



## **ENTREPRENEURSHIP CAPACITY BUILDING PROGRAMME**

# **IMPACT ASSESSMENT REPORT**

**DEPARTMENT OF PLANNING, MONITORING & EVALUATION  
JUNE, 2016**

## **BEDCO ENTREPRENEURSHIP CAPACITY BUILDING PROGRAM IMPACT ASSESSMENT REPORT**

### **1.0 Introduction**

Basotho Enterprises Development Corporation (BEDCO) is a Parastatal of the Government of Lesotho which falls under the Ministry of Small Business Development, Cooperatives and Marketing (MSCM), under the Department of Small Business Development. It was established by the BEDCO Act No.9 of 1980, as amended. BEDCO is mandated with the establishment and development of Basotho-owned business enterprises with particular emphasis on the promotion of indigenous entrepreneurial skills. Since its establishment the Corporation was regarded as an agency that offers services to Micro, Small and Medium enterprises (MSMEs). BEDCO has since established formal working relationships with local and international business support organizations in order to enable it to fulfil its mandate effectively and efficiently, with enterprise development as its core business, in the form of business management and technical skills training, business advisory services, coaching and provision of business accommodation.

In fulfilling its mandate, BEDCO aligns itself with the national goals. Lesotho Vision 2020 stipulates that the country will have a well-developed micro, small and medium enterprises and that entrepreneurial culture will be inculcated among the Basotho nation. As a way of implementing the Vision 2020, Goal 1 of the National Strategic Development Plan (NSDP) is to “*pursue a high, shared and employment creating economic growth*” of which BEDCO addresses by encouraging and assisting Basotho to start and establish enterprises, as well as, to grow their businesses and take them to higher levels thus creating employment in order to contribute to economic growth of the country. It is against this background that BEDCO developed Entrepreneurship Capacity Building programme, popularly known as “**Ichorise Mohoebi**” specifically to inculcate and improve entrepreneurial skills for prospective and current entrepreneurs.

## **2.0 Programme Rationale and Logic**

The Ichorise Mohoebi was first launched in August, 2013, with the sole purpose of capacitating those people who are already engaged in some form of business (income generating) activities or those who are aspiring to be entrepreneurs so that they could start and build sustainable businesses. This Ichorise Mohoebi was meant to equip participants with both business management and technical skills, so that they can establish and manage

Sustainable businesses or income generating activities in their own areas to alleviate poverty and contribute to employment creation. According to the Central Bank of Lesotho's Economic Review of November 2012, Lesotho's unemployment rate was estimated at 25.3% with youth unemployment rate estimated at 33% which is way beyond the global youth unemployment rate of 12.7%.

## **3.0 Programme Description**

Entrepreneurship capacity building being one of the key elements for development of the MSME sector, the major focus of this programme was to create a platform from which our entrepreneurs could build linkages with other subsequent projects such as Ikisetse and Qhotsiso which are interrelated.

Ichorise Mohoebi as a capacity building programme was offered in three modules that targeted participants at all levels of the entrepreneurship spectrum. The first module is the Start-Your-Business Module (SYB) aimed at equipping participants with techniques on how to turn their business ideas into real businesses. The second module is the Operate-Your-Business Module (OYB) which is aimed at equipping those who are already in business to operate their businesses efficiently. The third module is the Grow-Your-Business Module (GYB) which is aimed at those entrepreneurs who are already in business but without their businesses showing any signs of growth.

Ikisetse - a poverty alleviation programme was used to empower and capacitate participants, especially from rural communities, with technical skills enabling them to be economically active thus improving their livelihoods. Most of the time they are encouraged to utilize resources readily available in their areas to engage into income generating activities. So far BEDCO's concentration has been on the agriculture, arts and craft sectors.

Qhotsiso on the other hand is an incubation programme aimed at fostering entrepreneurship culture to incubate ensuring sustainability of businesses that can contribute to the economic growth of the country. It focuses mostly on nurturing start- up businesses at the early stages of the business lifecycle.

The main objectives of the programme are to:

- a. Facilitate business management and technical skills training sessions.
- b. Instill entrepreneurial culture and help rural communities to gain self-confidence starting their own businesses;
- c. Assist in the establishment of ongoing self-sufficient small scale income generating activities for rural communities;
- d. Empower rural communities to maximize self-employment for poverty alleviation;
- e. Ensure maximization of sustainable development by encouraging utilization of locally available resources whenever possible.

