



# Management Response

Management welcomes the independent assessment of the Innovation and Entrepreneurship Lab (Lab) interventions funded by Switzerland state Secretariat for Economic Cooperation (SECO) from 2019 to 2023. The evaluation was conducted by the independent international consulting firm, A2F Consulting from October 2023 to March 2024. The Lab sits within the Innovation pillar of the Jobs for Youth in Africa Strategy (JfYA)<sup>1</sup>; thus, its mission aligns with the strategy's goal to create 25 million jobs and equip 50 million young people with employable and entrepreneurial skills by 2025. The Lab's interventions focus on building the capacity of African enterprise support organizations (ESOs) to provide effective business development services to youth and women-led enterprises. The independent evaluation focused on measuring the impact of the Lab, based on the grant contribution received from SECO (CHF 3,000,000) to implement target interventions that create a better support environment for early-stage entrepreneurs and ESOs in Ghana, South Africa, and Egypt. The Management accepts the evaluation findings and takes note that the Lab's interventions performed credibly well and were highly relevant in addressing the key challenges of the African continent – the growing youth population, high unemployment, and adoption of 4<sup>th</sup> industrialization technology. In terms of coherence, the Lab's programs were found to not only be coherent with the national and youth development policies in the target countries, but also highly aligned and complementary with the Bank's 10-year strategy. Management also welcomes the recommendations to address the financial sustainability of the Lab and strengthen follow-up interventions with its beneficiaries. Management further welcomes the evaluation recommendation to address challenges related to Bank's bureaucratic and complex administration procedures, minimize protracted recruitment processes and contract renewal for external consultants and service providers. Management commits to fully implement the evaluation learnings and recommendations, embracing it as an opportunity to sharpen the execution of the Lab.

## INTRODUCTION AND CONTEXT

The objective of the evaluation was to assess the extent to which the Innovation and Entrepreneurship Lab (the Lab) had achieved its goal of strengthening the African entrepreneurship ecosystem under SECO financing. A total contribution of 3 million CHF was allocated to support the Lab's interventions. This evaluation focused on evaluating Lab activities from 2019 to 2023, and in the 3 core SECO priority countries: Ghana, Egypt, and South Africa.

Sub-Saharan Africa has the youngest population globally. By 2030, over 40% of the global youth population will be African and by 2050, the number of African youths is expected to reach 830 million.

However, these same youth are facing economic hardships due to the limited availability and access to stable and formal employment opportunities. To generate income and improve their own economic livelihood, Africa's youth have increasingly turned to entrepreneurship as a tool and panacea to tackle these barriers in the formal labor market.<sup>2</sup> According to Foresight Africa 2024 report, the continent boasts one of the highest rates of entrepreneurship – with more than 1 in 5 working-age African youth starting a new business or planning to within five years. Yet unfortunately, more than 80% of African youth led enterprises fail due to a lack of skills, capital, access to the market, and advisory support.<sup>3</sup>

<sup>1</sup> The three strategic intervention areas of the JfYA Strategy: Integration, Innovation, and Investment.

<sup>2</sup> <https://ilostat ilo.org/african-youth-face-pressing-challenges-in-the-transition-from-school-to-work/>

<sup>3</sup> <https://www.brookings.edu/wp-content/uploads/2024/01/ForesightAfrica2024.pdf>

Thus, the Innovation and Entrepreneurship Lab was created as the technical assistance vehicle of the Jobs for Youth in Africa strategy (JfYA) – to address the necessary skills, support and resources required for youth entrepreneurs and innovators to thrive and grow.

The Lab addresses all 3 focus areas under the Bank's Jobs for Youth in Africa Strategy (Integration, Innovation, and Investment). For example, the Lab supports the Investment strategic lever through Boost Africa Initiative - by implementing projects that build the capacity of enterprise support organizations (ESOs) – incubators, accelerators, fund managers etc., to address the financing needs of youth entrepreneurs more effectively.

