all required documents. Some others did not participate fully in training, or were unable to provide guarantors. Due to the fact that the intervention is still at early stage of implementation, we are of the view that current findings may be tentative at best. Besides, a test of mean difference indicated that there is no statistical difference in the number of employees before and after the intervention. We, therefore, suggest that the SIA should be repeated annually to enable a proper benchmarking that will show sustainable impact.

Negative Externalities

Despite the positive externalities of the LSETF intervention, there were a few negative externalities. These are discussed below:

Some potential beneficiaries rejected the loan offer because the offers were below their expectations and there was no proper explanation for such outcomes. A substantial number of them are discouraged and have negative impression about the intervention. This could lead to bad publicity for the LSETF.

Also, the implementation processes of the initiative have somehow been mired by inconsistency in implementation process. This is because some beneficiaries were able to access funds without participating in training nor had their business facilities inspected by any official of LSETF or business development support members.

Beneficiaries also complained about the unfriendly attitude of the microfinance banks and excessive payment demanded by microfinance banks. Beneficiaries have also been exploited by third parties who claimed to be agents of the LSETF or micro-loan scheme providers. There is, therefore, need for the LSETF's management to design strategies to curb these illegitimate practices.

The following are recommendations based on findings from the SIA:

- **Strengthened implementation processes** – There is a need for LSETF to review its policy and implementation process to eliminate loop holes, areas of inconsistencies and inefficiencies.
- **Integrated database** – LSETF needs a better information management platform that will provide an integrated database that ensures easy access to data.
- **Transparent Assessment Criteria** – The criteria for deciding the value of loan for beneficiaries should be made explicit to beneficiaries, if possible included in the form. Customer service and liaison agents should be equipped to explain the process to intending applicants as well as beneficiaries who were awarded less than they expected.
- **Incorporation of feedback loop** – Feedback mechanism should be incorporated into the implementation and management processes to enhance inclusion and interaction with beneficiaries
- **Increased awareness** – There is not enough awareness of LSETF’s intervention especially among grassroots Lagos residents who need this intervention. There is misconception about its authenticity and even the process. There is therefore need for publicity strategy to boost the current efforts of awareness generation.
- **Periodic monitoring and review of contracts with microfinance banks-** There were lots of complaints about the unfriendly attitude, undue threats and excessive demands from some microfinance bank, in particular, Bosak Microfinance Bank. Although the practices of the bank may seem justifiable as a way to enforce loan repayment, it becomes a concern when majority of the beneficiaries linked to this bank share similar negative perception and do not shy away from sharing their experiences. There should be mechanism to monitor other implementing agencies
- **Need for periodic evaluation**– The SIA is a baseline that requires further evaluation. Subsequent assessment will use it as a benchmark to measure sustainable impact of the LSETF on the beneficiaries.
- **Tax Remittance** – The report shows that 15% of the beneficiaries were not tax payers prior to the LSETF intervention. Nevertheless, it was observed that only

the beneficiaries (business heads) are currently being added into the state's tax bracket. LSETF in partnership with the State's tax administration agency should collaborate on mechanisms of expanding the tax bracket beyond the business representatives alone to include the staff these businesses are engaging in their operations. This we believe will significantly enhance the prospects of meeting the target of 200,000 additional tax payers by 2019.

- Encouraging businesses that do not default in its loan repayment by giving them opportunity to apply again in future.

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APPENDICES

QUESTIONNAIRE



Survey Questionnaire

Introduction

Centre for Ethics and Sustainable Development (CESD) has been commissioned by the Lagos State Government to evaluate the Lagos State Employment Trust Fund (LSETF) and you have been selected to participate in this study. In this survey, we hope to get your responses to questions about your business and the impact of LSETF activities. The information you provide is strictly confidential and will be treated as such.

SECTION 1: IDENTIFICATION

1. Respondent's Name	
2. Respondent's Phone #	
3. Respondent's Address	

SECTION 2: SOCIO-DEMOGRAPHIC INFORMATION OF RESPONDENT

4. Please indicate your age group	(a) 18-24 (b) 25-34 (c) 35-44 (d) 45-54 (e) 55-64 (f) 65 years & above
5. Kindly state your exact age	
6. Gender	Male (1) Female (2)
7. Marital Status	(1) Single (2) Married (3) Divorced (4) Separated (5) Widowed/Widower
8. Highest Education level	(1) No formal education (2) Primary education (3) Secondary (4) Tertiary
9. Religion	(a) Christianity (b) Islam (c) Traditional/Ancestral Worship (d) Other.....
10. Ethnicity	(a) Yoruba (b) Igbo (c) Hausa (d) Other.....
11. Local Government of Origin	