#### **4.0 Purpose of the Programme Evaluation**

Capacity building of entrepreneurs in its nature is an ongoing activity since there are always new developments coming up. However from time to time there is a need to look back and check progress made. The objective of this evaluation is to inform all the stakeholders, particularly the key sponsor – MSCM about the status of the impact that has been made through the Ichorise Mohoebi as well to assist the management to assess the effectiveness of the programme and aid in decision-making for strategic planning and improvement of future programmes.

#### **5.0 Evaluation methodology**

The evaluation process started with the review of documents such as programme concept papers, programme implementation reports, monitoring reports and the database built during implementation, in order to extract contacts and particulars of the beneficiaries so that they could be approached. Upon completion of the review, a questionnaire was designed and tested to ensure that it would be an appropriate tool to use for interviews. Due to our geographic outlay telephonic interviews was the most appropriate tool. According to the reports, the programme had almost 1,400 beneficiaries across the country including tertiary

students in their final year of school. In the first stage, an attempt was made to contact 824 beneficiaries whose contacts were readily available, however only 405 picked their phones.

## 6.0 Discussion of the results

The findings presented in this section have been organized along the following main points which formed the basis for the evaluation questionnaire: Business existence before and after BEDCO's intervention, reasons for not being in business, types and forms of businesses that the participants are engaged in currently, number of people employed by the business, general performance of the business (whether there has been any improvement following BEDCO's interventions), relationship between gender and type of business.

### A. Business existence before and after BEDCO's intervention

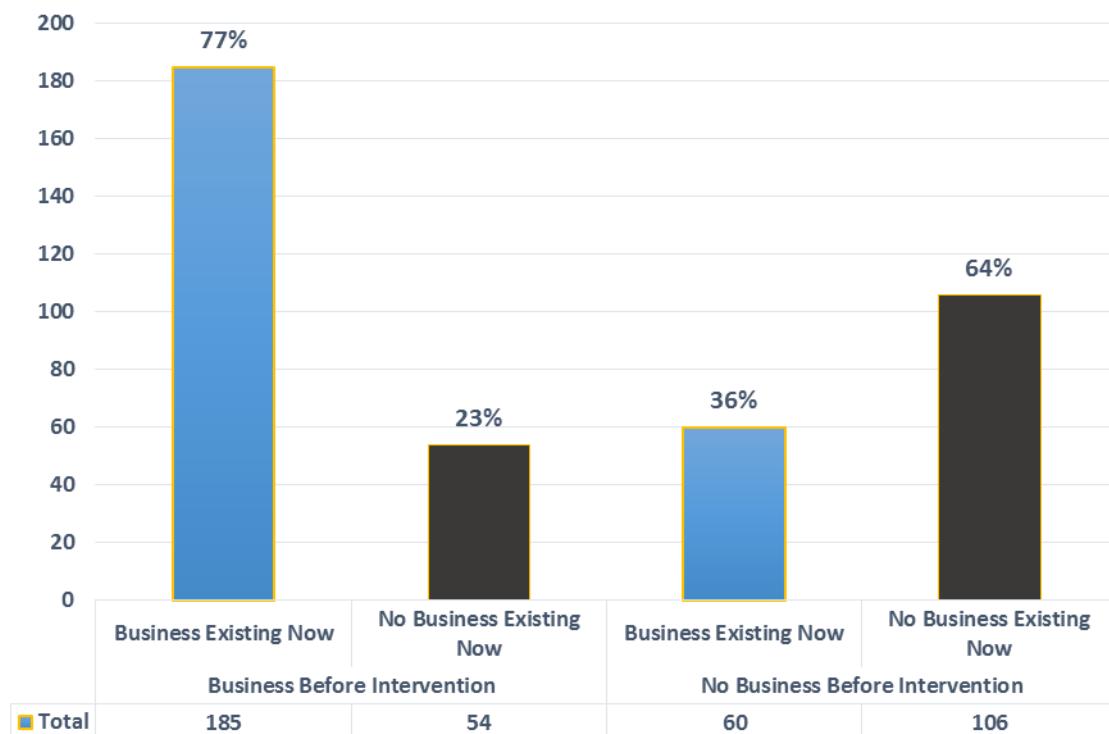
**Table 1. Business Existence Before and After Intervention**