The Lab's activities and interventions were based on 5 key pillars: (i) Market analysis and networking (ii) Capacity Building (iii) Knowledge and Exchange Platform (iv) Startup Finance (v) Innovation & Incubation. These pillars are aimed at addressing the information asymmetries in the African entrepreneurship ecosystem, building the capacities of ESOs, providing business development services, and implementing the knowledge management platform – ENNOVA. To date, 50 Regional Member Countries (RMCs) have benefited from the services of the Bank's ELab. However, the core focus countries as agreed with Donor SECO were Ghana, Egypt, South Africa, Kenya, Nigeria, and Côte d'Ivoire due to their mature entrepreneurial ecosystem and a needs assessment that was conducted.

Since its inception in 2019, the Lab has been involved in several interventions to enhance the entrepreneurial ecosystem in Africa. The funding by SECO was used to develop a better support system for early-stage entrepreneurs and ESOs. The agreement between SECO and the Bank was signed on 13<sup>th</sup> June 2019 and became effective with the disbursement of the first tranche – CHF500,000.

The requested areas of focus in the agreement with SECO was for the Lab to implement youth entrepreneurship support initiatives pertaining to only 4, not all 5 of the Lab pillars. The 4 specific pillars listed in the agreement were: (i) Market analysis & Networking, (ii) Capacity Building, (iii) Knowledge & Exchange

Platform, and (iv) Incubation & Innovation.<sup>4</sup> The aim of the 4 pillars was to build the capacities of ESOs, reduce information asymmetries in the entrepreneurship ecosystem, and provide business development services. These interventions culminated in the creation and dissemination of knowledge products – i.e., the Economic Sector Work: “Entrepreneurship in Egypt: Case Study: Policy recommendations to reverse the establishment of start-ups out of Egypt”. In addition, multiple training workshops for ESOs and startups have also been implemented, as well as the development of the Lab's ENNOVA platform. This platform was created as a one-stop-shop for entrepreneurs and ESOs to find resources (training materials, funding opportunities, market insights, and database of ESOs active in each RMC), and network with other users registered on the platform.

The evaluation of the Lab sought to understand the following: (i) the validity of the program logic and its assumptions (program design); (ii) the degree to which its activities were implemented (program implementation); and (iii) outcomes and lessons that can be learned from the program's implementation (program outcomes). The analysis of each dimension of the evaluation was guided by the five Development Assistance Committee's (DAC) evaluation criteria: (i) relevance, (ii) coherence, (iii) efficiency, (iv) effectiveness, (v) impact, and (vi) sustainability.

## RELEVANCE

Management welcomes the feedback from the evaluation that the design, theory of change and structure of the Lab were deemed to adequately reflect the needs and priorities of the target beneficiaries – Africa's youth entrepreneurs and youth led and owned SMEs. The realities are Africa's youth population is growing rapidly and expected to double to over 830 million by 2050.<sup>4</sup> Therefore, Management also acknowledges the evaluation finding that the Lab's mission to boost job creation for African youth through building the capacity of the continent's entrepreneurship ecosystem is extremely necessary. This topic aligns with the country level priorities and policy focus area across multiple countries in Africa. Management also appreciates the positive feedback of how the Lab made it a priority to conduct market needs assessment in

<sup>4</sup> <https://www.afdb.org/en/documents/document/bank-group-strategy-for-jobs-for-youth-in-africa-2016-2025-89238>

Ghana, Egypt, and South Africa. By doing so, the Lab was able to gather relevant information on the needs of ESOs and the youth-led startups to curate the design of training materials and projects in those countries.

Management also acknowledges the feedback on areas of improvement. Specially the evaluation findings that there are gaps in the Lab's logical framework, pertaining to the following indicators: "*Number of jobs created/retained through the projects of the Lab*", and "*Number of successful and innovative startups created due to the activity of the Lab*"<sup>5</sup>. According to the evaluation findings, these indicators should be reconsidered due to Lab's interventions being one-off training activities for ESOs. It is difficult to establish direct causality between SECO funded training programs of the ESOs and youth-led startups and the number of jobs created and retained.

Management will make it a priority to revise the Lab's key performance indicators. Management also notes the recommendation for the Lab to reduce the implementation of on-off projects that do not incorporate additional support to the beneficiaries. Thus, Management agrees with the evaluation finding that the Lab should focus on projects that are scalable and sustainable. Moving forward, the Lab will prioritize using field data, and learnings from the Lab's pilot projects, knowledge products and reports to design future interventions that can be scaled and effectively replicated. The Lab should also develop a sustainability plan to ensure project beneficiaries needs are still being addressed following completion of the trainings.