12.Number of household members (those that lives in your house and you are responsible for)

SECTION 3: SCREENERS

- 13.How did you get to know about LSETF? Please select all that apply).
 Through: (1) Television (2) Twitter (3) Radio (4) Friends/Family members (5) Church/ Mosque (6) Others.....
- 14.Did you apply for the LSETF? (1) Yes (2) No (Go To SECTION 9)
- 15.Where you selected? (1) Yes (2) No (Go To SECTION 9)
- 16.If you were selected, did you receive any training? (1) Yes (continue to Q17) (2) No (Go To SECTION 9)
- 17.When were you trained (please mention the month &year)?
 Month.....Year.....
- 18.If you received the training, which of these LSETF pillars do you belong?
 (1) Entrepreneurial (continue with Q19) (2) Employability (Go to SECTION 6)

19.What is the main activity of your business? (select only ONE category in the table)

Activity	Code
Agriculture, Aquaculture, Forestry and Farming	1
Mining and Quarrying	2
Manufacturing	3
Electricity, gas steam and air conditioning supply	4
Water Supply, Sewage, Waste Management and Remediation Activities	5
Construction	6
Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles	7
Transportation and Storage	8
Accommodation and Food Services Activities	9
Information and Communication	10
Financial and Insurance Activities	11
Real estate activities	12
Professional, scientific and Technical Activities	13
Administrative and Support Service Activities	14
Public administration and defence, compulsory social security	15
Education	16
Human Health and Social Work	17
Arts, Entertainment and Recreation	18
Other Service Activities	19
Activities of Household as Employers, Undifferentiated Goods	20
Activities of extraterritorial organizations and bodies	21
Other (specify).....	22

20.LGA where business is located:	
21.Year of business incorporation	
22.Year business operation started (Write the Year or 0 if start-up)	
23.What is your business name	
24.Name of business owner	
25.Business Phone #	

26.Which of these was your business categorized by LSETF?
 (1) Small, Medium Enterprises (SMEs) (2) Microenterprises (ME), (3) Micro-Enterprise Start-Ups (MEs)

27.Have you received the fund after you were trained? (1) Yes (2) No (Go to Q31)

28.When did you receive the fund (please mention the month &year)?
 Month.....Year.....

29.How much (in Naira) did/have you receive?

30.How much were you expecting to receive in total?

31.Why have you not received the fund? Tick all that apply. (1) Unable to tender all requested documents (2) Did not participate fully in training (3) On the waiting list (4) Other (please indicate)AND GO TO SECTION 7

SECTION 4: ACCESS TO FUNDS & FUNDS USABILITY

This section evaluates your access to the LSETF funds and how you have utilized it so far.

SECTION 4A: SELF-SUSTAINABILITY

32.Type of Business prior to LSETF INTERVENTION? (1) New/ Startup (2) Existing Micro Business (3) Existing Small/Medium Business
33.How many years have you been running your business outfit before LSETF Intervention? (1) 0 to 1 years (2) 2-5 years (3) Greater than 5 years
34.What year did you get the LSETF Intervention fund? _____
35.What was your biggest challenge before the LSETF loan intervention? (1) Capital (2) Equipment (3) Government policy (4) Infrastructure (5) Business location
36.How well will you say LSETF has helped to alleviate your greatest pain point? (1) Below average (2) Average (3) Above average

SECTION 4B: JOB CREATION

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37. How many employees did your business have before you accessed the LSETF funds?
38. How many of these employees are male and how many are female? Male Female
39. Have you employed anyone since you received funds? (1) Yes (2) No
40. How many of these employees are male and how many are female? Male Female
41. Has your salary structure improved since you received the fund

SECTION 4C: BUSINESS EXPANSION

42. Apart from this business, have you created another line of business? (1) Yes (2) No
43. If you have created another line of business, when did this business expansion happen? (1) Before I received the LSETF training/funding (2) After I received the LSETF training/funding (3) N/A (Go To Q45)
44. Will you say that the funding/training you received enhanced your ability to start this new line of business? (1) Not at all (2) Just average (3) Excellently well
45. If you have not created a new line of business, would you say there is a likelihood of creating one in the near future? (1) Yes (2) No

SECTION 4D: PROFIT

46. Do you make profit in this business? (1) Yes (2) No
47. What was your profit margin before you received the funds from LSETF? Please indicate
48. What is your profit margin now after you received the funds from LSETF? Please indicate

SECTION 4E: WEALTH CREATION

Please answer YES or NO to each of the following questions		
	Yes	No
49. Do your employees have access to loan when the need arises?	Yes	No
50. Do you provide assistance to people in the community where the business?	Yes	No

SECTION 4F: LOAN & REPAYMENT

51. Are you demanded to repay the funds? (1) Yes (2) No
52. Have you started making loan repayment since you received the funds from LSETF? (1) Yes (2) No
53. What other purpose did you use the LSETF loan for other than for your business?