Row Labels	Count of Names
Business Before Intervention	239
Business Existing Now	185
No Business Existing Now	54
No Business Before Intervention	166
Business Existing Now	60
No Business Existing Now	106
<b>Grand Total</b>	<b>405</b>

The table above reflects that out of 405 people interviewed, 239 reported that they had businesses before BEDCO's intervention whilst 166 did not have businesses then. However during the evaluation period there were only 185 people whose businesses were still in existence. Whilst 54 people reported that their businesses were no longer in existence. Out of the 166 who did not have businesses before BEDCO's intervention, 60 reported to have started businesses and 106 still had no businesses.

Diagrammatically figure 1 below shows that 77% managed to sustain their businesses while 23% ran out of business. Of those who did not have businesses before the intervention, 36% managed to start businesses while 64% have not started.

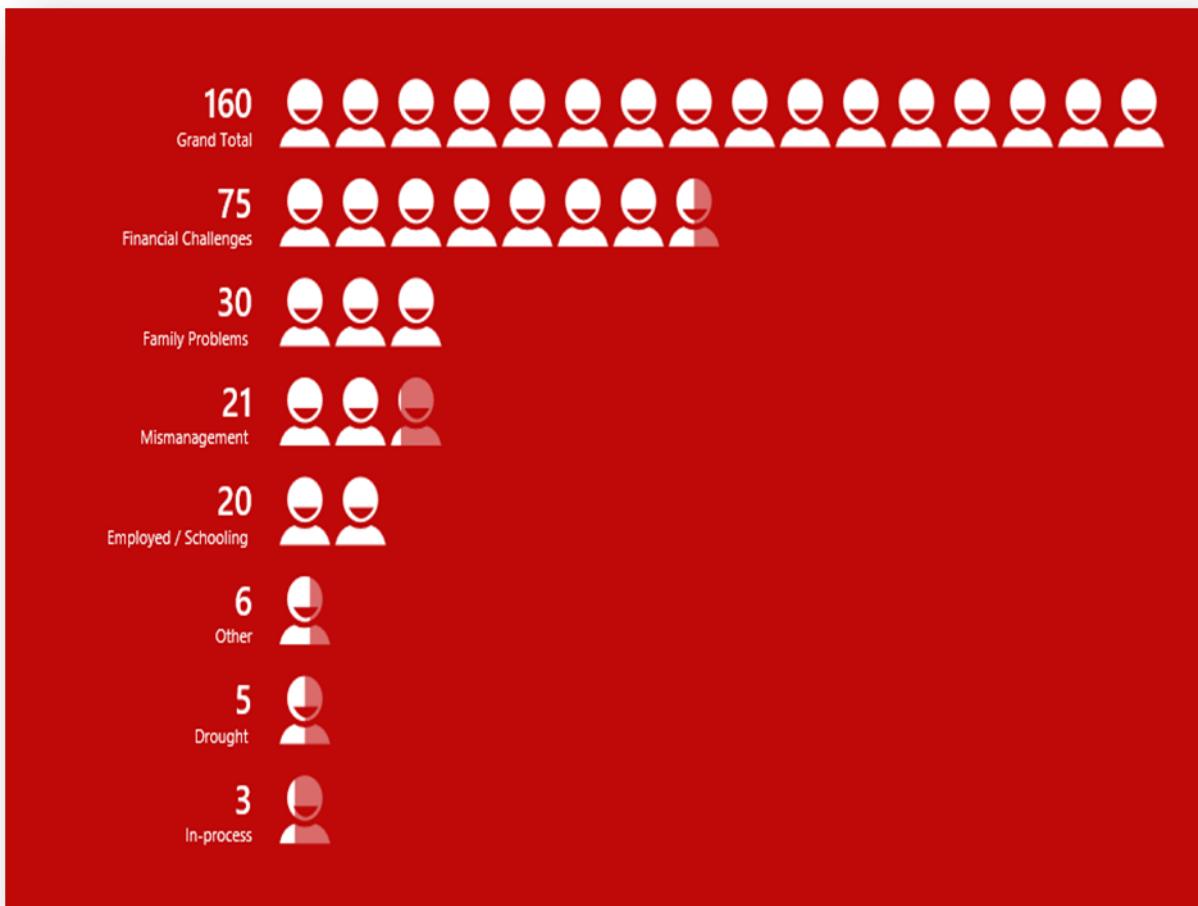
**Figure 1. Business existence before and after intervention**



#### B. Reasons for not being in business

Several reasons were given in figure 2 below as to why businesses were not started (64%) and why some of those which were there before (23%) had to close down. The majority (75) stated their reasons to be financial challenges while a reasonable number stated family problems (30) and mismanagement (21) as their challenges among others.