## COHERENCE

Management acknowledges the evaluation findings that the Lab's mission and vision were deemed aligned with the local, national, and regional youth-development policies and the AfDB's long-term strategic ambitions for Africa. At the national and regional levels, the interventions and offerings of the Lab were found to be complementary to and synergistic with ongoing national youth development policies such as the National Youth Policy in Ghana (2022-2032)<sup>6</sup>, the National Youth

Strategy of Egypt (2021-2026)<sup>7</sup> and the National Youth Policy of South Africa (2020-2030)<sup>8</sup>.

Pertaining to the Bank, the findings highlighted how the Lab's interventions were aligned with the identified priorities under the Jobs for Youth in Africa (JfYA) Strategy 2016-2025 and the Bank's Ten-Year Strategy (2013-2022) which include industrializing Africa and improving the quality of life for the people of Africa. For example, the Lab is working towards the Bank's priority of improving the quality of life of people in Africa by enhancing the capacity of enterprise support organizations to create the ecosystem for youth-led entrepreneurial growth and job creation.

Furthermore, Management acknowledges the findings of the Lab's alignment with SECO's strategic, regional, and local youth and entrepreneurship policies<sup>9</sup>. Policies that also focus on implementing youth development and entrepreneurship support initiatives.

Management will not overlook the recommendation that there is still the need for improvements under coherence. Specifically, moving forward, the Lab should implement large scale interventions in close collaboration with SECO and AfDB (African Development Bank) countries offices. These interventions, if jointly implemented, can enhance economic opportunities to sustainably address youth employment barriers and business support needs. For instance, the Lab will implement future interventions in the context of the Bank's lending and pipeline programs to achieve reach, scale and impact the target beneficiaries.

## EFFECTIVENESS

The use of various outreach techniques such as hybrid and remote means to conduct the Lab's capacity building trainings were deemed as effective for the Lab's beneficiaries. This allowed a wide spectrum of ESOs across the African continent to partake in the ESO trainings.

Management agrees with the evaluation findings regarding the need to improve effectiveness of the Lab's

<sup>5</sup> This indicator was eventually dropped.

<sup>6</sup><https://www.fao.org/faolex/results/details/en/c/LEX-FAOC170199/#:~:text=Ghana->

[National%20Youth%20Policy%20of%20Ghana, the%20development%20of%20the%20youth.](https://www.fao.org/faolex/results/details/en/c/LEX-FAOC170199/#:~:text=Ghana-)

<sup>7</sup>[https://aast.edu/en/news.php?page=2&unit\\_id=545&language=1&event=4&get\\_event\\_type=1](https://aast.edu/en/news.php?page=2&unit_id=545&language=1&event=4&get_event_type=1)

<sup>8</sup>[https://www.gov.za/sites/default/files/gcis\\_document/202103/nationalyouthpolicy.pdf](https://www.gov.za/sites/default/files/gcis_document/202103/nationalyouthpolicy.pdf)

<sup>9</sup>[https://www.seco.admin.ch/seco/en/home/Aussenwirtschaftspolitik\\_Wirtschaftliche\\_Zusammenarbeit/Wirtschaftliche\\_Zusammenarbeit\\_Entwicklungen.html](https://www.seco.admin.ch/seco/en/home/Aussenwirtschaftspolitik_Wirtschaftliche_Zusammenarbeit/Wirtschaftliche_Zusammenarbeit_Entwicklungen.html)

interventions on facilitating networking opportunities between ESOs, youth-led startups and other industry representatives (policymakers, donors, industry experts etc.). Moving forward, Management will prioritize that Lab interventions incorporate a networking component where ESOs, startups, policy makers etc., can meet and discuss entrepreneurship support needs, startup policy recommendations and industry specific collaboration opportunities in the country.

Beyond the AHHD Department, the Lab's virtual platform ENNOVA is an IDEV recommendation and expected management delivery under the bank-wide Jobs for Youth in Africa Strategy. The JfYA Strategy evaluation management response has been approved by the Board and the report has been presented to the Vice-President of the AHVP complex who also endorsed the Lab platform.