(1) School fees (2) Rent (3) Paint (4) for Religious purpose (5) Funeral (6) don't use it for any other purpose (7) Other (Please indicate)
54. Apart from the loan from LSETF, what other sources do you get loans? (Tick all that apply) (1) Bank (2) Spouse (3) Family members, apart from spouse (4) Religious house (5) Friends (6) I don't get loan from anywhere (7) Other (Please indicate)

SECTION 5: ACCESS TO & USE OF PROMOTION

55. Have you attended any promotional program organized by LSETF? (1) Yes (2) No (Go To SECTION 7)
56. When did you attend the promotional programs
57. How many promotional programs have you attended? (1) 1 (2) 2 (3) 3 (4) More than 3
58. How would you describe the impact on your business? (Tick all that apply) (1) I have been able to network with other business (2) I have increased sales/profit (3) No impact at all (4) Other.....
59. Overall, how would you rate the impact of the training on your business (Tick all that apply) (1) Not at all impactful (2) Somewhat impactful (3) Very impactful
INSTRUCTION: Please GO TO SECTION 7

SECTION 6: EMPLOYABILITY (for PILLAR BENEFICIARIES ONLY)

This section is strictly for respondents in the employability pillars.

1. Have you commenced the internship stage with a firm? (1) Yes (2) No (0) N/A
2. If YES, when did you commence internship?
3. How long after training did you commence internship (write in days please)
4. Please state the name of the firm where you are having the internship
5. How would you rate your experience so far with the internship (1) Very unsatisfactory (2) Unsatisfactory (3) In-between (4) Satisfactory (5) Very satisfactory (0) N/A
6. Kindly state reason for your response in Q5

SECTION 7: Training (for both Entrepreneurial and Employability Beneficiaries)

7. What type of training did you receive at LSETF?
 (1) Basic business operations, e.g. bookkeeping (2) Financial Management (3) Leadership (4) Human Resource
 (5) How to apply for loans (6) Others

8. Did you attend all the trainings (1) Yes (2) No

9. How would you describe the impact of the training on your business? (Tick all that apply)
 (1) I find it very useful and still apply the knowledge in the day to day running of the business (2) I have increased sales/profit (3) No impact at all (4) Other.....

10. Overall, rate the quality of training in terms of the objectives, relevance, learning facility, quality of teachers how would you rate the impact of the training on your business e training have impacted on their businesses.
 (1) Poor quality (2) Fair/average quality (3) Good quality (3) Very Good quality

11. Apart from LSETF, have you attended business training anywhere since you enrolled in the LSETF program? (1) Yes (2) No

SECTION 8: MEASUREMENT OF EFFECTIVENESS (for both Entrepreneurial and Employability Beneficiaries)

12. Which of these have you done in the business since you received the training and/or funds? (Tick all that apply)

		Yes	No
a	Employed more people		
b	Rented a new and bigger office space/shop		
c	Increase in the number of services/products		
d	Purchase assets like machinery/vehicles/etc.		
e	Business facelift (Other inputs such as websites creation, etc.		
f	Increased in profit margin		
g	Progressed to internship with a firm		
h	Other		

SECTION 9: FOR RESPONDENTS WHO NEVER APPLIED OR APPLIED BUT NOT SELECTED NOR TRAINED

13. If you were not selected by LSETF, why? (1) I did not comply with the conditions (2) Other.....

14. If you were not trained, why? (1) I did not comply with the conditions (2) Other.....

SECTION 10: OTHER QUESTIONS

15. Were you paying before applying to LSETF? (1) Yes (2) No

16. Are you now paying tax? (1) Yes (2) No

17. Do you have a bank account prior to applying to LSETF? (1) Yes (2) No

18. Do you have a bank account now? (1) Yes (2) No
19. Which payment method do you prefer? (1) Cash (2) Mobile transfer (3) POS (4) CHEQUE
20. How do you manage your waste? (1) Use PSP (2) Use local collectors such as wheelbarrow (3) Dump it myself at the waste centre (4) Other
21. If part of the LSETF loan scheme might be an annual subsidized subscription to a PSP, would you still be willing to apply or use the scheme? (1) Yes (2) No