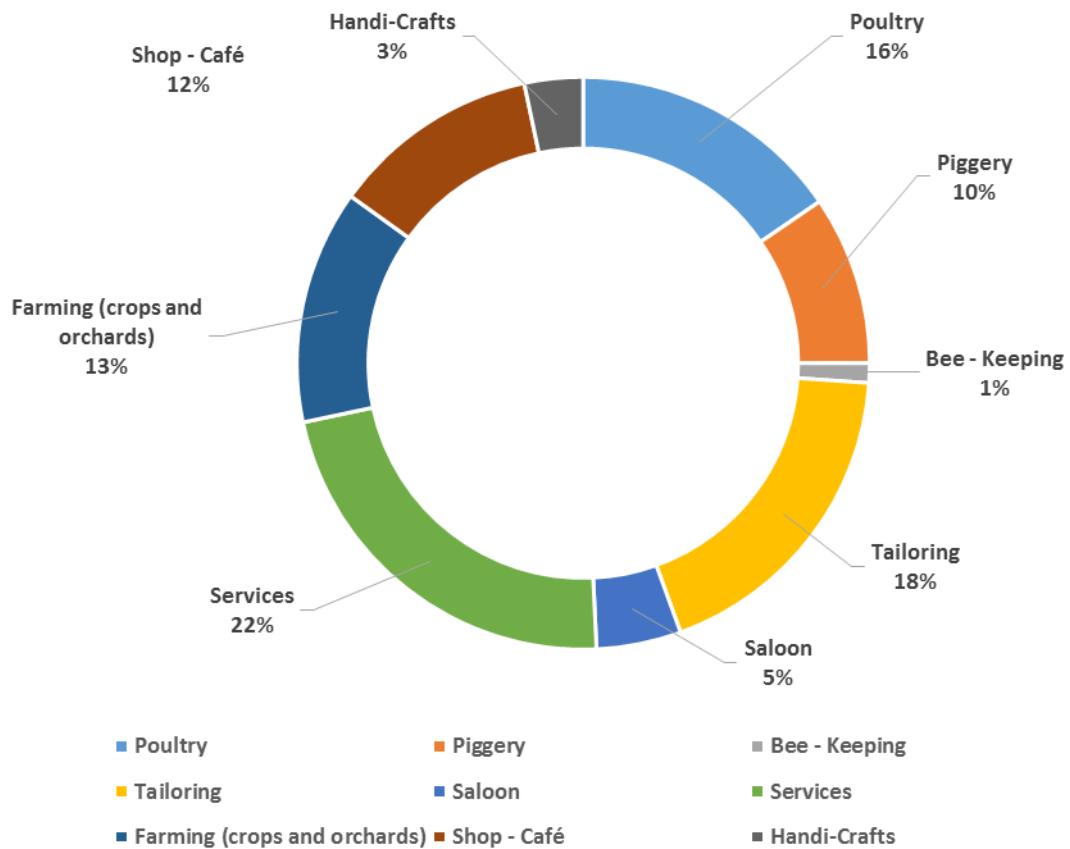
**Figure 2.** Reasons for not being in business currently