Language barrier was also identified as an area of improvement – that the trainings should not only be conducted in English. Management will work towards ensuring training materials are available in both English and French. Service providers implementing the capacity building trainings will also be requested to have team compositions/trainers that comprise both English and French speakers.

Management acknowledges the need to further contextualize the Lab's training programs to the country of delivery as this would greatly increase the effectiveness of the Lab's current and future trainings.

Finally, Management is aware that the findings mentioned key gaps with the Lab's ENNOVA platform. This central knowledge repository, which is crucial for the Lab, is not effectively being used and promoted amongst entrepreneurs and ESOs. Management will prioritize communication activities (social media platforms, partnerships with other knowledge management platforms, and attending entrepreneurship ecosystem events etc.) to promote ENNOVA amongst the ESOs and youth-led startups. Consideration will also be given to including services such as a Virtual Academy on the ENNOVA platform to ensure it is effective and lucrative for some of the Lab's target beneficiaries. Moreover, Management will support ENNOVA's collaboration with similar entrepreneurship support platforms in other regions (ex: EINA in North Africa) – in close collaboration with key regional partners to

ensure local challenges and needs are considered when developing the functionality and features of the regional platforms.

The Bank recognizes the need for prompt and optimal actions to strengthen the Lab's ENNOVA platform. This will be addressed during the platform's launch event that is planned for 2024. The purpose will be to promote the platform and inform target users of its features and benefits to the ecosystem.

## **EFFICIENCY**

In terms of efficiency, Management agrees with the findings that major delays imposed by COVID affected the efficiency of some of the Lab's programs. Management is also very open to the evaluation findings that the Lab needs to address the following areas of improvement that have affected its efficiency: the Bank's administrative procedures, recruitment process and the contract renewal for external consultants.

Management also acknowledges the findings that the efficiency of the Lab was hampered by high transaction costs associated with implementing projects of small sizes and bureaucratic procedures. The challenge outlined in the findings is that the Bank's framework is more tailored towards managing considerably larger initiatives. Thus, Management will outline an action plan and concrete steps of how the Lab can move from executing small-scale projects to larger scale projects by collaborating with AfDB country offices to jointly collaborate on large scale entrepreneurship support projects.

Pertaining to the Lab's reliance on external consultants for key positions and delays in renewing these contracts, Management will support the Lab to start the recruitment and rehiring process as far in advance as possible to ensure these crucial positions are not left vacant for a significant period. A Lab Secretariat will be established, and Management will engage donors to guarantee funding that cover long-term contracts of Key Lab positions.

## **IMPACT**

There were both positive and negative impacts noted in the evaluation findings. The positive impact highlighted

on the Lab's training programs were based on impact survey results completed by the Lab's beneficiaries. In the Lab's **ESO360 training program** – conducted by the Frankfurt School of Finance & Management, 23 ESOs from Côte d'Ivoire, Ghana, Kenya, Nigeria, and South Africa, received trainings on improving business management skills and tools to utilize to support business growth and sustainability. In the **Climate Action Training program in Egypt**, 16 organizations underwent training on BDS incubation and acceleration methodologies they can implement to support cleantech and climate action startups. One of the main impacts of the training was reportedly that ESOs could deploy better fundraising strategies to help startups obtain finance to manage their startups.

On the negative impact of the Lab, it pertains to the Climate Action Training program. Following the conclusion of this program, there was still substantial interest and need to provide additional support to climate action enterprises in Egypt. However, the Lab missed on the opportunity to leverage this need and implement follow-up climate action trainings. To mitigate similar issues from arising, Management is cognizant of the fact that the Lab should be integrated whenever possible with Bank projects for its impacts to be more sustainable. Management will develop a sustainability strategy on how to effectively design follow-up training and offer structured networking for the Lab's direct beneficiaries. Consequently, Lab projects will no longer be implemented as stand-alone activities, but instead integrated into relevant Bank projects that are in line with the needs and demands of Africa's youth entrepreneurs.

## **SUSTAINABILITY**

Concerning sustainability, Management agrees with the findings that having ESOs as the Lab's primary beneficiaries is deemed to be strategic and cost effective. The findings reaffirm that this strategy allows the Lab to build the capacity of the ESOs and thus indirectly reach a wide array of startups which are incorporated under each ESO. Working on a one-on-one engagement with startups would have been more costly and less sustainable. Regular exchanges with the African Entrepreneurs and ESOs should help in improving Lab's offerings aligning its interventions with the needs of the ecosystem.

The findings reiterated the importance for the Lab to implement sustainable and scalable interventions to have more impact and support a larger number of its target beneficiaries. Management acknowledges the advice for the Lab to continue developing the features of the ENNOVA platform and promoting its usage. To support the sustainability of the platform, resources will be put in place to iterate the platform and make sure it has all the necessary information, visibility and networking opportunities required for ESOs and entrepreneurs to thrive.

Finally, Management will address the key challenge mentioned of how the lack of a dedicated fund and dependence on external donors, has an impact on the Lab's financial sustainability. Management notes the recommendation that the integration of the Lab into country level frameworks could unlock access to funding from local sources. Thus, Management will consider mechanisms to establish and maintain government partnerships for the Lab, to ensure it acquires financial sustainability and buy-in from local governments.

## **LESSONS**

Management welcomes all the key lessons listed in the evaluation that include (i) ensuring each Lab activity has a sustainability plan and/or is integrated into relevant Bank country level projects, (ii) effective dissemination of all knowledge products and resources developed by the Lab, (iii) promotion of the ENNOVA platform as the central repository of information for ESOs and startups, and (iv) addressing the long-term staffing need of key Lab positions. These lessons will be incorporated in the Lab's future annual work plans and interventions. Co-creation efforts with donors will also be prioritized to ensure effective use of resources and streamlined communication and collaboration of the relevant Lab interventions. Management is aware that it is important to not reinvent the wheel – thus a more selective and structured approach is planned for all future Lab activities.

**MANAGEMENT ACTION RECORD**

**A2F Consulting’s Recommendation**

**Management Response**

**Recommendation 1: Developing a long-term strategic plan using a co-creation approach**

Bank Management is specifically advised to:

(a) Implement a co-creation approach with SECO to align on priorities and vision. To facilitate this, stronger emphasis should be placed to work with SECO focal points in the design and implementation of Lab projects respectively in Egypt, Ghana and South Africa.

(b) Develop a long-term strategic plan and sustainable funding model for the Lab. The strategy should outline activities and programs that align with the Lab’s long-term goals. To achieve this, the Lab can coordinate with AfDB country-level programs, JfYA activities, Boost Africa and other key initiatives to enhance synergies and leverage on private and public resources.

(c) Stop designing ad hoc activities, but instead design follow-up programs based on the success of its pilot projects. These projects should not be small scale, but large-scale interventions to ensure impact, sustainability, and reach. Large-scale interventions can support addressing the bureaucratic procedures within the Bank that are more catered towards large size projects.

(d) Address the fact that most of the Lab’s key positions are all consultancies. This has impeded the Lab’s efficiency, coherence, and impact due to contract renewal and/or extension delays.

**AGREED**

**Actions:**

Sub-Recommendation (a):

- The Lab is already holding monthly meetings with the SECO focal points South Africa (ZA) & Egypt (EG). Following a request from SECO in May 2024, meetings with the Ghana Team were cancelled and a specific focus put on ZA & EG (Human Capital, Youth and Skill Department - **AHHD, ongoing**).

Sub-Recommendation (b):

- Given the fact that the Lab fits within the Innovation Pillar of the Jobs for Youth in Africa Strategy, a strategic plan to sustain the resource mobilization efforts of the Lab will be considered through the establishment of YEIB Platforms. The Lab will be supported to apply for a special initiative budget to be approved by the SMCC as a strategy action of the board approved Jobs for Youth in Africa Strategy. Then as a follow-up, discussions will be initiated with the Lab’s donors during steering committee meetings (every year in November with the European Commission) and yearly mid-term review (September as per SECO’s Agreement) to address long term funding needs and disbursement needs to facilitate the long-term planning of the Lab and its interventions. (Human Capital, Youth and Skill Department – **AHHD**, Finance Complex, the Resource Mobilization and Partnerships Department - **FIRM**, and the Financial Sector Department - **PIFD, Q4, 2024**).

Sub-Recommendation (c):

- Innovative projects are expected to be prototyped under Pillar 5 of the Lab (Innovation / Incubation). These projects will be derived from the Bank’s lending and pipeline of Sovereign/ Non-Sovereign Operations approved in Country Strategy Papers (CSPs). (Human Capital, Youth and Skill Department - **AHHD, Q1, 2025**).