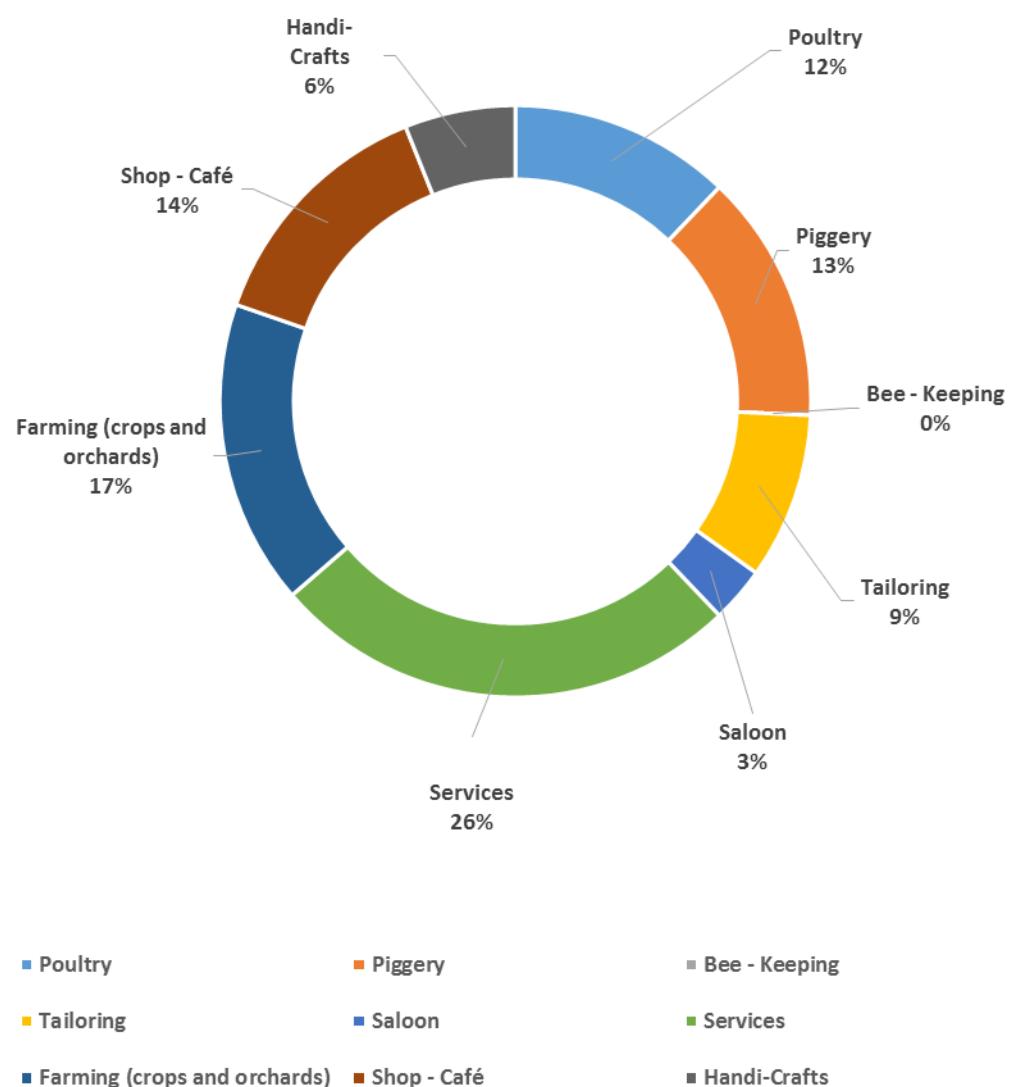
### C. Types of businesses by all participants

Out of the businesses which were sustained, and the newly established ones, 22% are service types of businesses (*services businesses include construction works, transport, selling of airtime etc.*), 18% are tailoring, 16% are poultry and the remaining 44% is shared by other types of businesses as illustrated in the chart below.