Sub-Recommendation (d):

- The Management ambition is to appoint Task Managers to support the Lab activities in order to avoid

	<p>multiple consultancies and the risk of losing knowledge/resources due to procurement issues. The Lab’s annual work plan will be aligned to the Bank’s work programs on youth entrepreneurship, and there will be an allocation of in-country Bank task managers to facilitate joint Lab related work in selected countries. (Human Capital, Youth and Skill Department - <b>AHHD, Q2, 2025</b>).</p>
<b>Recommendation 2: Revised Indicator Framework</b>	
<p>The Bank is advised to revise the indicator framework with the inclusion of gender- and youth-level KPIs. This can be supported through the creation of a central database and dashboard that monitors and tracks results based on the Lab’s M&amp;E framework.</p>	<p><b>AGREED</b></p> <p><b>Actions:</b></p> <p>The Bank has instituted a corporate commitment on youth, jobs and skills development. In particular, under JfYA, the Bank is finalizing the <i>Youth, Jobs and Skills Marker System</i>, that will ensure integration of jobs and skills in all Bank projects, across all its sovereign and non-sovereign operations (including the Lab) in line with the recommendations of the Jobs for Youth in Africa Strategy as well as the ADF 16 Commitments. This will complement its ongoing work on the Gender marker. Moreover the Lab has developed an in-depth M&amp;E dashboard meant to monitor all the results yielding from Lab activities. (Human Capital, Youth and Skill Department – <b>AHHD</b> and the Gender, Women and Civil Society Department - <b>AHGC, Q4, 2024</b>).</p>
<b>Recommendation 3: Streamline administrative approval processes</b>	
<p>To address delays in the recruitment of service providers, and the timely implementation of all Lab project deliverables, the Bank is highly encouraged to streamline administrative processes for a shorter approval period.</p>	<p><b>AGREED</b></p> <p><b>Actions:</b></p> <p>The Bank will endeavor to seek long term funding internally through Trust Funds available at the Bank, and among international donors to facilitate the smooth operations of the Lab. The Lab will also be integrated into the Bank’s work program to facilitate access to administrative and operational resources of the Bank. (Human Capital, Youth and Skill Department - <b>AHHD</b> and Finance Complex, the Resource Mobilization and Partnerships Department - <b>FIRM, ongoing</b>).</p> <p>The Bank will also implement effective steps for early recruitment and rehiring processes of key Lab positions. (Human Capital, Youth and Skill Department - <b>AHHD, Q3, 2024</b>).</p>
<b>Recommendation 4: Strengthen collaboration with other Bank departments</b>	

<p>“A possible way of leveraging opportunities for synergy could be that the Lab conducts pilot projects in the three chosen sectors (agriculture, industrialization, and information and communication technology), followed by rigorous assessment of results; and then scale up the successful projects under the umbrella of JfYA. This could also enable the Lab to maintain its streamlined, agile structure and establish itself as a key research and development center within the Bank.”</p>	<p><b>AGREED</b></p> <p><b>Actions:</b></p> <p>The Lab will focus on the Bank’s lending programs to enable investments into pilot projects to reach scale and impact. The M&amp;E dashboard developed by the Lab in collaboration with the Bank’s IT Department (TCIS/CHIS) should help in measuring this. (Human Capital, Youth and Skill Department – <b>AHHD</b> and Financial Sector Department - <b>PIFD, Q1, 2025</b>).</p>
<p><b>Recommendation 5: Prioritize follow-up support activities following completion of a project</b></p>	
<p>There is strong demand from the Lab’s beneficiaries to receive follow-up support and networking opportunities. Thus, the Bank is advised to prioritize resources on future planning for follow-up training and networking for ESOs and youth/women-led startups.</p>	<p><b>AGREED</b></p> <p><b>Actions:</b></p> <p>The Bank will leverage the ENNOVA Platform as well as its financial instruments to scale-up promising solutions developed through the Lab. ENNOVA provides information on funding opportunities as well as Training/Capacity Building Opportunities. (Human Capital, Youth and Skill Department - <b>AHHD, ongoing</b>).</p>