**Figure 3.1 Types of business by all participants**



**Figure 3.2 Type of Business by new entrepreneurs (those who started after the intervention)**

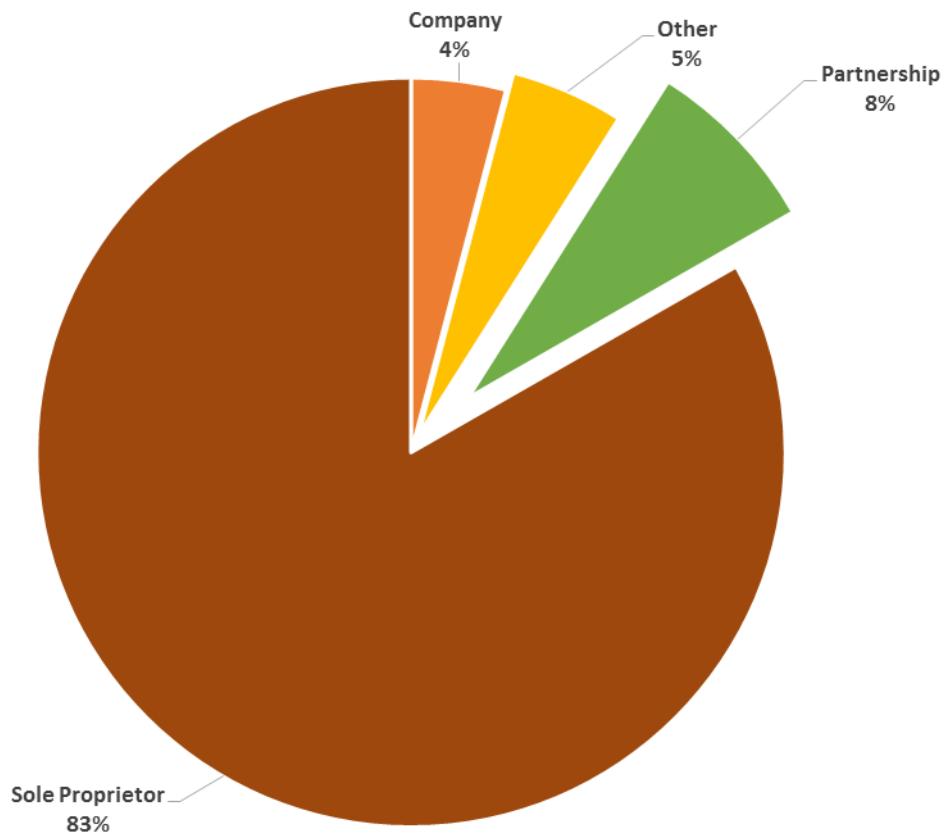


It is interesting to find out that even the new entrepreneurs still reflect services as the most common type of business with 26% as shown above in figure 3.2. Farming is the second most common type.

#### D. Forms of business by participants

Figure 5 below displays that the majority of people who are in business are sole proprietors with 83% as compared to 8% partnership, 5% cooperatives (other) and 4% in company form of business.

**Figure 5. Different forms of Business**

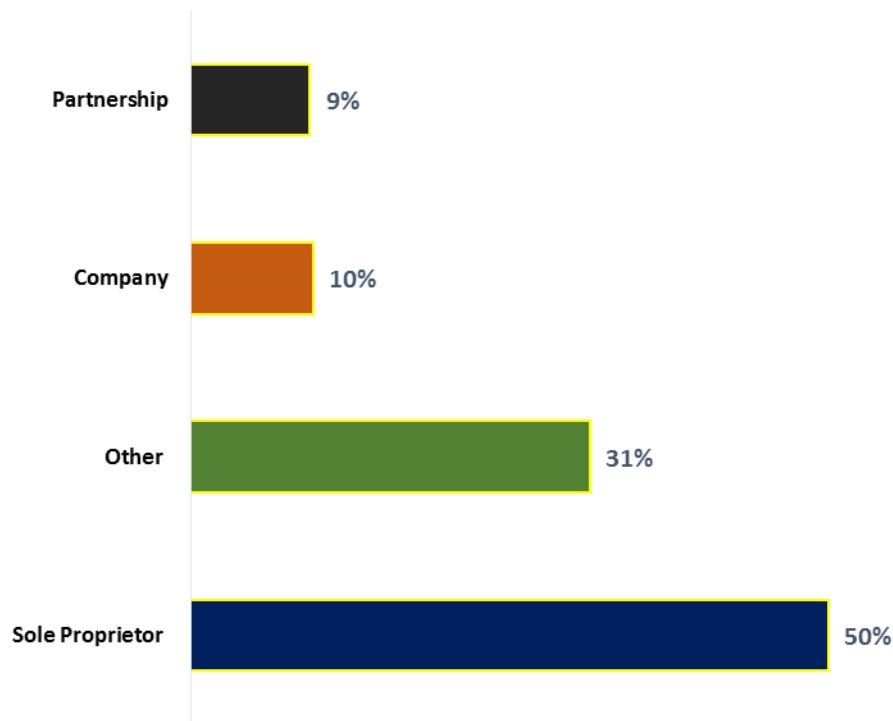


#### E. Number of employees per form of business

The businesses that are still in existence employs 730 people of which 50% are employed by sole proprietors, 31% by cooperatives, 10% by companies and 9% by partnerships.

Figure 6 below shows the relationship between form of business and the number of employees.

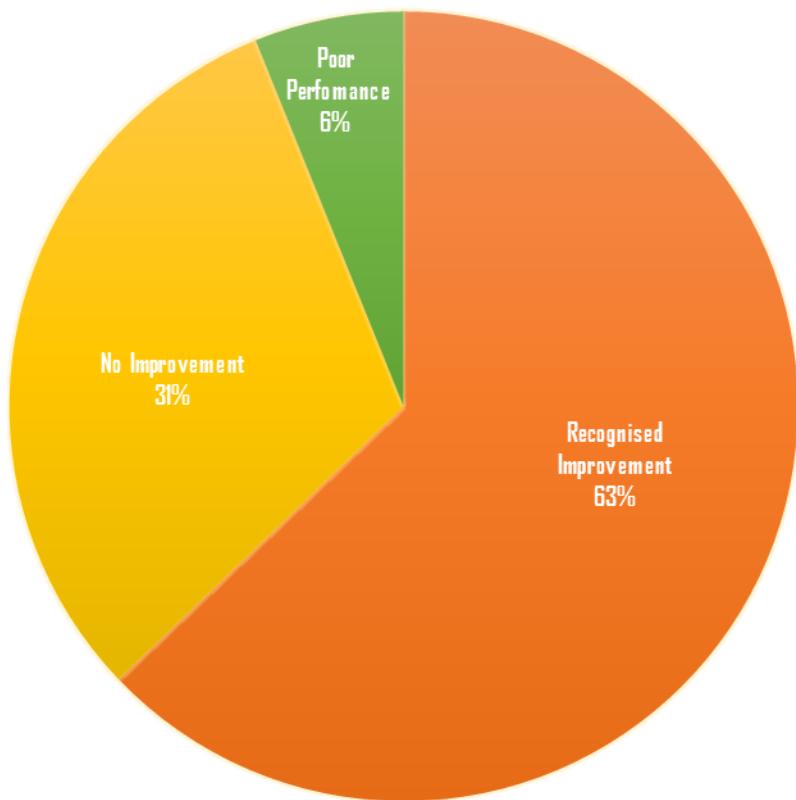
**Figure 6. Relationship between form of business and number of employees**



#### **F. General performance of the Businesses**

Of those businesses that exist 63% showed improvement following BEDCO`S interventions. Whilst 31% showed no improvement and 6% is under performing. Those who have recognized improvement mentioned that they saw positive trend in their profits, increase in the market access and are able to manage their businesses efficiently. The results are reflected in figure 7 below.

**Figure 7. Businesses showing improvement, no improvement or poor performance**



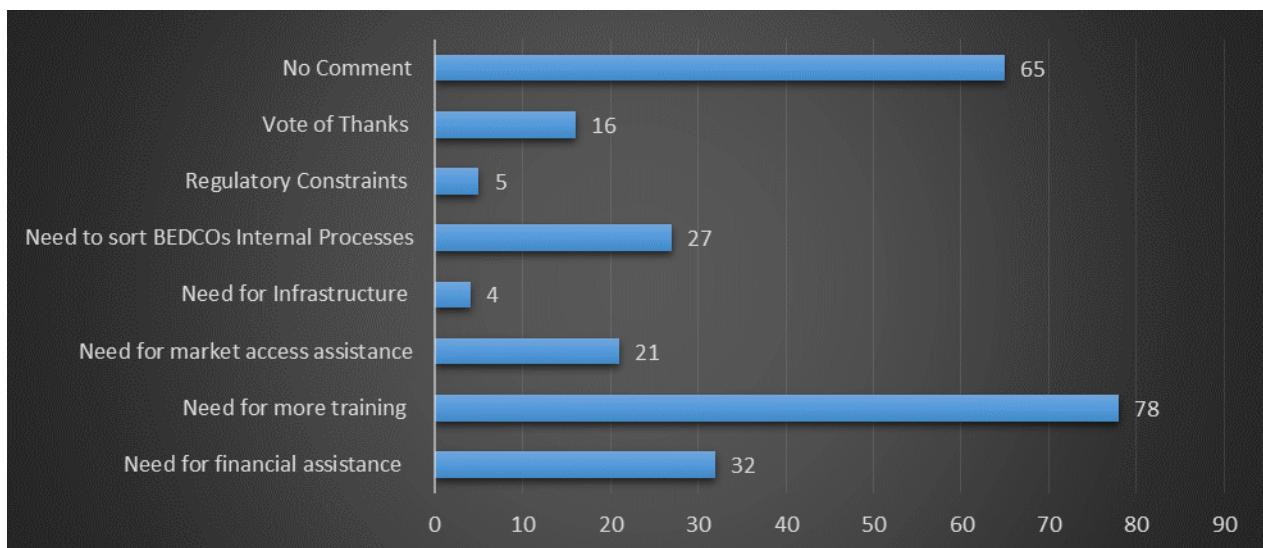
#### **G. Relationship between gender and Type of business**

Table 2 below shows that out of a total number of 270 businesses 180 (67%) is owned by females of which 47 (26%) are in tailoring and 38 (21%) are in poultry business. The remaining 90 businesses are owned by males who seem to be more concentrated on services and farming. It is also worth noting that some people own more than one businesses, hence why there are 270 businesses instead of 245 businesses as per the number of interviewees who have businesses.

**Table 2.** Relationship between Gender and Type of Business

Type of Business	Female	Male	Grand Total
Bee - Keeping	2	1	3
Farming	16	20	36
Handi - Crafts	1	8	9
Piggery	17	9	26
Poultry	38	4	42
Saloon	12	1	13
Services	26	34	60
Shop - Cafe	21	11	32
Tailoring	47	2	49
<b>Grand Total</b>	<b>180</b>	<b>90</b>	<b>270</b>

**Figure 9. Total responses and comments**



Of those who gave their comments, 78 are still in need of more training, 32 need financial assistance to improve their businesses. The 27 who commented about BEDCO's internal processes include those who requested more regular follow-ups by BEDCO, as well as those who did not receive their certificates. 21 need assistance with market access while 16 appreciated BEDCO's efforts and 5 need to be assisted in regulatory constraints such as business licensing. The remaining 4 need infrastructure.

## 6.0 Recommendations

From the findings discussed above, we have seen that even though there were new businesses that were established after BEDCO's intervention, there were some that were already existing but had to close down. The top most reason given being that there were financial challenges that could not allow the businesses to continue and this accounts for 47% which is very high. Out of the interviewees that gave their comments and whose businesses are still surviving and have seen improvement, there are still many challenges and business management training comes first accounting for 42% whilst financial challenges comes second with 17% and need for more follow ups by BEDCO accounts for 15%. Therefore the following recommendations can be made.

- The Entrepreneurship Capacity Building programme should be improved and continued to address the training needs of the entrepreneurs.
- Efforts should be made to ensure that entrepreneurs have easy access to finance to allow them to grow their businesses and take them to higher levels.
- For those who are aspiring to be entrepreneurs, there has to be a way of funding them so that they can also realize their capability.
- More awareness should be made to ensure that the entrepreneurship culture is instilled from the early years of schooling, so that students view it as another way of succeeding in life apart from being employed.
- The idea of the use of locally available resources should also be encouraged, thus enabling innovativeness. Most businesses shown above do not indicate the use of local resources as expected.
- After completion of the training sessions, participants should be followed up to ensure that they implement their action plans.

## **7.0 Conclusions**

It is evident that the Entrepreneurship Capacity Building programme is very important for the success of entrepreneurs in the country. The programme was indeed intended to address the most relevant needs for entrepreneurs. Hence more efforts should be made to enhance it even more so that entrepreneurs can benefit. The need to develop capacity of entrepreneurs on issues of sustainable entrepreneurship cannot be overemphasized. There is still a great need to build capacity of entrepreneurs so that they can contribute positively towards the economic growth of the country. Most studies have proven that MSMEs are the backbone of the economy of any country. Hence government support to BEDCO is highly recommended as it has proven that without adequate support, it becomes more difficult to make necessary follow-ups. Now that the Ministry of Small Business Development, Cooperatives and Marketing has been established it is BEDCO's belief that more focus will be towards, establishment of small businesses by provision of a conducive environment for starting and operating businesses.